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**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
FOR
RANCH VIEW TERRACE**

COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

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EXHIBIT B – LEGAL DESCRIPTION OF COMMON AREA IN PHASE 1

EXHIBIT C – LEGAL DESCRIPTION OF RESIDENTIAL LOTS IN PHASE 1

EXHIBIT D – DRAWING DEPICTING LOCATION OF PROPERTY WALL IN PHASE 1

EXHIBIT E – ACCESS EASEMENTS

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

RANCH VIEW TERRACE

THIS DECLARATION, dated November 3, 2008, is made by THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California public corporation ("**Declarant**").

Declarant is the owner of real property located in the City of Santa Cruz, Santa Cruz County, State of California, described in *Exhibits B* and *C* (the "**Property**").

Declarant intends to allow Licensee to improve the Property as a planned development for residential purposes. Declarant is establishing a general plan, set forth in this Declaration, for the division, improvement and long-term leasing of certain sites and the collective use of the remainder of the Property in common, which together shall constitute the Project. Declarant seeks to secure the harmonious and uniform development of the Property and the Project in accordance with the plan.

NOW, THEREFORE, Declarant hereby declares that the Project shall be held, sold and conveyed subject to the following declaration as to division, leasehold interests, easements, rights, liens, covenants, servitudes, restrictions, limitations, conditions and uses to which the Project may be put, hereby specifying that such Declaration shall operate for the mutual benefit of all Owners of the Project and shall constitute covenants to run with the land, as well as equitable servitudes, and shall be binding on and for the benefit of the Project and each site and area thereof, Declarant, its successors and assigns, and all subsequent owners of all or any part of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns, for the benefit of the Project, and shall, further, be imposed upon all the Project as equitable servitudes in favor of each and every site and the Owner thereof as the dominant tenement.

ARTICLE 1

DEFINITIONS

The following definitions apply in construing the provisions of this Declaration:

1.1 "**Annexable Territory**" means the real property described in *Exhibit A* that may be made subject to this Declaration pursuant to Article 22. All references in this Declaration to Annexable Territory are references to the Annexable Territory as a whole and to portions thereof.

1.2 **"Annual Assessment"** means a charge levied against the Owners and their respective Separate Interests representing their share of Common Expenses.

1.3 **"Architectural Guidelines and Standards"** means the Architectural Guidelines and Standards set forth in the Property Rules.

1.4 **"Architectural Review Board"** or **"ARB"** means the Architectural Review Board established pursuant to Section 9.2.

1.5 **"Articles"** means the Articles of Incorporation of the Association as they may be amended from time to time.

1.6 **"Assessment"** means any Annual Assessment, Capital Improvement Assessment, Reconstruction Assessment and Special Assessment.

1.7 **"Association"** means Ranch View Terrace Homeowners Association, a California mutual benefit corporation, and its successors and assigns.

1.8 **"Association Maintenance Manual"** means the manual that may be prepared by Declarant or its agents or consultants and/or Licensee or its agents or consultants and provided to the Association, specifying obligations for maintenance of the Common Area and other areas (if any) to be maintained by the Association pursuant to this Declaration, as updated.

1.9 **"Association Rules"** means those rules and regulations adopted by the Association or its Board pursuant to Section 4.4, including all amendments and additions thereto. The Association Rules include **"operating rules"** as defined in Section 1357.100(a) of the California Civil Code. Association Rules may supplement or be more restrictive than the Property Rules. If there is a conflict between the Association Rules and the Property Rules, then the Property Rules shall prevail and control.

1.10 **"Board"** or **"Board of Directors"** may be used interchangeably herein and means the Board of Directors of the Association as the same may, from time to time, be constituted.

1.11 **"Budget"** means a written, itemized estimate of the Association's income and Common Expenses prepared pursuant to the Bylaws.

1.12 **"Bylaws"** means the Association's Bylaws and all amendments thereto.

1.13 **"Campus Pet Policy"** means the Campus Pet Policy of the University of California at Santa Cruz, as amended or restated.

1.14 **"Capital Improvement Assessment"** means a charge levied against the Owners and their respective Separate Interests representing their share of the Association's cost for installing or constructing capital Improvements on the Common

Area. Capital Improvement Assessments shall be levied in the same proportions as Annual Assessments. Capital Improvement Assessments are special assessments as described in Section 1366 of the California Civil Code.

1.15 **"City"** means the City of Santa Cruz, California, and its various departments, divisions, employees and representatives.

1.16 **"Class A Member"** and **"Class A Members"** have the meaning given to such terms in Section 3.2(a).

1.17 **"Class B Member"** has the meaning given to such term in Section 3.2(b).

1.18 **"Close of Escrow"** means the date on which a deed is Recorded conveying a Residence pursuant to a transaction requiring the issuance of a Final Subdivision Public Report by the DRE.

1.19 **"Common Area"** means all real property subject to the Common Area Lease. The Common Area in Phase 1 is depicted on **Exhibit B**. All references in this Declaration to Common Area are references to the Common Area as a whole and to portions thereof. Additional Common Area may be annexed to the Project pursuant to Article 22.

1.20 **"Common Area Lease"** means that certain Common Area Lease between Ground Lessor, as lessor, and the Association, as lessee, as amended or restated.

1.21 **"Common Expenses"** means those expenses for which the Association is responsible under this Declaration, including the actual and estimated costs of and reserves for all of the following:

- Maintaining, managing and operating the Common Area and all Improvements thereon, including all private streets located on Common Area, all landscaping and related Improvements located on Common Area (including all landscaping and related Improvements in the Project park), the Project park, the Project center and all related Improvements, all detention basins and V-Ditches located on Common Area, all natural and manufactured slopes located on Common Area and all landscaping and related Improvements located on such slopes, all flood control devices and structures (if any) located on Common Area, the bathrooms and maintenance shed located on Common Area and all other common amenities and facilities in the Project.

- All utilities and mechanical and electrical equipment serving the Common Area, utilities that serve individual Residences or Residential Lots but that are subject to a common meter and other commonly metered charges for the Project (as applicable).

- Trash collection and removal for the Common Area.

- Communication Services for the Residences provided by the Association (if any).
- Gardening and other services benefiting the Common Area.
- Graffiti abatement.
- Maintaining the portions of the Property Wall that the Association is obligated to maintain.
- Maintaining clustered mailboxes.
- If authorized by the Board, organizing or sponsoring periodic Project events.
- If authorized by the Board, preparing and distributing an Association newsletter.
- If authorized by the Board, providing content for, managing and operating an Association internet website.
- Performing all other maintenance that this Declaration requires the Association to perform.
- Managing and administering the Association.
- Compensating Managers, accountants, attorneys and employees and other providers of services benefiting the Project or the Common Area.
- All insurance covering the Project and the Directors, officers and agents of the Association, bonding the members of the Board.
- Unpaid Special Assessments, Reconstruction Assessments and Capital Improvement Assessments.
- Taxes paid by the Association.
- Amounts paid by the Association for the discharge of any lien or encumbrance levied against the Project.
- All other expenses incurred by the Association for the Project, for the common benefit of the Owners.

1.22 **"Communication Services"** means all data transmission services, including internet services, intranet services, telephony and television. Declarant may expand this definition in any Supplemental Declaration.

1.23 **"County"** means the County of Santa Cruz, State of California, and its various departments, divisions, employees and representatives.

1.24 **"Davis-Stirling Common Interest Development Act"** means Sections 1350 *et seq.* of the California Civil Code.

1.25 **"Declarant"** means The Regents of the University of California, its successors and its assigns.

1.26 **"Declaration"** means this Declaration of Covenants, Conditions and Restrictions, together with all amendments, supplements and modifications hereto.

1.27 **"Deed of Trust"** means and is synonymous with the word **"Mortgage,"** and the same may be used interchangeably with the same meaning; likewise, the word **"Trustor"** means and is synonymous with the word **"Mortgagor,"** and the word **"Beneficiary"** means and is synonymous with the word **"Mortgagee."**

1.28 **"DRE"** means the California Department of Real Estate and any department or agency of the California state government that succeeds to the DRE's functions.

1.29 **"Emergency Situation"** has the meaning given to such term in Section 5.6.5.

1.30 **"FHA"** means the Federal Housing Administration of the United States Department of Housing and Urban Development and its successors.

1.31 **"FHLMC"** means the Federal Home Loan Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970 and its successors.

1.32 **"Fiscal Year"** means the fiscal accounting and reporting period of the Association selected by the Board.

1.33 **"FNMA"** means the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and its successors.

1.34 **"GNMA"** means the Government National Mortgage Association administered by the United States Department of Housing and Urban Development and its successors.

1.35 **"Governing Documents"** means this Declaration, the Articles, the Bylaws, the Association Rules, the Property Rules, all Supplemental Declarations and

all Notices of Addition. If there is a conflict between any Governing Document and the Common Area Lease, then the Common Area Lease shall prevail and control. If there is a conflict between any Governing Document and any Residential Lot Lease, then such Residential Lot Lease shall prevail and control.

1.36 **"Ground Lessor"** means The Regents of the University of California, its successors and its assigns, in its capacity as lessor under the Common Area Lease and under the Residential Lot Leases.

1.37 **"Habitat Conservation Plan"** means that certain Ranch View Terrace Habitat Conservation Plan prepared by Jones and Stokes and dated June 2004, as the same may be amended or modified from time to time by Ground Lessor.

1.38 **"Homeowner Maintenance Manual"** means the manual that may be prepared by Declarant or its agents or consultants and/or Licensee or its agents or consultants and provided to each initial Owner, specifying obligations for maintenance of the Residential Lots (including the Residences) by the Owners, as updated. Declarant has no obligation to provide a Homeowner Maintenance Manual to any initial Owner.

1.39 **"Housing Program"** means the program approved by Declarant for the development and construction of Residences in a community to be known as Ranch View Terrace, for the benefit of the faculty and staff of Declarant, and includes all amendments and modifications to such Housing Program that, after approval by Declarant, may from time to time be made.

1.40 **"Improvement"** means any structure and any appurtenance thereto, including a building, walkway, irrigation system, street, road, driveway, carport, parking area, fence, any type of wall, awning, balcony, courtyard, deck, patio, stairs, any type of landscaping and planting, antenna, windbreak, the exterior surface of any visible structure and the paint on such surface, pole, sign, exterior air conditioning and water softener fixture or equipment. The Architectural Review Board may identify additional items that are Improvements.

1.41 **"Include,"** whether capitalized or not, means "include without limitation," and **"including,"** whether capitalized or not, means "including without limitation."

1.42 **"Itemized Statement"** has the meaning given to such term in Section 15.2.2(b).

1.43 **"License Agreement"** means the agreement between Declarant and Licensee that provides for, among other things, Licensee's obligations and rights with respect to constructing Improvements in the Project, including Residences, as amended or restated.

1.44 **"Licensee"** means Valeo Ranch View Terrace, Inc., a California corporation, or another Person that Declarant names in Declarant's sole discretion.

1.45 **"Maintain"** (whether capitalized or not) means maintain, repair and replace.

1.46 **"Manager"** means the Person or Persons retained by the Association to perform management functions of the Association as limited by the Governing Documents and the terms of the agreement between the Association and such Person or Persons.

1.47 **"Meet and Confer Program"** means the Association's internal dispute resolution program intended to comply with Article 5 (commencing with Section 1363.810) of Chapter 4 of the Davis-Stirling Common Interest Development Act.

1.48 **"Member"** means every Person who holds a Membership in the Association.

1.49 **"Membership"** means the voting and other rights, privileges and duties established in the Governing Documents for Members of the Association.

1.50 **"Mortgage"** means any security device encumbering all or a portion of the Project or any Residential Lot, and the term **"Mortgage"** includes **"Deed of Trust."**

1.51 **"Mortgagee"** means a Person to whom a Mortgage is made or who otherwise is a holder or guarantor of a Mortgage.

1.52 **"Mortgagor"** means a Person who mortgages such Person's property to another Person (i.e., a **"Mortgagor"** is the maker of a Mortgage).

1.53 **"Notice and Hearing"** means written notice and a hearing before the Board, as provided in the Bylaws.

1.54 **"Notice of Addition"** means an instrument Recorded pursuant to Article 22 to annex additional real property to the Project. A Notice of Addition may include a Supplemental Declaration.

1.55 **"Official Records"** means the Official Records of the County Recorder.

1.56 **"Owner"** means (a) the lessee, whether one or more Persons, of a Residential Lot under a Residential Lot Lease and (b) for any Residential Lot that is not subject to a Residential Lot Lease, Declarant. The term **"Owner"** includes Licensee whenever Licensee is a lessee under any Residential Lot Lease. The term **"Owner"** excludes Persons having such interests merely as security for the performance of an obligation. The term **"Owner"** may be expanded in a Supplemental Declaration to include other Persons.

1.57 **"Person"** means a natural individual or any entity recognized under California law.

1.58 **"Phase 1"** means all real property described in *Exhibits B* and *C*.

1.59 **"Phase"** means each of the following: (a) Phase 1 and (b) all the real property covered by a Notice of Addition for which a Final Subdivision Public Report has been issued by the DRE, unless **"Phase"** is defined otherwise in such Notice of Addition.

1.60 **"Project"** means (a) Phase 1 and (b) each Phase described in a Notice of Addition. All references in this Declaration to the Project are references to the Project as a whole and to portions thereof.

1.61 **"Property Rules"** means the Ranch View Terrace Property Use and Maintenance Regulations (which include the Ranch View Terrace Architectural Guidelines and Standards), as the same may be amended or modified from time to time by Ground Lessor.

1.62 **"Property Wall"** means any wall or fence designated as such in either *Exhibit D* to this Declaration or in a Notice of Addition.

1.63 **"Proportionate Share"** has the meaning given to such term in Section 5.2.

1.64 **"Reconstruction Assessment"** means a charge levied against the Owners and their respective Separate Interests representing their share of the Association's cost to reconstruct any of the Improvements on the Common Area. Such charge shall be levied among all Owners and their respective Separate Interests in the same proportions as Annual Assessments. Reconstruction Assessments are special assessments as described in Section 1366 of the California Civil Code.

1.65 **"Record"** or **"File"** means, with respect to any document, the entry of such document in the Official Records.

1.66 **"Residence"** means a residential structure or structures located on a Residential Lot, including carports and any patio leased as part of a Residential Lot.

1.67 **"Residential Lot"** means any residential lot or parcel of land shown on any Recorded subdivision map or Recorded parcel map of the Project, except the Common Area. The Residential Lots in Phase 1 are described on *Exhibit C*. Additional Residential Lots may be annexed to the Project pursuant to Article 22.

1.68 **"Residential Lot Lease"** means any lease between Ground Lessor, as lessor, and an Owner or Owners, as lessee, for a Residential Lot.

1.69 **"Separate Interest"** means the property rights held by an Owner other than Declarant and are (a) the lessee's interest under a Residential Lot Lease and (b) the fee simple interest in a Residence (as applicable).

1.70 "**Special Assessment**" means a charge against an Owner and such Owner's Separate Interest representing a reasonable payment, fine or penalty, including reimbursement costs, as provided for in this Declaration or in the Bylaws.

1.71 "**Supplemental Declaration**" means any Supplemental Declaration of Covenants, Conditions and Restrictions or other similar instrument covering property to be annexed to the Project.

1.72 "**VA**" means the Department of Veterans Affairs of the United States of America and any department or agency of the United States government that succeeds to VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

ARTICLE 2

COMMON AREA

The Association shall, before Declarant's transfer of a leasehold interest in the first Residential Lot, become the lessee of the Common Area pursuant to the Common Area Lease. Each Owner shall have a right and easement of enjoyment in and to the Common Area, as further described in Section 10.1, which will be appurtenant to and pass with each transfer, whether voluntary or involuntary, of such Owner's Separate Interest. However, such right and easement of enjoyment shall be subject to the provisions of this Declaration, including the rights of the Association, Declarant and Licensee to exercise all powers and perform all duties set forth in this Declaration, the Articles, the Bylaws, the Common Area Lease and the Residential Lot Leases. No Owner may separate such right and easement of enjoyment from the leasehold interest to such Owner's Residential Lot, although an Owner may delegate such Owner's right of enjoyment of the Common Area to the members of such Owner's family and to such tenants of such Owner's Residence as are authorized in this Declaration.

ARTICLE 3

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

3.1 Membership.

(a) Declarant is a Member of the Association so long as, and at any time when, Declarant owns any Residential Lot that is not subject to a Residential Lot Lease. Licensee is a Member of the Association so long as Licensee is the lessee under a Residential Lot Lease. Other Persons shall become Members of the Association automatically when they become Owners and shall remain a Member until ownership of a Separate Interest ceases, at which time, the Owner's Membership shall automatically cease. Membership in the Association is appurtenant to and shall pass with the ownership of each Separate Interest.

(b) A Membership shall not be transferred, pledged or alienated in any way, except (i) upon and with the transfer of an Owner's Separate Interest (or, in the case of a Membership held by Declarant as an Owner with respect to any Residential Lot that is not subject to a Residential Lot Lease, upon the execution and delivery of a Residential Lot Lease covering such Residential Lot) or (ii) by pledge to a lending institution as additional security for a real estate loan secured by a Mortgage on the Separate Interest to which the Membership is appurtenant. Any attempt to transfer a Membership prohibited by this Section 3.1 shall be void and shall not be reflected upon the Association's books and records. If any Owner fails to transfer such Membership appurtenant to such Owner's Separate Interest upon any transfer, whether voluntary or involuntary, of such Separate Interest, the Association shall have the right to record the transfer upon its books, and thereupon the Membership outstanding in the name of the prior Owner shall be null and void.

3.2 Voting. The Association shall have two (2) classes of voting Members:

(a) Class A. Class A Members of the Association (each, a "**Class A Member**," and collectively, the "**Class A Members**") are all Owners who are not Class B Members. Class A Members are entitled to one (1) vote for each Separate Interest owned by such Class A Members that is subject to Assessment. The voting rights of Class A Members appurtenant to the Separate Interests in any Phase (including Phase 1) may not be exercised until Annual Assessments have commenced as to such Separate Interests pursuant to Section 5.6.6. If more than one Person holds an interest in a Separate Interest, then all such Persons shall be Members. The vote for such Separate Interest shall be exercised as such Persons among themselves determine, but in no event shall more than one (1) Class A vote be cast with respect to any Separate Interest.

(b) Class B. The Class B Member of the Association (the "**Class B Member**") is Licensee, so long as Licensee is a lessee under a Residential Lot Lease for a Residence that is subject to Assessment. Declarant is the Class B Member of the Association (also, the "**Class B Member**") for any Residence that is not subject to a Residential Lot Lease. Each Class B Member is entitled to three (3) votes for each Residential Lot to which its respective Separate Interests relate. The voting rights of Class B Members appurtenant to the Separate Interests in any Phase (including Phase 1) may not be exercised until Annual Assessments have commenced as to such Separate Interests pursuant to Section 5.6.6. The Class B Membership shall cease and be converted to Class A Membership upon the first to occur of the following events:

- (i) The second anniversary of the first Close of Escrow in the most recent Phase; or
- (ii) The fourth anniversary of the first Close of Escrow in Phase 1.

3.3 Voting Rights and Limits. All voting rights are subject to the Governing Documents. The Class A and Class B Memberships are voting Memberships. Except as provided in Section 15.4 of this Declaration and Section 4.1 of the Bylaws, any provision of the Governing Documents that expressly requires a specified percentage of the Association's voting power to authorize an action shall require either (a) so long as the Class B Membership exists, approval from the specified percentage of both (i) the voting power of the Class A Members and (ii) the voting power of the Class B Member; or (b) if the Class B Membership no longer exists, approval from the specified percentage of both (i) the Association's voting power and (ii) the Association's voting power represented by Owners other than Licensee. This special voting requirement does not apply to actions requiring merely the vote or written consent of a majority of a quorum of the Association's voting power.

Whenever a reference is made in this Declaration to the Association's voting power, so long as the Class B Membership exists, it is a reference to the combined voting power of the Class A Members and the Class B Member. Whenever a reference is made in this Declaration to the Association's voting power, and if the Class B Membership no longer exists, it is a reference to the voting power of the Class A Members.

3.4 Joint Owner Disputes. The vote attributable to each Separate Interest may not be cast on a fractional basis. If a Separate Interest has more than one Owner and the Owners are unable to agree as to how their vote shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote attributable to a Separate Interest, it will thereafter be automatically presumed that such vote was cast with the authority and consent of all other Owners of the same Separate Interest. If more than one vote attributable to a Separate Interest is cast, none of such votes shall be counted, and all of such votes shall be deemed void. Non-voting Owners of any jointly-owned Separate Interest are jointly and severally responsible for all obligations imposed on such jointly-owned Separate Interest and are entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in the Governing Documents are binding on all Owners and their successors in interest.

ARTICLE 4

THE ASSOCIATION

4.1 Incorporation. The Association shall be a nonprofit mutual benefit corporation formed under the laws of the State of California. At the Recording of the first Residence sale to an Owner other than Declarant, the Association shall be charged with the duties and invested with the powers set forth in the Articles, the Bylaws and this Declaration.

4.2 General Statement of Powers.

(a) The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the General Nonprofit Mutual Benefit Corporation Law of California, as now in effect or as hereafter amended or replaced, subject only to such limitations on the exercise of its powers as are set forth in the Articles, the Bylaws and this Declaration. The Association shall have the power to do any lawful thing that may be authorized, required or permitted to be done by the Association under this Declaration, the Articles and the Bylaws and to do and perform any act that may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including the acts enumerated in Sections 4.3 through 4.7 and the right to be sued by an Owner.

(b) Except as to matters requiring the approval of Owners as set forth in this Declaration, the Articles or the Bylaws, the affairs of the Association, including the exercise of its powers and duties, shall be conducted by the Board, such officers as the Board may elect or appoint or such Persons with delegated authority under the provisions of Sections 4.3 through 4.7.

4.3 Rights of Assessment. The Association may establish, fix and levy Assessments against the Owners other than Declarant and their respective Separate Interests and collect and enforce payment of such Assessments in accordance with the provisions of this Declaration.

4.4 Association Rules. Subject to the retained rights of Ground Lessor, the Association has the power to adopt, amend, restate, delete and create exceptions to (a) Association Rules that establish election rules and procedures required by Section 1363.03(a) of the California Civil Code and (b) additional Association Rules that the Board determines are appropriate, necessary or required by law. The Association Rules are enforceable only to the extent that they are consistent with the other Governing Documents, the Common Area Lease, the Residential Lot Leases and the Property Rules. If there is a conflict between the Association Rules and the Property Rules, the Common Area Lease or any Residential Lot Lease, then the Property Rules, the Common Area Lease and such Residential Lot Lease shall prevail and control.

4.4.1 Areas of Regulation. The Association Rules shall establish election rules and procedures required by Section 1363.03(a) of the California Civil Code. The Association Rules may regulate the use and enjoyment of the Common Area. The Association Rules also may concern the use of the Project, signs, parking restrictions, minimum standards of property maintenance and any other matter under the Association's jurisdiction. The Association Rules may include (a) prohibitions on Improvements that are not consistent with the Project and (b) prohibitions on keeping certain types of personal property in view from the Common Area.

4.4.2 Limits on Regulation. The Association Rules must apply uniformly to all Owners. The rights of Owners to display religious, holiday and political signs,

symbols and decorations inside their Residences and/or on their Residential Lots of the kinds normally displayed in single family residential neighborhoods shall not be abridged, except that the Association may adopt time, place and manner restrictions for such displays if they are visible outside of the Residences. No modification to the Association Rules may require an Owner to dispose of personal property that was allowed within the Project before the adoption of such modification if such personal property was in compliance with all rules previously in force; however, this exemption shall apply only during the period of such Owner's ownership of such Owner's Separate Interest and shall not apply to (a) subsequent Owners who take title to such Separate Interest (or any portion thereof) after the modification is adopted or (b) clarifications to the Association Rules.

4.5 Right To Impose Sanctions.

(a) In addition to any other enforcement right described in this Declaration and the Bylaws, or authorized by law, and subject to any restriction on the Association's enforcement rights, including any due process requirement, imposed by this Declaration or the Bylaws, or by law, the Association may take any of the following actions against any Person, other than Declarant, whose act or failure to act violates the Governing Documents:

(i) Impose monetary penalties, including late charges and interest.

(ii) Suspend voting rights in the Association.

In addition, the Association may take any of the following actions against any Person whose act or failure to act violates the Governing Documents: Commence a legal action for declaratory judgment, damages or injunctive relief or any combination of the foregoing.

(b) The determination whether to impose any of the sanctions set forth in Section 4.5(a) shall be within the sole discretion of the Board. Any legal action may be brought in the name of the Association on its own behalf and on behalf of any Owner who consents, and the prevailing party in any such action shall be entitled to recover costs and reasonable attorneys' fees.

(c) The Association may take more than one of the foregoing enforcement actions against any one violation or threatened violation, provided that a suspension of use privileges shall not exceed thirty (30) calendar days (unless the suspension is for delinquent Assessments), and no monetary penalty shall exceed that permitted by Section 1366.1 of the California Civil Code, as it shall hereafter be amended.

(d) The Association, in its sole discretion, may resolve or settle any dispute to which it is a party, including any legal action, on its own behalf and under such terms and conditions as it considers appropriate.

4.6 Right of Delegation. The Association may delegate any of its powers and duties to its officers, employees, committees or agents, The Regents of the University of California or a Manager.

4.7 General Statement of Duties. In addition to any duties described in the Articles or the Bylaws, the Association shall have the duties set forth in Sections 7.1 and 7.2.

4.8 Repair and Maintenance of Common Area. Subject to the provisions of the Common Area Lease, the Association shall manage and maintain in good condition and repair the Common Area, including the facilities, Improvements, landscaping and other personal and real property acquired by or subject to the control of the Association. The Association shall create and maintain a reserve fund out of Annual Assessments for the replacement of all elements of the Common Area.

4.9 Contracts for Goods and Services. Except as expressly limited by this Declaration, the Association shall enter into such contracts for services or materials as may be necessary to perform its duties, including contracts with Declarant.

4.10 Payment of Taxes and Assessments. If taxes or assessments authorized by law are levied against the Common Area or any property owned by the Association, the Association shall pay such taxes or assessments. Such taxes and assessments may be contested or compromised by the Association, provided that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

4.11 Furnishing of Utilities. The Association shall acquire, provide and pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone, gas and other necessary utility services for the Common Area.

4.12 Securing Insurance. The Association shall obtain and maintain the insurance described in Article 6.

4.13 Cooperation with Ground Lessor; Notice to Ground Lessor. The Association shall cooperate with Ground Lessor in connection with Ground Lessor's enforcement of Residential Lot Leases. The Association shall provide notice to Ground Lessor of any default or violation of any Residential Lot Lease that the Association knows of or becomes aware of as soon as reasonably possible after the Association learns of or discovers such default or violation.

4.14 Other Duties. The Association shall perform such other acts as may be reasonably necessary to exercise its powers or perform its duties under any of the

provisions of this Declaration, the Articles, the Bylaws, the Common Area Lease, the Association Rules or Board resolutions.

4.15 Indemnification.

4.15.1 For Association Representatives. To the fullest extent authorized by law, the Association has the power and duty to indemnify Board members, Association officers, Architectural Review Board members and all other Association committee members for all damages, pay all expenses incurred and satisfy any judgment or fine levied as a result of any action or threatened action brought because of performance of an act or omission within what such Person reasonably believed to be within the scope of such Person's Association duties ("**Official Act**"). Board members, Association officers, Architectural Review Board members and all other Association committee members are deemed to be agents of the Association when they are performing Official Acts for purposes of obtaining indemnification from the Association pursuant to this Section 4.15.1. The entitlement to indemnification under this Declaration inures to the benefit of the estate, executor, administrator and heirs of any Person entitled to such indemnification.

4.15.2 For Other Agents of the Association. To the fullest extent authorized by law, the Association has the power, but not the duty, to indemnify any other Person acting as an agent of the Association for damages incurred, pay expenses incurred and satisfy any judgment or fine levied as a result of any action or threatened action because of an Official Act.

4.15.3 Provided by Contract. The Association also has the power, but not the duty, to contract with any Person to provide indemnification in addition to any indemnification authorized by law on such terms and subject to such conditions as the Association may impose.

4.16 Prohibited Functions.

4.16.1 Off-Site Nuisances. The Association shall not use any of the Association's funds or resources to abate any annoyance or nuisance emanating from outside the physical boundaries of the Project.

4.16.2 Political Activities. The Association shall not (a) participate in federal, state or local political activities or activities intended to influence a governmental action affecting areas outside the boundaries of the Project (e.g., endorsement or support of (i) legislative or administrative actions by a local governmental authority, (ii) candidates for elected or appointed office or (iii) ballot proposals) or (b) conduct, sponsor, participate in or expend funds or resources on any activity, campaign or event, including any social or political campaign, event or activity, that is not directly and exclusively pertaining to the authorized activities of the Association, and then only in compliance with the applicable provisions of Section 1363.04 of the California Civil

Code. There shall be no amendment of this Section 4.16.2 without the prior written consent of Ground Lessor.

4.17 Standing to Resolve Disputes. The Association shall have standing to institute, defend, settle or intervene in litigation, alternative dispute resolution or administrative proceedings (each, an "**Action**") in its own name as the real party in interest and without joining the Owners in matters pertaining to (a) enforcement of the Governing Documents, (b) damage to the Common Area, (c) damage to any portions of the Residential Lots that the Association is obligated to maintain and (d) damage to portions of the Residential Lots that arises out of, or is integrally related to, damage to the Common Area or portions of the Residential Lots that the Association is obligated to maintain or repair (each, a "**Claim**"). Upon commencement of an Action by the Association pertaining to any Claim described in subparts (a), (b), (c) or (d) above, the Association's standing shall be exclusive, and during the pendency of such Action, the Owners shall be barred from commencing a new Action or maintaining a pending Action on the same Claim. The Association's exercise of exclusive standing as to an Action on a particular Claim shall not be deemed to give rise to any affirmative obligation on the part of the Association to maintain, settle or dismiss such Action, except in the Association's sole discretion, and subject to Article 16.

4.18 Standard of Care; Nonliability.

4.18.1 Scope of Powers and Standard of Care.

(a) General Scope of Powers. Rights and powers conferred on the Board, the Architectural Review Board or other committees or representatives of the Association by the Governing Documents are not duties, obligations or disabilities charged upon those Persons unless the rights and powers are explicitly identified as including duties or obligations in the Governing Documents or law. Unless a duty to act is imposed on the Board, the Architectural Review Board or other committees or representatives of the Association by the Governing Documents or law, the Board, the Architectural Review Board and the other committees have the right to decide to act or not to act. Any decision by the Board or by the Architectural Review Board or by any other committee or representative of the Association not to act is not a waiver of the right to act in the future.

(b) Business Affairs. This Section 4.18.1(b) applies to Board member actions in connection with management, personnel, maintenance and operations, insurance, contracts and finances and to Architectural Review Board member actions. Each Board member shall perform the duties of a Board member in good faith, in a manner that such Board member believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. When performing a Board member's duties, a Board member is entitled to rely on information, opinions, reports or statements, including financial data prepared or presented by:

(i) One (1) or more officers or employees of the Association whom the Board member believes to be reliable and competent in the matters presented;

(ii) Counsel, independent accountants or other Persons as to matters that the Board member believes to be within such Person's professional or expert competence; or

(iii) A committee of the Board on which the Board member does not serve, as to matters within its designated authority, which committee the Board member believes to merit confidence, so long as, in any such case, the Board member acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

This Section 4.18.1(b) is intended to be a restatement of the business judgment rule established in applicable law as it applies to the Association. All modifications and interpretations of the business judgment rule applicable to the Association shall be interpreted to modify and interpret this Section 4.18.1(b).

(c) Association Governance. This Section 4.18.1(c) applies to Board actions and Architectural Review Board decisions in connection with the interpretation and enforcement of the Governing Documents, architectural and landscaping control, regulation of uses within the Project, rule making and oversight of committees. Actions taken or decisions made in connection with these matters shall be reasonable, fair and nondiscriminatory.

4.18.2 Nonliability.

(a) General Rule. No Person is liable to any other Person (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's willful or malicious misconduct. No Person is liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct. The Association is not liable for damage to property in the Project unless caused by the negligence of the Association, the Board, the Association's officers, the Manager or the Manager's staff.

(b) Nonliability of Volunteer Board Members and Officers. A volunteer Board member or volunteer Association officer shall not be personally liable to any Person who suffers injury, including bodily injury, emotional distress, wrongful death or property damage or loss as a result of the tortious act or omission of such volunteer Board member or volunteer Association officer if all applicable conditions specified in Section 1365.7 of the California Civil Code are satisfied.

ARTICLE 5

ASSESSMENTS AND LIENS

5.1 Creation of Obligation and Lien. Each Owner covenants and has the personal obligation to pay all Assessments, charges and all monetary sums that are duly levied against such Owner's Separate Interest by the Association and that become due while such Owner owns such Separate Interest. Such Assessments, charges and other sums are also hereby established as charges upon the Separate Interest to which they relate and shall be a lien thereon that may be enforced by non-judicial proceedings under a power of sale or by any other means authorized by law.

5.2 Proportionate Share of Common Expenses. Each Owner shall be responsible for paying such Owner's proportionate share ("**Proportionate Share**") of the Common Expenses. As used herein, an Owner's Proportionate Share shall be equal to the ratio of the number of Separate Interests owned by such Owner to the total number of Separate Interests in the Project subject to Assessment.

5.3 Assessments.

(a) Each Owner shall be subject to the following Assessments in amounts to be determined by the Board:

(i) Annual Assessments equal to the Owner's Proportionate Share of the actual or estimated costs of all maintenance, repairs, taxes, ground rent payable by the Association under the Common Area Lease, insurance and other Common Expenses for which the Association is responsible. Annual Assessments shall be amortized and collected on a monthly basis;

(ii) Adequate reserves for replacement, whether by capital contribution or otherwise, which reserves shall be amortized and collected monthly on the same basis as for Annual Assessments;

(iii) Capital Improvement Assessments and Reconstruction Assessments in accordance with Section 5.6.7.

(iv) Special Assessments (as defined in Section 1.70).

(b) The provisions of this Article 5 shall not limit the right of the Board to levy and collect the sums specified herein as Special Assessments against an Owner and such Owner's Separate Interest as a remedy to reimburse the Association for the costs incurred in bringing such Owner in compliance with this Declaration or the Bylaws; provided, however, that any fine or penalty imposed as a disciplinary measure may not be enforced by exercising lien rights in accordance with Sections 15.2.2 and 15.2.3.

5.4 Purposes of Assessments and Association's Maintenance Funds. The Assessments shall be used exclusively to (a) promote the Owners' welfare, (b) operate, improve and maintain the Common Area and (c) discharge all other Association obligations under this Declaration. All amounts deposited into the Association's maintenance funds must be used solely for the common benefit of all Owners for purposes authorized by this Declaration. Disbursements from the Association's operating fund shall be made by the Association for such purposes as are necessary for the discharge of the Association's obligations under this Declaration for the common benefit of all Owners, other than those purposes for which disbursements from the reserve fund are to be used. Disbursements from the Association's reserve fund shall be made by the Association only for the purposes specified in this Article 5 and in Section 1365.5(c) of the California Civil Code; provided, however, that the Board may authorize the temporary transfer of moneys from the Association's reserve fund to the Association's operating fund to meet short-term cash flow requirements or other expenses pursuant to Section 2.10.8 of the Bylaws and Section 1365.5(c)(2) of the California Civil Code. The Association's maintenance funds shall not be used for campaign purposes in connection with any election of members of the Board and shall not be used for campaign purposes in connection with any other Association election except to the extent necessary to comply with duties of the Association imposed by law. For the purposes of this Section 5.4, "**campaign purposes**" include, but are not limited to, the following:

(a) Expressly advocating the election or defeat of any candidate that is on the Association election ballot.

(b) Including the photograph or prominently featuring the name of any candidate on a communication from the Association or the Board of Directors, excepting the ballot and ballot materials, within thirty (30) days of an election. This is not a "**campaign purpose**" if the communication is one for which subdivision (a) of Section 1363.03 of the California Civil Code requires that equal access be provided to another candidate or advocate.

5.5 Waiver of Use. No Owner may be exempted from personal liability for Assessments duly levied by the Association, nor may any such Owner's Separate Interest be released from the liens and charges thereof, by waiving use and enjoyment of the Common Area or by abandoning such Owner's Separate Interest.

5.6 Limits on Annual Assessment Increases.

5.6.1 Maximum Authorized Annual Assessment For Initial Year of Operations. During the Fiscal Year in which Annual Assessments commence, the Board may levy an Annual Assessment per Separate Interest in an amount that exceeds one hundred twenty percent (120%) of the amount of Annual Assessments disclosed for the Project in the most current Budget filed with and accepted by the DRE only if the Board first obtains the approval of Owners casting a majority of votes at a meeting or election of the Association in which more than fifty percent (50%) of the Separate Interests are

represented ("**Increase Election**"). This Section 5.6.1 does not limit Annual Assessment increases necessary for addressing an Emergency Situation (as defined in Section 5.6.5).

5.6.2 Maximum Authorized Annual Assessment For Subsequent Fiscal Years. During the Fiscal Years following the Fiscal Year in which Annual Assessments commence, the Board may levy Annual Assessments that exceed the Annual Assessments for the immediately-preceding Fiscal Year only as follows:

(a) If the increase in Annual Assessments is less than or equal to twenty percent (20%) of the Annual Assessments for the immediately-preceding Fiscal Year, then the Board must either (i) have distributed the Budget for the current Fiscal Year in accordance with Section 1365(a) of the California Civil Code or (ii) obtain the approval of Owners casting a majority of votes in an Increase Election;

(b) If the increase in Annual Assessments is greater than twenty percent (20%) of the Annual Assessments for the immediately-preceding Fiscal Year, then the Board must obtain the approval of Owners casting a majority of votes in an Increase Election.

This Section 5.6.2 does not limit Annual Assessment increases necessary for addressing an Emergency Situation (as defined in Section 5.6.5).

5.6.3 Supplemental Annual Assessments. If the Board determines that the Association's essential functions may be funded properly by an Annual Assessment in an amount less than the maximum authorized Annual Assessment described above, the Board may levy such lesser Annual Assessment against the Owners and their respective Separate Interests. If the Board determines that the estimate of total charges for the current year is or will become inadequate to meet all Common Expenses, the Board shall immediately determine the approximate amount of such inadequacy. Subject to the limits described in Sections 5.6.1, 5.6.2 and 5.6.5, the Board may levy a supplemental Annual Assessment reflecting a revision of the total charges to be assessed against each Separate Interest.

5.6.4 Automatic Assessment Increases. Despite any other provision of this Section 5.6, upon Declarant's annexation of any of the Annexable Territory pursuant to Article 22, the Annual Assessment against the Owners and their respective Separate Interests shall be increased automatically by the additional amount (if any) necessary to maintain the Common Area in or abutting such Annexable Territory so long as (a) the annexation of such Annexable Territory is permitted by the DRE, and (b) the amount of such increase does not result in the levy of an Annual Assessment that is greater than the maximum potential Annual Assessment disclosed in all Final Subdivision Public Reports for the Project.

5.6.5 Emergency Situations. For purposes of Sections 5.6.1, 5.6.2 and 5.6.7, an “*Emergency Situation*” is any one of the following:

- (a) An extraordinary expense required by an order of a court;
- (b) An extraordinary expense necessary to maintain the portion of the Project for which the Association is responsible where a threat to personal safety in the Project is discovered; and
- (c) An extraordinary expense necessary to maintain the portion of the Project for which the Association is responsible that could not have been reasonably foreseen by the Board when preparing the Budget. Before imposing or collecting an Assessment pursuant to this subparagraph (c), the Board shall adopt a resolution containing written findings regarding the necessity of the extraordinary expense involved and why such expense was not or could not have been reasonably foreseen in the budgeting process. Such resolution shall be distributed to the Owners with the notice of the Assessment.

5.6.6 Commencement and Collection of Annual Assessments. Upon the first day of the first calendar month following the first Close of Escrow in a Phase, Annual Assessments shall commence as to the Separate Interests in that Phase. All Annual Assessments shall be assessed uniformly and equally against the Owners and their respective Separate Interests based on the number of Separate Interests owned by each such Owner except as may be provided otherwise in a Notice of Addition. A model is a Residence designated by Declarant for use as a part of Declarant's or Licensee's model home and sales office complex. If a Phase includes a model, then the Close of Escrow for such model will not cause Assessments to commence for such Phase (unless such model, as of or following the Close of Escrow for such model, is used for residential purposes in addition to model home and sales office purposes, in which case the Close of Escrow for such model will cause Assessments to commence for such Phase). Instead, Annual Assessments on all Separate Interests in such Phase, including the model, shall commence on the first day of the month following the first Close of Escrow for a Residence that is not a model. Annual Assessments for fractions of a month shall be prorated. Licensee shall pay Licensee's full pro rata share of the Annual Assessments on all of Licensee's Separate Interests for which Annual Assessments have commenced. The Board shall fix the amount of the Annual Assessment against each Owner's Separate Interest at least thirty (30) days in advance of each Annual Assessment period. However, unless otherwise established by the Board, the initial Annual Assessments shall be assessed in accordance with the most recent Budget on file with and accepted by the DRE. Written notice of any change in the amount of any Annual Assessment, Capital Improvement Assessment or Reconstruction Assessment shall be sent via first-class mail to every Owner subject thereto not less than thirty (30) nor more than sixty (60) days before the increased Assessment becomes due.

The Board has the power to require that funds in the Association's operating fund at the end of the Fiscal Year be retained and used to reduce the following Fiscal Year's Annual Assessments. Upon dissolution of the Association incident to the abandonment or termination of the Project as a planned development, all amounts remaining in any of the Association maintenance funds shall be distributed to or for the benefit of the Owners in the same proportions as such money was collected from the Owners.

The Board may, in its sole discretion, exempt each Owner (including Licensee) from paying that portion of any Annual Assessment allocated to defraying expenses and reserves directly attributable to the existence and use of any Improvement on Common Area the construction of which has not yet been completed. If granted, such exemption shall continue until the earlier to occur of (a) the Recordation of a notice of completion of such Improvement or (b) the placement of such Improvement into use.

Each Owner shall pay Annual Assessments in monthly installments and in such amounts and by such methods as are established by the Board. If the Association incurs additional expenses because of a payment method selected by an Owner, the Association may charge such additional expenses to such Owner. The Association does not have to apportion such additional expenses among all assessed Owners as a part of Annual Assessments. Each installment of Annual Assessments may be paid to the Association in one check or in separate checks as payments attributable to specified Association maintenance funds. If any payment of an Annual Assessment installment (i) is less than the amount assessed and (ii) does not specify the Association maintenance fund or Association maintenance funds into which such payment should be deposited, then the amount received shall be credited in order of priority first to the Association's operating fund, until that portion of the Annual Assessment has been satisfied, and second to the Association's reserve fund.

5.6.7 Capital Improvement and Reconstruction Assessments. The Board may levy against the Owners and their respective Separate Interests, in any Fiscal Year, a Capital Improvement Assessment or Reconstruction Assessment applicable to such Fiscal Year only to defray, in whole or in part, the cost of any construction, repair or replacement of a capital Improvement or other such addition to the Common Area. No Capital Improvement Assessments or Reconstruction Assessment in any Fiscal Year that, if added to the Capital Improvement Assessments and the Reconstruction Assessments already levied during such Fiscal Year, in the aggregate exceed five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year may be levied without the approval by a simple majority of the Owners, other than Licensee, constituting a quorum consisting of more than fifty percent (50%) of the Association's voting power residing in Owners other than Licensee. The Board may levy against the Owners and their respective Separate Interests, in any Fiscal Year, a Capital Improvement Assessment or Reconstruction Assessment applicable to such Fiscal Year that exceeds five percent (5%) of the Association's Budgeted gross expenses for such Fiscal Year if such increase is necessary for addressing an Emergency Situation as defined in Section 5.6.5.

5.7 Payment. Unless the Board determines otherwise, the Association's Fiscal Year shall be the calendar year, and the Annual Assessment period shall be for the twelve (12) months of each Fiscal Year beginning January 1 and ending on December 31 of the same year, provided that, if the month of the commencement of the initial Assessment shall be a month other than January, the Assessment period for the first fractional year shall be deemed to end on December 31. Each Owner shall pay Annual Assessments in monthly installments. Each monthly payment shall be due in advance on the first day of each succeeding month. Each Owner shall pay all Assessments levied on such Owner's Separate Interest to the Association on or before the due date.

5.8 Excess Assessments. The Association shall be organized and operated in a manner consistent with minimization of federal and state income taxation and, to that end, may:

(a) Elect to be treated as a tax-exempt organization under Section 528 of the Internal Revenue Code, Sections 23701 and 23701f of the California Revenue and Taxation Code and the regulations promulgated thereunder;

(b) In any year in which there is an excess of Annual Assessments or Capital Improvement Assessments or Reconstruction Assessments, including Assessments to fund capital reserves, received over amounts actually used or expended for the Association's purposes, the Association may, with the approval or written consent of the majority of the Owners:

(i) treat such excess as a contribution to the capital of the Association in accordance with Section 118 of the Internal Revenue Code; or

(ii) apply such excess against the subsequent year's Annual Assessment; or

(iii) return such excess to the Owners pro rata in accordance with their respective Annual Assessments; or

(iv) transfer to and hold in trust such excess to provide for the management, maintenance and care of Common Area or Association property.

ARTICLE 6

INSURANCE

6.1 Insurance Obtained By The Association. The Association shall acquire the following insurance policies from reputable insurance companies authorized to do business in California:

(a) Public Liability. Adequate public liability insurance (including coverage for medical payments), with limits acceptable to FNMA and as required by

Section 1365.9 of the California Civil Code, insuring against liability for bodily injury, death and property damage arising from activities on the Common Area.

(b) Fire and Extended Coverage for Common Area. Fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement value of all insurable Improvements on the Common Area. The casualty insurance shall not include earthquake coverage unless the Board is directed to obtain earthquake coverage by a majority of the Association's voting power.

(c) Fidelity. Fidelity insurance coverage for any Person handling funds of the Association, whether or not such Person is compensated for such Person's services, in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of such Person during the term of the insurance. The aggregate amount of the fidelity insurance coverage may not be less than the sum equal to one-fourth (1/4) of the Annual Assessments on all Separate Interest in the Project plus reserve funds.

(d) Insurance Required by FNMA, GNMA and FHLMC. Casualty, flood, liability and fidelity insurance meeting the insurance requirements for planned unit developments established by FNMA, GNMA and FHLMC, so long as any of these entities is a Mortgagee or Owner of a Residence in the Project, except to the extent that such coverage is not reasonably available or has been waived in writing by the entity requiring the insurance coverage.

(e) Worker's Compensation. Worker's compensation insurance is provided, to the extent that it is required by law, for all employees or uninsured contractors of the Association.

(f) Directors and Officers. To the extent that insurance is available and economically feasible, insurance on behalf of any director, officer or agent of the Association (collectively "***the agents***") against any liability asserted against or incurred by an agent in such capacity or arising out of the agent's status as such regardless of whether the Association would have the power to indemnify the agent against liability under applicable law.

(g) Use of Proceeds. All insured's proceeds available under Section 6.1(b) may be paid either (a) to the Board or (b) to a bank or other financial institution with trust powers in the County to be held for the benefit of the Owners, Mortgagees or other Persons as their respective interests shall appear, to be paid out in accordance with Article 11.

(h) Authority of the Board. Each Owner irrevocably delegates to the Board sole and exclusive authority to negotiate legal settlements with the appropriate insurance carriers for all matters relating to the insurance maintained by the Association pursuant to this Article 6. Any execution of a loss claim form and release

form in connection with the settlement of a claim shall be binding on all of the Owners and on any other Person named as an insured in any such insurance policy or policies only upon the execution thereof by a majority of the members of the Board.

(i) Beneficiaries. The Association's insurance shall be kept for the benefit of the Association, the Owners, Licensee, the Mortgagees and Ground Lessor as their interests may appear as named insureds, subject, however, to loss payment requirements established in this Declaration.

6.2 Waiver of Claim Against Association. As to all policies of insurance kept by or for the benefit of the Association and the Owners, the Association and the Owners waive and release all claims against one another, the Board, Declarant and Licensee to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of such Persons.

6.3 Right and Duty of Owners to Insure. Each Owner is responsible for insuring such Owner's personal property and all other property and Improvements on such Owner's Residential Lot, including such Owner's Residence. Nothing in this Declaration precludes any Owner from carrying any public liability insurance as such Owner considers desirable; however, Owners' insurance policies may not adversely affect or diminish any coverage under any of the Association's insurance policies. Duplicate copies of Owners' insurance policies shall be deposited with the Association upon request. If any loss intended to be covered by the Association's insurance occurs and the proceeds payable are reduced due to insurance carried by any Owner, such Owner shall assign the proceeds of such Owner's insurance to the Association, to the extent of such reduction, for application to the same purposes as the reduced proceeds are to be applied.

6.4 Notice of Expiration Requirements. If available, each of the Association's insurance policies must contain a provision that the policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without at least ten (10) days' prior written notice to the Board and Declarant, and to each Owner and Mortgagee, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice and every other Person in interest who requests such notice of the insurer. In addition, fidelity insurance shall provide that it may not be canceled or substantially modified without at least ten (10) days' prior written notice to any insurance trustee named pursuant to Section 6.6 and to each FNMA servicer who has filed a written request with the carrier for such notice.

6.5 Insurance Premiums. Premiums for insurance policies obtained by the Association are Common Expenses.

6.6 Trustee for Policies. The Association is trustee of the interests of all named insureds under the Association's insurance policies. Unless an insurance policy provides for a different procedure for the filing of claims, all claims made under such

policy must be sent to the insurance carrier or agent by certified mail and be clearly identified as a claim. The Association shall keep a record of all claims made. All insurance proceeds under any of such insurance policies provided for in Section 6.1 must be paid to the Board as trustees. The Board has the authority to negotiate loss settlements with insurance carriers, with participation, to the extent they desire, of first Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction. Any two (2) officers of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures are binding on all the named insureds. A representative chosen by the Board may be named as an insured, including a trustee with whom the Association may enter into an insurance trust agreement and any successor to such trustee, who shall have exclusive authority to negotiate losses under any insurance policy and to perform such other functions necessary to accomplish this purpose. The Board is authorized to make a settlement with any insurer for less than full insurance coverage for any damage so long as the Board acts in accordance with the standard of care established in Section 4.18.1(b).

6.7 Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board has the exclusive right to bind the Association and the Owners with respect to all matters affecting insurance carried by the Association, the settlement of a loss claim and the surrender, cancellation and modification of all such insurance. Duplicate originals or certificates of all policies of fire and casualty insurance kept by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Owners and Mortgagees who requested them in writing.

6.8 Annual Insurance Review. The Board shall review the Association's insurance policies at least annually to determine the amount of the casualty and fire insurance referred to in Section 6.1. Before each such annual review, if economically feasible, the Board shall obtain from a qualified independent insurance appraiser a current appraisal of the full replacement value of the Improvements on the Common Area, without deduction for depreciation.

6.9 Required Waiver. All of the Association's insurance policies insuring against physical damage must provide, if reasonably possible, for waiver of:

6.9.1 Subrogation of claims against the Owners and tenants of the Owners;

6.9.2 Any defense based on coinsurance;

6.9.3 Any right of setoff, counterclaim, apportionment, proration or contribution due to other insurance not carried by the Association;

6.9.4 Any invalidity, other adverse effect or defense due to any breach of warranty or condition caused by the Association, any Owner or any tenant of any

Owner, or arising from any act or omission of any named insured or the respective agents, contractors and employees of any insured;

6.9.5 Any right of the insurer to repair, rebuild or replace and, if the Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;

6.9.6 Notice of the assignment of any Owner of such Owner's interest in the insurance by virtue of a conveyance of any Residence;

6.9.7 Any right to require any assignment of any Mortgage to the insurer;

6.9.8 Any denial of an Owner's claim because of negligent acts by the Association or other Owners; and

6.9.9 Prejudice of the insurance by acts or omissions of Owners that are not under the Association's control.

ARTICLE 7

MAINTENANCE AND REPAIRS

7.1 General. Notwithstanding the existence of any insurance covering an Owner, the Association or both against loss, damage and destruction, the Association and each Owner shall have the affirmative obligation for maintenance, repair and restoration as set forth in this Article 7.

7.2 Maintenance of Common Area. The Association shall maintain the Common Area, including all Improvements, roads or pathways, facilities, landscaping and planting thereon, and the Property Wall, in good condition and repair and in accordance with the Association Maintenance Manual. The Association shall repair and replace the pipes that serve as the sewer laterals for the Residences.

7.3 Inspection of the Project. The Board shall require strict compliance with all provisions of this Declaration and cause the Project to be inspected regularly for any violation thereof. The Association shall have the Common Area and all Improvements thereon inspected at least once every three (3) years to (a) determine whether the Common Area is being maintained adequately in accordance with the maintenance requirements set forth in this Declaration and the standards of maintenance established in the Association Maintenance Manual, (b) identify the condition of the Common Area and any Improvement thereon, including the existence of any hazard or defect, and the need for performing additional maintenance, refurbishment, replacement or repair, and (c) recommend preventive actions that may be taken to reduce potential maintenance costs to be incurred in the future. The Board shall keep Declarant fully informed of the Board's activities under this Section 7.3. The Association may employ such experts and consultants as are necessary to perform the inspection and make the report required by this Section 7.3.

The Association shall prepare a report of the results of the inspection required by this Section 7.3. The report shall be furnished to the Owners, Declarant and Licensee concurrently with the next Budget distributed to the Owners. The report must include at least the following:

(a) a description of the condition of the Common Area, including a list of items inspected and the status of maintenance, repair and need for replacement of all such items;

(b) a description of all maintenance, repair and replacement planned for the ensuing Fiscal Year and included in the Budget;

(c) if any maintenance, repair or replacement is to be deferred, the reason for such deferral;

(d) a summary of all reports of inspections performed by any expert or consultant employed by the Association to perform inspections;

(e) a report of the status of compliance with the maintenance, replacement and repair needs identified in the inspection report for preceding years;

(f) a report of the status of compliance with the Association Maintenance Manual; and

(g) such other matters as the Board considers appropriate.

At all times after the first Close of Escrow in the Project, the Board shall furnish to Declarant (a) the report of each periodic inspection performed for the Board, whenever such inspection is performed and for whatever portion of the Common Area that is inspected, within thirty (30) days after the completion of such inspection and (b) the most recent periodic inspection report prepared for any portion of the Common Area, within ten (10) days after the Association's receipt of a written request from Licensee or Declarant (as applicable).

The rights and obligations under this Section 7.3 of and with respect to Licensee shall expire automatically twelve (12) years from the last Close of Escrow in the Project.

7.4 Owner Maintenance.

7.4.1 Exterior Maintenance of Residences and Residential Lots. Each Owner, at such Owner's sole cost and expense, shall maintain such Owner's Residential Lot and the exterior of such Owner's Residence in good condition and repair, including roofs, gutters, downspouts, exterior building surfaces, fences and gates, sidewalks, paving, trees, landscaping, planting and all other exterior Improvements. The standards of landscaping and exterior maintenance shall be determined by the ARB and shall be in accordance with the Homeowner Maintenance Manual.

7.4.2 Additional Owner Maintenance. In addition to each Owner's obligations under the provisions of Section 7.4.1, each Owner, at such Owner's sole cost and expense, shall maintain in good, workable, attractive and sanitary condition and repair the structures comprising such Owner's Residence, including the equipment and fixtures in such Residence, such as heating equipment, air-conditioning equipment, water heaters and utility outlets, the carport and any patio on such Owner's Residential Lot that is sold as part of such Owner's Residence and Residential Lot at the time of the first sale thereof by Licensee or Declarant (including all landscaping and planting (if any) within such patio). However, each Owner has complete discretion as to the choice of furniture, furnishings and interior decorating for such Owner's Residence, except that the windows of such Owner's Residence can be covered only by drapes, shutters, shades or blinds and cannot be painted or covered by foil, cardboard or similar materials. Each Owner also shall maintain, repair and replace as needed all plumbing, electrical, heating, air-conditioning and gas lines, conduits, apparatuses and equipment servicing such Owner's Residence and repair, replace and clean as needed the windows and glass of such Owner's Residence.

7.4.3 Party Walls. Each wall or fence built as a part of the original construction of the Residences or Residential Lots upon the Project or located on the dividing line between the Residential Lots (the "**Party Wall**") is a party wall, and, to the extent consistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions apply thereto.

(a) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of the Residences situated on the Residential Lots connected by such Party Wall. However, each Owner shall be solely responsible for repainting the side of any Party Wall facing such Owner's Residence or Residential Lot.

(b) Destruction by Fire or Other Casualty. Unless covered by a blanket insurance policy maintained by the Association, if a Party Wall is destroyed or damaged by fire or other casualty, any Owner whose Residential Lot is affected thereby may restore such Party Wall, and the Owner of the Residence situated on the other Residential Lot affected thereby shall contribute equally to the cost of restoration of such Party Wall, without prejudice, however, to the right of any such Owner to call for a larger contribution from the other Owner under any rule of law regarding liability for negligent or willful acts or omissions.

(c) Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by such Owner's negligent or willful act causes a Party Wall to be exposed to the elements or to deteriorate or require repair or replacement shall bear the whole cost of furnishing the necessary protection against such elements or the necessary repairs or replacement.

(d) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article is appurtenant to the land and passes to such Owner's successors in title.

7.4.4 Other Responsibilities. Each Owner whose Residence or Residential Lot uses a sewer system lateral is responsible for (a) performing work needed to keep the lateral clear, including removing tree roots that grow into the lateral, and (b) performing any work required as a result of actions taken by the occupants of the Residence. Each Owner shall be responsible for the abatement of any and all graffiti that appears anywhere on such Owner's Residence or Residential Lot as soon as practical after such graffiti is discovered by or brought to the attention of such Owner or any resident of such Owner's Residence or Residential Lot.

ARTICLE 8

USE RESTRICTIONS

In addition to all other covenants, restrictions and limitations contained herein as well as in the Association Rules and the Property Rules, the use of the Project and each Residence therein is subject to the following restrictions:

8.1 Business Usage Prohibited. Except as expressly permitted herein, no Residence shall be used for other than single family residential purposes, which means that one group of natural individuals, related or not, live as a single household in the Residence. Residential purposes could include family child day care, or other children's activity facility located within the Project, approved by the Association, and serving children of Ranch View Terrace residents. No part of the Project ever may be used for any business, commercial (including auctions or similar events), manufacturing, mercantile, storage, vending or other nonresidential purpose, including any activity for which the provider is compensated or receives any consideration, regardless of whether the activity is engaged in full-time or part-time, generates or does not generate a profit or requires or does not require a license. This Section 8.1 does not preclude any of the above-described activities, provided that: (a) the patrons, clientele, employees, agents, vendors and business associates do not visit the Residential Lot or park vehicles in the Project; (b) the existence or operation of the activity is not apparent or detectable by sight, sound or smell from outside the boundaries of the Residential Lot; (c) the activity does not increase the Association's liability or casualty insurance obligation or premium; (d) the activity is consistent with (i) the residential character of the Project and (ii) this Declaration; (e) the activity is not illegal, complies with applicable ordinances (if any) and/or regulations of the University of California and is properly licensed (if applicable); and (f) the activity does not involve delivery or pick up of packages that the Board determines is excessive for a residential development. This Section 8.1 does not prohibit activities of the Association authorized by the Articles, the Bylaws, this Declaration or any Supplemental Declaration.

8.2 Habitat Conservation Plan. No part of any Residence, Residential Lot or Common Area ever shall be used or allowed, authorized or caused to be used in any way, directly or indirectly, in violation of the Habitat Conservation Plan of Ranch View Terrace.

8.3 Signs.

8.3.1 Definitions.

(a) A "**Sign**" is any balloon, banner, billboard, flag, poster, sign and other display as may be further defined as a "**Sign**" in the Architectural Guidelines and Standards.

(b) An "**Authorized Sign**" is any of the following:

(i) A Sign authorized by law to be displayed;

(ii) A name and address identification Sign for a Residential Lot;

(iii) A Sign advising of the existence of security services protecting a Residential Lot; and

(iv) A Sign defined as an Authorized Sign by the ARB.

(v) A "**Prohibited Sign**" is any Sign that is not (1) an Authorized Sign, (2) described as exempt in Section 8.3.3, (3) described in Section 18.3 or (4) exempted by Section 18.6 from the restrictions in this Section 8.3

8.3.2 Restrictions. Prohibited Signs cannot be displayed anywhere in the Project or on any public street in or abutting the Project. Authorized Signs may be installed and maintained in a Residential Lot by the Owner or occupant of the Residential Lot so long as they (a) comply with law and the Architectural Guidelines and Standards and (b) do not pose a threat to public health or safety.

8.3.3 Exemption. All Signs that are (a) entry monuments, Project identification Signs, notices required by law to be posted or traffic or parking control Signs and/or (b) installed or maintained by the Association are exempt from the restrictions in this Section 8.3.

8.3.4 Architectural Guidelines and Standards. In the Architectural Guidelines and Standards, the ARB may interpret this Section 8.3, clarify any portion of this Section 8.3 and provide examples of Signs that are Authorized Signs and Prohibited Signs.

8.4 Children. Each Owner shall be accountable to the remaining Owners and their families, servants, guests, tenants and invitees for the conduct and behavior of

such Owner's children and other children residing in or visiting such Owner's Residence.

8.5 Animal Regulation. All Owners and other Persons shall comply with the Campus Pet Policy as amended from time to time. Except as provided in this Section 8.5, no animals of any kind shall be brought within the Project or kept in or on any Residence or Residential Lot. The Association may limit the size and weight of pets and may prohibit maintenance of any animal that, in the Association's opinion, constitutes a nuisance. Animals must be kept either in an enclosed area or on a leash held by a person capable of controlling the animal. Animals shall not be allowed in the Common Area except as permitted by the Association Rules and the Campus Pet Policy. Each Person is absolutely liable for any unreasonable noise and for damage to person or property caused by any animal brought or kept in the Project by such Person. Each Person shall clean up after such Person's animals. Any Person who keeps any animal, insect or reptile in the Project shall indemnify, defend and hold harmless the Association and its officers, directors, contractors, agents and employees from any claim brought by any Person against the Association or its officers, directors, agents or employees for personal injuries or property damage caused by such animals. If there is a conflict between any provision of this Section 8.5 and the Campus Pet Policy, then the Campus Pet Policy shall prevail and control.

8.6 Offensive Activities. No Owner will permit or suffer anything to be done or kept on or in such Owner's Residence or in the Common Area that will increase the rate of insurance thereon or will obstruct or interfere with the rights of other Owners or their families, servants, guests, tenants and invitees, or that will annoy them by unreasonable noises, vibrations, bright or flashing lights or otherwise, or that will in any way interfere with the quiet enjoyment of each of the Owners of his, her or its respective Residence. No Owner will allow any nuisance, noxious, illegal or offensive activity to exist in or on such Owner's Residence and/or Residential Lot or in or on the Common Area.

8.7 Owner Negligence. Each Owner shall be liable to the Association for any damage to the Common Area or any equipment thereon that may be sustained by reason of the negligence or intentional acts or omissions of any such Owner or such Owner's family, servants, guests, tenants and invitees, to the extent that any such damage shall not be covered by insurance.

8.8 Exploration for Minerals. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted in the Project or any portion thereof, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any portion of the Project or within five hundred (500) feet below the surface of the Project.

8.9 Trash Disposal. Trash, garbage, recyclable materials or other waste shall be kept only in sanitary containers. No Owner shall permit or cause any trash or refuse to be kept within any portion of the Project other than in customary receptacles. These receptacles shall be located only in places specifically designated for such purpose.

8.10 Outside Laundering and Drying. No exterior clothesline shall be erected or maintained, and there shall be no exterior drying or laundering of clothes on balconies, patios, porches or other outside areas other than on drying "trees" or other removable apparatus specifically approved by the ARB.

8.11 Outside Storage. No Owner shall park or store machinery, equipment, baby carriages, playpens, bicycles, wagons, benches or chairs on any part of the Common Area, except that such personal property may be stored in storage areas (if any) that may be designated by the Association for that purpose. Sun decks and other recreational areas may be used for their customary purposes.

8.12 Antennae.

8.12.1 "Authorized Antenna" Defined. "**Authorized Antenna**" means (a) an antenna designed to receive direct broadcast satellite service, including direct-to-home satellite service, that is one (1) meter or less in diameter, (b) an antenna designed to receive video programming service, including multichannel multipoint distribution service, instructional television fixed service and local multipoint distribution service, and is one (1) meter or less in diameter or diagonal measurement, (c) an antenna designed to receive television broadcast signals and (d) a mast supporting an antenna described in items (a), (b) and (c) above.

8.12.2 Authorized Antenna Requirements. Owners are prohibited from installing any antenna on their Residences or Residential Lots except for an Authorized Antenna. Each Owner may install one (1) Authorized Antenna on such Owner's Residence or Residential Lot if the Architectural Review Board determines that the Authorized Antenna, in the proposed location, is minimally conspicuous when viewed from other Residences or the Common Area. The Architectural Review Board may require that an Authorized Antenna be moved so long as moving the Authorized Antenna does not (a) unreasonably delay or prevent installation, maintenance or use of the Authorized Antenna, (b) unreasonably increase the cost of installation, maintenance or use of the Authorized Antenna or (c) preclude acceptable quality reception.

8.12.3 Additional Restrictions. The Association may adopt restrictions in addition to those set forth herein and in the Property Rules on installation or use of Authorized Antennae as a part of the Association Rules so long as such restrictions do not (a) unreasonably delay or prevent installation, maintenance or use of an Authorized Antenna, (b) unreasonably increase the cost of installation, maintenance or use of an Authorized Antenna or (c) preclude acceptable quality reception. The Association may prohibit the installation of an Authorized Antenna if the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of Managers, agents or employees of the Association and other Owners or for any other safety-related reason established by the Association. The Association also may (x) prohibit an Owner from installing an Authorized Antenna on property that such Owner does not own or is not entitled to exclusively use or control under the Governing Documents or (y)

allow an Owner to install an antenna other than an Authorized Antenna subject to the architectural standards of and review by the Architectural Review Board.

8.12.4 Restatement of Legal Authority. This Section 8.12 is intended to be a restatement of the authority granted to the Association under the law. The Board is authorized to adopt Association Rules that modify this Section 8.12 to comply with amendments, modifications, restatements and interpretations of the law applicable to the installation, use or maintenance of antennae.

8.13 Personal Business Records Permitted. No restriction contained in this Article 8 shall be construed in such a manner as to prohibit any Owner from the use of a Residence to (a) maintain such Owner's personal, professional library, (b) keep such Owner's personal business records or accounts or (c) conduct such Owner's personal or professional telecommunication activities. Such uses are expressly declared to be customarily incident to the residential use of the Project and not in violation of any provision of this Article 8.

8.14 Vehicle Restrictions.

8.14.1 Definitions.

(a) ***"Parking Area"*** means the carport portions of Residences, parking areas along the street or in the Project identified with Signs or otherwise as designated parking areas or guest parking areas, any other area in the Project designated by the Association as a parking area and any other area on any public street adjacent to the Project that is used for parking vehicles; provided, however, that, except for designated parking areas and/or guest parking areas located thereon, no street in the Project is a ***"Parking Area."*** Each driveway in the Project (including each driveway located on a Residential Lot) is not a ***"Parking Area."***

(b) ***"Passenger Vehicles"*** means standard passenger vehicles, including automobiles, passenger vans designed to accommodate ten (10) or fewer people, motorcycles and pick-up trucks having a manufacturer's rating or payload capacity of one (1) ton or less.

(c) ***"Prohibited Vehicles"*** means all vehicles that are not Passenger Vehicles, including recreational vehicles such as motor homes, travel trailers, camper vans and boats, commercial-type vehicles (such as stakebed trucks, tank trucks, dump trucks, step vans, concrete trucks and limousines), vehicles designed to accommodate more than ten (10) people, vehicles having more than two (2) axles, trailers, inoperable vehicles or parts of vehicles and any other vehicle not classified as a Passenger Vehicle.

8.14.2 General Restrictions. The Association has the power to identify additional vehicles as Passenger Vehicles or Prohibited Vehicles in the Association Rules. If a vehicle qualifies as both a Passenger Vehicle and a Prohibited Vehicle, then

such vehicle is a Prohibited Vehicle, unless such vehicle's classification is changed by the Board. There shall be no parking of any vehicle of any kind, including Passenger Vehicles, on any private street in the Project, except for portions thereof identified with Signs or otherwise as designated parking areas or guest parking areas. The parking of any vehicle in any location on any private street in the Project other than in portions thereof identified with Signs or otherwise as designated parking areas or guest parking areas is strictly prohibited. Designated parking areas and guest parking areas on any private street in the Project (a) shall be maintained permanently for the parking of Passenger Vehicles only and (b) may be used only for the parking of Passenger Vehicles owned or controlled by Owners or residents of Owners' Residences and/or (as applicable) their guests. No one may park a vehicle on any driveway in the Project, including any driveway located on any Residential Lot. No one may park a vehicle in a manner that either restricts the passage of pedestrians or vehicles over driveways, streets or sidewalks in or adjacent to the Project or extends beyond the limits of the space where the vehicle is parked. Subject to the provisions of Section 8.14.3, Passenger Vehicles may be parked in any Parking Area; provided, however, that no Passenger Vehicle may be parked in any Parking Area (except for carports) for more than seventy-two (72) consecutive hours. There shall be no storage of any Prohibited Vehicle on any Residential Lot (including in the carport portion of any Residence) or elsewhere in the Project. The storage of any Prohibited Vehicle on any Residential Lot (including in the carport portion of any Residence) or elsewhere in the Project is strictly prohibited. Prohibited Vehicles must not be parked in any Parking Area except for brief periods for loading, unloading, making deliveries or emergency repairs. Unless expressly permitted by the Association Rules and/or the Property Rules, no maintenance or restoration of any vehicle may be conducted in the Project. Carports shall be used for the purpose of parking Passenger Vehicles only and shall not be converted to any other use, including any storage use.

8.14.3 Restrictions on Owners' and Residents' Vehicles. All vehicles under the ownership, operation or control of an Owner or a resident of an Owner's Residence and kept in the Project must be parked first in the carport portion of such Owner's Residence, to the extent available, and then in any other Parking Area in the Project, except for the carport portion of any other Owner's Residence and except for portions of any private street in the Project identified with Signs or otherwise as designated guest parking areas. Each Owner must maintain the carport portion of such Owner's Residence so that it accommodates at least the number of Passenger Vehicles for which it was originally constructed. No vehicle under the ownership, operation or control of an Owner or a resident of an Owner's Residential Lot may be parked in any designated guest parking area on any private street in the Project.

8.14.4 Association Regulations. The Association Rules may regulate the use of Parking Areas and streets in and around the Project. The Association Rules may designate "parking," "guest parking" and "no parking" areas on the Common Area and may regulate parking throughout the Project, including in the carport portions of Residences. The Association has the power to enforce all parking and vehicle use regulations for the Project, including the power to remove violating vehicles from the

Project pursuant to Section 22658.2 of the California Vehicle Code or other applicable law. If the Association fails to enforce any of the parking or vehicle use regulations, the University of California Police Department may enforce such regulations.

8.15 Restrictions Applicable to Guests, Etc. The use of any Residence or of the Common Area or any portion thereof by any guest or invitee of any Owner shall be subject to all of the provisions of this Declaration, including all of the use restrictions imposed under this Article 8, the Bylaws and the Association Rules, and the Association may proceed directly against such guest or invitee in the enforcement of the Governing Documents.

8.16 Fences and Screens. Except as may from time to time be provided in the Property Rules, no fences, awnings, ornamental screens, screen doors, sunshades or walls of any nature shall be erected or maintained on or around any portion of any structure or elsewhere within the Project, except those that are installed in accordance with the original construction of the Project and their replacements or as are authorized and approved by the ARB.

8.17 Gas or Liquid Storage. No tank for the storage of gas or flammable liquid shall be installed upon or in the Project unless such installation is done or approved by Declarant.

8.18 Diseased Plants. No plants or seeds infected with noxious insects or plant diseases shall be brought upon or grown or maintained within the Project.

8.19 Plants in Common Area. No Owner shall plant, cut, trim, prune, remove, replace or otherwise alter or affect the appearance or location of any tree, plant or other vegetation located in any portion of the Common Area without the prior written consent of the ARB. The Association may recover from any Owner violating this Section 8.19 the cost of restoring or replacing any such vegetation.

8.20 Violation of Laws or Insurance Requirements. No Owner shall permit anything to be done or kept in his, her or its Residence or in the Common Area that will result in any increase in the Association's insurance premiums or in the cancellation of insurance on any part of the Common Area or that would violate any law or the Common Area Lease.

8.21 Delegation of Use. Any Owner may delegate his, her or its rights of use and enjoyment of the Project, including any recreational facilities, to the members of his, her or its family, servants, guests, tenants (to the extent permitted hereby), and invitees, and to such other persons as may be permitted by the Bylaws and the Association Rules, subject however, to this Declaration. Nevertheless, if an Owner has leased or rented a Residence, the Owner, and members of the Owner's family, servants, guests, tenants and invitees shall not be entitled to use and enjoy any of such rights in the Project while the Owner's Residence is occupied by the tenant. Instead, the tenant, while occupying such Residence, shall be entitled to use and enjoy such rights,

including any recreational facilities, and can delegate the rights of use and enjoyment in the same manner as if tenant were an Owner during the period of his, her or its occupancy. Each Owner shall notify the secretary of the Association within five (5) calendar days after the entry into a lease for a Residence of the period for which such lease will be effective and of the names of each tenant of such Owner's Residence pursuant to such lease; provided, however, that any such lease in violation of such Owner's Residential Lot Lease shall be a violation or breach of this Declaration. Each Owner or tenant shall also notify the secretary of the Association of the names of all persons to whom such Owner or tenant has delegated any rights of use and enjoyment and the relationship that each such person bears to the Owner or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners. No such delegation shall relieve an Owner from liability to the Association or to other Owners for payment of Assessments or performance of the covenants, conditions and restrictions contained in this Declaration.

8.22 Single Family Use. No Residence shall, at any time, be possessed, occupied or used by more than a Single Family, as defined herein.

8.23 Indemnification. Each Owner shall be liable to the remaining Owners for any damage to the Common Area or to Association-owned property resulting from any intentional act or negligence of that Owner, and that Owner's family, servants, guests, tenants, or invitees, but only to the extent that such damage is not covered by casualty insurance in favor of the Association. Each Owner, by accepting a deed to a Residence, agrees to indemnify each and every other Owner (the "*Indemnitees*"), and to hold each Indemnatee harmless from, and to defend him or her against any claim of any person for personal injury or property damage occurring within the Residence of the indemnifying Owner, except to the extent that (i) such injury or damage is compensated by liability insurance in favor of the Association or the Indemnatee, or (ii) the injury or damage occurred by reason of the willful or negligent act or omission of the Association or the Indemnatee.

8.24 Enforcement and Remedies. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners with the environmental standards and property use restrictions contained herein rather than the use of the sanctions in Section 4.5. Accordingly, in the event that the Association becomes aware of an architectural or property use infraction that does not necessitate immediate corrective action under Section 4.5, the Owner responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent provision(s) of this Declaration. Such notice shall describe the non-complying condition, request that the Owner correct the condition within a reasonable time specified in the notice and advise the Owner of his, her or its appeal rights. The failure of any Owner to comply with any provision of this Article 8, or with an order or decision of the Association, shall result in creation of a cause of action of the Association, and of any aggrieved Owner, for the recovery of damages or for injunctive relief or both.

8.25 Obligation for Taxes. To the extent allowed by law, all Residences shall be separately assessed and taxed so that all taxes, assessments and charges that may become liens before first Mortgages under local law shall relate only to the individual Residence and not to the Project as a whole. Each Owner shall be obliged to pay any taxes or assessments assessed by the County Assessor of the County against his, her or its Residence and against his, her or its personal property; provided, however, that Declarant shall not be obligated hereunder to pay any tax as to which it otherwise would be exempt.

8.26 Pesticide Use. Use of pesticide materials and application methods shall be under restricted conditions as prescribed by Campus Environmental Health and Safety Policy EHS0003 or any subsequent modification thereto.

8.27 Drainage. No one may interfere with or alter the established drainage pattern over the Project, unless an adequate alternative provision is made for proper drainage with the Board's written approval. "**Established**" drainage in any Phase is the drainage that (a) exists at the time of the first Close of Escrow in such Phase or (b) is shown on any plan approved by the ARB. Established drainage includes drainage from the Residential Lots onto the Common Area and from the Common Area onto the Residential Lots. Owners and the Association must maintain Improvements so that water does not pond near the buildings and cement Improvements in the Project. The landscape irrigation system (if any) should be designed and operated to prevent excessive saturation of soils. Water must drain away from footings, and other Improvements and obstructions such as walls should not be constructed across swales unless adequate replacement drainage Improvements have been installed or created. Planters should be lined with an impervious surface and should contain outlets to drain excess water.

8.28 View Obstructions. Each Owner acknowledges that (a) there are no protected views in the Project, and no Residential Lot is assured the existence or unobstructed continuation of any particular view, and (b) any construction, landscaping or other installation of Improvements by Declarant, the Association, other Owners or owners of other property in the vicinity of the Project may impair the view from any Residence or Residential Lot (if any), and the Owners consent to such view impairment.

8.29 Water Damage and Mold. Each Owner, and not the Association, is responsible for water damage and mold damage to Residences and Common Area caused by (a) occupants of such Owner's Residence or (b) plumbing and plumbing-related fixtures that such Owner is responsible for maintaining. Each Owner shall regularly inspect such Owner's Residence for plumbing leaks, improper water accumulation, water intrusion through windows, doors and roofs and signs of mold. Each Owner must periodically replace hoses serving the washing machine, dishwasher and water heater in such Owner's Residence and pans under the washing machine, dishwasher and water heater.

8.30 Pollutant Control. The Association and the Owners shall comply with all National Pollutant Discharge Elimination System requirements, the UCSC Storm Water Management Plan and the Ranch View Terrace Storm Water Control Plan as they apply to the post-construction operation of the Project, all as amended or restated.

8.31 Rights of Disabled. Subject to Article 9, each Owner may modify such Owner's Residence and the route over the Residential Lot leading to the front door of such Owner's Residence, at such Owner's sole expense, to facilitate access to such Owner's Residence by persons who are blind, visually impaired, deaf or physically disabled, or to alter conditions that could be hazardous to such persons in accordance with Section 1360 of the California Civil Code or any other applicable law.

8.32 Post Tension Concrete Slabs. Concrete slabs for Residences in the Project are reinforced with a grid of steel cable installed in the concrete slab and then tightened to create extremely high tension. This type of slab is commonly known as a "**Post Tension Slab**." Cutting into a Post Tension Slab for any reason (e.g., to install a floor safe, to remodel plumbing, etc.) is very hazardous and may result in serious damage to the Residence, personal injury or both. Each Owner must and shall: (a) not cut into or otherwise tamper with a Post Tension Slab; (b) not permit or allow any other Person to cut into or tamper with a Post Tension Slab so long as such Owner owns any interest in the Residence other than a licensed contractor who has been informed that the slab is post-tensioned and who has identified the location of the cables running within the Post Tension Slab; (c) disclose the existence of the Post Tension Slab to any Person who rents, leases or purchases the Residence from such Owner; and (d) indemnify and hold free and harmless Declarant, Licensee and Declarant's and Licensee's directors, officers, employees, contractors and agents from and against any and all claims, damages, losses or other liability (including attorneys' fees and costs of court) arising from any breach of this Section 8.32.

8.33 Temporary Buildings. No outbuilding, tent, shack, shed or other temporary building or Improvement may be placed on any portion of the Project, either temporarily or permanently, without the prior written consent of the Architectural Review Board. No carport, Passenger Vehicle, Prohibited Vehicle or other vehicle of any kind may be used as a residence in the Project, either temporarily or permanently.

ARTICLE 9

ARCHITECTURAL CONTROL

9.1 Architectural Restrictions. No building, fence, wall or other structure shall be commenced, erected or maintained on or within the Project, nor shall any exterior change, addition or alteration in any structure of the Project, including attached or detached carports, fences, hedges, patio covers, landscaping, solar or heating systems, spas, pools, awnings, antennas, exterior paint or decor, be commenced, applied, constructed, erected or maintained by any Person other than Declarant or Licensee until the plans and specifications showing the nature, kind, shape, height, materials, color,

location and approximate cost of the same shall have been submitted to and approved in writing as to the harmony of exterior design, location and relation to surrounding structures and topography by the Architectural Review Board constituted as set forth in Section 9.2. No alteration involving or affecting the structural integrity of any part of the Project shall be made in any Residence or Residential Lot or in any portion of the Common Area surrounding any Residence, and no plumbing or electrical work within any bearing or common walls shall be performed, by any Person until the plans and specifications for such alteration shall have been submitted to and approved in writing by the ARB. If the ARB fails to approve or disapprove such plans and specifications within forty-five (45) calendar days after all of such plans and specifications requested by the ARB have been submitted to it, then such approval by the ARB will not be required, and the Owner proposing such items shall be deemed to have fully complied with this Section. The standards and procedures pursuant to which the ARB shall operate may be set forth by Ground Lessor in the Property Rules.

If the ARB disapproves plans, then along with the disapproval the ARB must send to the applicant both an explanation of why the proposed change is disapproved and a description of the process for appealing the decision.

A decision by the ARB on a proposed change may not violate any governing provision of law, including the Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the California Government Code) or a building code or other applicable law governing land use or public safety. Except as limited by the preceding sentence, the ARB's approval or disapproval shall be based solely on the considerations listed in this Article 9. The ARB is not responsible for reviewing, nor may the ARB's approval of any plan or design be deemed the ARB's approval of, any plan or design from the standpoint of engineering design, structural safety, conformance with building or other codes, compliance with the requirements of any utility company, compliance with any Recorded restriction or property right or compliance with the Governing Documents. The ARB may consider the impact of views from other Residences or Residential Lots and reasonable privacy right claims as factors in reviewing, approving or disapproving any proposed landscaping, construction or other Improvement. However, neither Declarant nor Licensee nor the Association warrants that any view in the Project is protected. No Residence or Residential Lot is guaranteed the existence or unobstructed continuation of any particular view.

9.2 Architectural Review Board. There shall be an Architectural Review Board consisting of at least three (3) but no more than five (5) members to carry out the functions set forth in Section 9.1. Declarant shall appoint three (3) members of the ARB. The Board of Directors may appoint two (2) members of the ARB. Members of the ARB appointed by the Board of Directors shall be Members of the Association. Members of the ARB appointed by Declarant need not be Members of the Association. All members of the ARB shall be appointed or elected for terms of two (2) years, and members of the ARB appointed as such by Declarant may be removed by Declarant at any time, for any reason or no reason. ARB members may be appointed to serve successive terms. The ARB shall prepare and adopt the Architectural Guidelines and Standards that will

govern the policy and procedures of the ARB. Such Architectural Guidelines and Standards shall be distributed to each Owner and may be amended by Ground Lessor, and a copy thereof, as amended, shall be distributed to each Owner after each such amendment. Further stipulations regarding the ARB can be found in Article 5 of the Property Rules.

9.3 No Waiver. The approval by the ARB of plans or specifications for any work done or proposed or in connection with any other matter requiring the approval of the ARB or the Board of Directors under this Declaration shall not be deemed to be or constitute a waiver of any right to withhold approval as to any similar plan, specification or matter whenever submitted for approval. In addition, the ARB's failure to act shall not be deemed to be or constitute a waiver of any right to review subsequent building plans within the purview of the ARB.

9.4 Disclaimer of Liability. Neither Declarant, Licensee, the Board of Directors, the ARB nor any director, officer, agent or member thereof shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of:

- (a) the approval or disapproval of plans or specifications, whether or not defective;
- (b) the construction or performance of any work, whether or not pursuant to approved plans or specifications; or
- (c) the development or manner of development of any property within the Project.

9.5 Final Action. Any action taken by the ARB shall be in accordance with Section 2.4.2 of the Property Rules. All ARB actions shall be final, subject only to a rehearing, which may be granted at the discretion of the ARB.

9.6 Variances. Where circumstances, such as topography, location of property lines, location of trees or other matters, require, the ARB may allow reasonable variances as to any of the covenants, conditions or restrictions contained in this Declaration under the jurisdiction of the ARB on such terms and conditions as the ARB shall require; provided, however, that all such variances shall be in keeping with the general plan for the improvement and development of the Project. Such variances shall not waive the right of the ARB to require strict adherence to this Declaration in all other circumstances.

9.7 Pre-Approvals. The ARB may authorize pre-approval of certain specified types of construction activities if, in the exercise of the ARB's judgment, pre-approval of such types of Improvements is appropriate in carrying out the purposes of the Governing Documents.

9.8 Appeals. The Board of Directors shall adopt policies and procedures for the appeal of ARB decisions to the Board of Directors, as required by Section 1378 of the California Civil Code.

ARTICLE 10

EASEMENTS AND RIGHTS OF ENTRY

Declarant specifically reserves, for the benefit of the Association, Declarant, Licensee and the Owners, the easements, reciprocal negative easements, secondary easements and rights of way which are identified in this Article 10. Notwithstanding anything to the contrary within this Declaration and irrespective of whether or not Declarant is an Owner or a Member at any given time, Declarant shall, at all times, have the rights reserved to Declarant in this Article 10.

10.1 Owner's Easement. There is reserved for the benefit of each Residential Lot, and the Owner thereof, as dominant tenement:

(a) A nonexclusive easement for utility services and the drainage of surface waters at reasonable places over, under and through the Project as the servient tenement;

(b) A nonexclusive easement for the use and enjoyment of and for ingress and egress to and from each Residential Lot, over and through the Common Area;

(c) An easement for encroachment, occupancy and use of such portion of the Project and other Residential Lots, jointly as the servient tenement, as shall be encroached upon and occupied by the Residence located within the Residential Lot that is the dominant tenement, as a result of any alluvian accretion, erosion, subsidence, landslide, collapse, deterioration, decay, construction error, portions of Residences (including roof overhangs, foundations and party walls) that encroach upon other Residential Lots or the Common Area or movement or subsidence of buildings, structures or any portion thereof. The easement of encroachment here reserved shall continue notwithstanding that the encroachment may be cured by repair, reconstruction or restoration;

(d) A right of entry to permit each Owner and such Owner's representatives (collectively, the "**Entering Owner**") to enter the portion of the Residential Lot outside of the building on the Residential Lot owned by any other Owner (the "**Other Owner**") to perform installations, alterations or repairs to the mechanical or electrical services to the Entering Owner's Residential Lot (including the wiring, plumbing and other utilities and equipment serving the Entering Owner's Residential Lot) if (a) the request for entry is made by the Entering Owner in advance, (b) entry is made by the Entering Owner at a time reasonably convenient to the Other Owner whose Residential Lot is to be entered, and (c) the entered Residential Lot is left in

substantially the same condition as existed immediately preceding such entry. Any damage to the Other Owner's Residential Lot caused by entry under this Section 10.1(d) shall be repaired by the Entering Owner. This right of entry does not allow Entering Owners to enter the building that is the Residence of an Other Owner.

10.2 Association's Easements and Rights of Entry.

(a) There is reserved to the Association an easement in gross over all Residential Lots as the servient tenement, and easements of entry and of access in and to the Residential Lots, (a) for the installation and maintenance of sewers, storm drains, drainage facilities, utility meter boxes and utility lines that are part of the Common Area; (b) for landscaping and maintenance; and (c) for the performance generally of the Association's rights and duties as provided in this Declaration.

(b) There is reserved to the Association (a) an easement over the Residential Lots located within three feet (3') of the Common Area line separating the Common Area from the Residential Lot for the purpose of accommodating the footings and other structural components of any Property Wall located on or immediately adjacent to such Common Area line, including encroachments thereof onto the Residential Lot; and (b) an easement for access over the Residential Lots reasonably necessary for maintaining the Property Wall and related Improvements.

(c) The Association has the right to enter the portion of Residential Lots not improved with a Residence to inspect the Project or perform maintenance and may take whatever corrective action the Association determines to be necessary or proper. Entry into any Residential Lot under this Section 10.2(c) may be made after at least three (3) days' advance written notice to the Owner of such Residential Lot, except for emergency situations, which shall not require notice. Any damage to any Residential Lot caused by entry under this Section 10.2(c) shall be repaired by the Association; however, any damage caused by the Association's entry in an emergency or because an Owner did not give the Association access must be repaired by such Owner.

10.3 Declarant. Declarant has the right to enter the Residential Lots and the Common Area (a) to complete and repair any and all Improvements as determined necessary or proper by Declarant, (b) to comply with requirements for grading or construction of the Project, (c) to comply with requirements of applicable governmental agencies and (d) to exercise any right that Declarant has under the Residential Lot Leases and the Common Area Lease. Declarant shall provide reasonable notice to an Owner before entering into such Owner's Residential Lot and to the Association before entering into the Common Area, except in emergency situations, which shall not require notice. This right of entry of Declarant does not expire.

10.4 Ground Lessor. Ground Lessor has the right to enter the Residential Lots and the Common Area to exercise any right that Ground Lessor has under the Residential Lot Leases and the Common Area Lease. Ground Lessor shall provide

reasonable notice to an Owner before entering into such Owner's Residential Lot and to the Association before entering into the Common Area, except in emergency situations, which shall not require notice. This right of entry of Ground Lessor does not expire.

10.5 Licensee. Licensee has the right to enter the Residential Lots and the Common Area (a) to complete and repair any and all Improvements as determined necessary or proper by Licensee, (b) to comply with requirements for grading or construction of the Project, (c) to comply with requirements of applicable governmental agencies and (d) to exercise any right that Licensee has under the License Agreement. Licensee shall provide reasonable notice to an Owner before entering into such Owner's Residential Lot and to the Association before entering into the Common Area, except in emergency situations, which shall not require notice. Any damage to any Residential Lot caused by entry under this Section 10.5 shall be repaired by Licensee. This right of entry of Licensee shall automatically expire twelve (12) years from the last Close of Escrow in the Project.

10.6 Utility and Public Agency Easements. Declarant reserves easements to install and maintain utilities in the Common Area for the benefit of the Owners and their Residential Lots. Declarant reserves easements for the benefit of the Owners of Residential Lots in the Project for the purpose of installing, maintaining and using underground utility Improvements running under the Common Area. Without limiting the generality of the foregoing, there are hereby reserved for and granted to the Residential Lots and the Common Area, over, under, across and through the Project, reciprocal, non-exclusive easements for the maintenance, repair and replacement of utilities. Declarant reserves the right to grant additional easements and rights-of-way over and throughout the Project to utility companies and public agencies as Declarant deems necessary for the proper development and disposal of the Project. Such right of Declarant shall expire upon the Close of Escrow for the last Residential Lot in the Project and the Annexable Territory. Effective on the first Close of Escrow in Phase 1, Declarant grants to the Association easements over the Annexable Territory for maintaining utilities serving Phase 1.

10.7 Encroachments. Declarant reserves, for its benefit, for Licensee's benefit and for the benefit of the Owners, a reciprocal easement appurtenant to each Residential Lot over the other Residential Lots and the Common Area to accommodate (a) any existing encroachment of any wall or any other Improvement installed by Declarant or Licensee or approved by the ARB, (b) authorized construction or repair and (c) the shifting, movement or natural settling of the Residences or other Improvements. Use of the foregoing easements may not interfere unreasonably with each Owner's use and enjoyment of the burdened Residences.

10.8 Completion of Improvements. Declarant reserves, for its benefit and for the benefit of Licensee, the right and easement to enter the Project to complete any Improvement that Declarant or Licensee considers desirable to implement Declarant's development plan.

10.9 Owners' Easements in Common Area. Declarant reserves, for the benefit of every Owner and such Owner's family, tenants and guests, nonexclusive easements for (a) use and enjoyment of the Common Area, (b) vehicular and pedestrian access over the Common Area, (c) access as reasonably necessary to allow each Owner to maintain utility installations that serve only such Owner's Residential Lot or Residence and (d) access as reasonably necessary to allow each Owner to perform its maintenance obligations under Section 7.4. These easements are appurtenant to and pass with title to every Residence in the Project. These easements are subject to the restrictions, rights and other easements in the Governing Documents.

10.10 Mailbox Easements. Declarant reserves nonexclusive easements over the Project, for the benefit of the Owners, the Association and the United States Postal Service, for delivery, deposit and pick up of United States mail, for maintenance, repair and replacement of mailboxes and for access to mailboxes. The easements reserved for each Owner are limited to the mailbox that services such Owner's Residential Lot. Mailboxes may be provided in clusters along the sidewalks, in conformity with current federal postal regulations. The configuration and precise location of such clustered mailboxes shall be determined by the United States Postal Service, over which Declarant has no control.

10.11 Access Easements.

(a) Declarant reserves, for its benefit, for the benefit of Licensee and for the benefit of the owners of residences that may be constructed in the Annexable Territory (whether annexed to the Project or not), easements for pedestrian and vehicular access over all streets, driveways, sidewalks and other walkways located within the Project.

(b) Declarant hereby grants to the Association a nonexclusive easement (1) over the road described on *Exhibit E* attached hereto as the access road (herein, the "**Public Street Access Area**"), for ingress and egress to and from each Residential Lot for the purpose of providing vehicular and pedestrian access to a public street by the Association, its Members and the respective contractors and invitees of the Association and/or its Members (such parties herein each an "**Access Party**" and collectively "**Access Parties**"), and (2) over the road described on *Exhibit E* attached hereto as the emergency access road (herein, the "**Emergency Access Area**"), for emergency egress from the Project by the Access Parties; provided, however, that Declarant expressly reserves, for itself, its successors and its assigns, the right to use the Public Street Access Area and the Emergency Access Area or to grant other easements or licenses at the same location so long as such other use/uses does/do not unreasonably interfere with the rights herein granted. Notwithstanding anything to the contrary herein, Declarant may relocate either of the Public Street Access Area or the Emergency Access Area at any time, provided that Declarant shall provide a substitute area reasonably suited for the uses to which each such area is permitted pursuant to this subsection (b). In exercising the rights granted pursuant to this subsection (b), each Access Party shall (w) not materially interfere with the use by, and operation and

activities of, Declarant on its property, (x) use such routes and follow such procedures as established by Declarant for use of the Public Street Access Area and/or the Emergency Access Area, (y) not cause liens of any kind to be placed against the Public Street Access Area or the Emergency Access Area and (z) comply with all applicable laws, ordinances and regulations, including all applicable regulatory, environmental and safety requirements. The grant of easements in this subsection (b) is made on the express condition that Declarant is to be free from all liability by reason of injury or death to persons or injury to property from whatever cause arising out of the exercise or use of rights granted pursuant to this subsection (b) by any Access Party, including any liability for injury or death to the person or property. The Association shall pay all taxes, charges and use fees, if any, levied by any governmental agency against each Access Party's interest in the Public Street Access Area and/or the Emergency Access Area or as a result of the easements granted in this subsection (b). The easements granted pursuant to this subsection (b) are subject to all liens, encumbrances, covenants, conditions, restrictions, reservations, contracts, leases and licenses, easements and rights of way pertaining to the Public Street Access Area and/or Emergency Access Area, whether or not of record, and the reservation hereunder shall not imply any warranty on the part of Declarant with respect to the easements granted pursuant to this subsection (b) or the Public Street Access Area or the Emergency Access Area. Notwithstanding anything to the contrary in this Declaration, (A) **Exhibit E** is attached to this Declaration solely for the purpose of defining, respectively, the Public Street Access Area and the Emergency Access Area, (B) with the exception of the grant of easements pursuant to the provisions of this subsection (b), no other provision of this Declaration shall apply to or otherwise encumber either the Public Street Access Area or the Emergency Access Area, and (C) neither the Association, nor any Owner nor any Access Party shall gain any greater rights, or have imposed other obligations, with respect to the Public Street Access Area or the Emergency Access Area beyond those rights and obligations expressly stated in this subsection (b) as a result of the inclusion of **Exhibit E** as an attachment to this Declaration. Notwithstanding anything to the contrary herein, the rights granted pursuant to this Section 10.11(b) shall expire upon the expiration and/or termination of all of the Common Area Lease and each Residential Lot Lease.

10.12 Drainage Easements. Declarant reserves, for the benefit of the Project, the Owners and the Association, reciprocal nonexclusive easements for drainage of water over, across and on the Project.

ARTICLE 11

DESTRUCTION OF PROJECT

11.1 Bids and Insurance Proceeds. As soon as practicable after the damage or destruction of all or any portion of the Common Area, the Board shall obtain bids from at least two (2) reputable contractors, licensed in California, which bids shall set forth in detail (a) the work required to repair, reconstruct and restore such damaged and destroyed portions of the Project to substantially the same condition as they existed before such damage (or, if required by law, to such condition as then may be required by law) and (b) the itemized cost of such work.

11.2 Sufficient Insurance Proceeds. If, after damage or destruction as described in Section 11.1, the insurance proceeds available to the Association, as trustee or otherwise, are sufficient to cover not less than eighty-five percent (85%) of the amount needed to effect the complete repair, reconstruction and restoration of the damaged or destroyed portions of the Common Area, then the Association shall cause such damaged or destroyed portions of the Common Area to be repaired, reconstructed and restored to substantially the same condition as existed before such damage or destruction (or to such different condition as shall be required by law).

11.3 Insurance Proceeds Insufficient. If, after damage as described in Section 11.1, the proceeds of insurance available to the Association, as trustee or otherwise, are less than eighty-five percent (85%) of the amount needed to cover the cost of repair, reconstruction or restoration of the damaged or destroyed portions of the Common Area, Owners who hold a majority of the voting power in the Association shall determine, at a meeting, (a) how to repair, reconstruct and restore the damaged or destroyed Common Area and (b) the most effective method to specifically assess all Residences equally for all additional funds needed for such purpose.

11.4 Reconstruction. If a determination is made to repair, reconstruct and restore all or a portion of the Common Area, then the Board shall (a) enter into a written contract with a contractor licensed in California and submitting the lowest responsible bid for such repair, reconstruction and restoration, (b) disburse insurance proceeds available for such work and funds collected by reason of Capital Improvement Assessments and/or Reconstruction Assessments authorized therefor in appropriate progress payments and (c) take all steps necessary to ensure the commencement and completion of such repair, reconstruction and restoration in a lawful and workmanlike manner at the earliest possible date.

11.5 Failure to Determine to Repair, Reconstruct or Restore. If the Association fails to decide to repair, reconstruct or restore any damage or destruction described in this Article 11, as provided herein, within a reasonable time (not to exceed one (1) year) after such damage or destruction, then the obligations of maintenance and repair set forth in Article 7 shall apply.

ARTICLE 12

CONDEMNATION

In the event that the Project or any portion thereof is taken or condemned by any authority under the power of eminent domain, all actions shall be taken, and all compensation and damages relating to the land or Improvements shall be made payable and shall be distributed, as follows:

12.1 Condemnation of Residence. If any Residence is taken or condemned by any authority under the power of eminent domain, then the proceeds of any sale or award shall be distributed to the affected Owner, the Mortgagee (if any) of the Residence and Declarant and shall be paid solely to the Owner of the affected Residence, subject, however, to the rights of (a) a Lender holding a Mortgage encumbering such Residence and (b) Declarant as owner of the fee and reversionary interest in the Residential Lot. Condemnation of the remaining portion of an Owner's Separate Interest shall be handled as provided in such Owner's Residential Lot Lease.

12.2 Condemnation of Common Area. If the Common Area or any portion thereof is taken or condemned by any authority under the power of eminent domain, then all actions shall be taken, and all compensation and damages relating to the land or Improvements shall be made payable and shall be distributed, as follows:

(a) The Board is hereby appointed attorney in fact for all Owners to represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of all or a portion of the Common Area.

(b) If an action for condemnation of all or a portion of the Common Area is proposed or threatened by any governmental agency having the right of eminent domain, then the Common Area or a portion of it may be sold and conveyed to the condemning authority by the Board, acting as attorney-in-fact for the Owners pursuant to Section 12.2(a), for a price deemed fair and equitable by the Board, and any condemnation award shall be payable to the Association.

(c) Any condemnation award payable to the Association shall be distributed among all Owners of Residences in the ratio of one (1) equal share for each Residence, but subject, however, to the rights of (i) Lenders holding Mortgages encumbering Residences and (ii) Declarant as owner of the fee and reversionary interest in the Common Area.

12.3 Notice of Proceedings. The Association will give prompt notice of condemnation proceedings to each Lender holding a Mortgage encumbering a Residence to the extent that the Association has the address of such Lender.

ARTICLE 13

AMENDMENTS

13.1 Prior Consent of Ground Lessor Required. Notwithstanding any other provision of this Article 13, the prior consent of Ground Lessor shall be required before any amendment or revocation of all or any provision of this Declaration shall become effective.

13.2 Amendment Before First Close of Escrow in the Project. Before the first Close of Escrow in the Project, this Declaration and all amendments to it may be amended in any respect or revoked by the execution by Declarant of an instrument amending or revoking this Declaration.

13.3 Amendment After First Close of Escrow in the Project.

(a) Subject to Section 13.3(b), after the first Close of Escrow in the Project, this Declaration may be amended or revoked in any respect by the vote or written consent of the holders of not less than two-thirds (2/3) plus one (1) of each of the Class A Members and the Class B Members, or if the single class of Owners is then in effect, by a vote or written consent of not less than two-thirds (2/3) plus one (1) of (i) all of the votes and (ii) all of the votes of Members other than Declarant. However, if any provision of this Declaration requires a greater or lesser percentage of the voting rights of any class of Owners in order to take affirmative or negative action under such provision, then the same percentage of such class or classes of Owners shall be required to amend or revoke such provision.

(b) The prior consent of Declarant shall be required before any amendment or revocation of all or any provision of this Declaration shall become effective. The preceding sentence shall continue to be applicable and to operate irrespective of whether Declarant is a Member of the Association, in order to ensure that the Property shall continue to be held, sold and conveyed consistently with the Housing Program approved by Declarant for the principal benefit and convenience of the employees of the University of California, Santa Cruz, and consistent with the objectives and purposes of the Common Area Lease and any Residential Lot Lease in effect from time to time. Also, if the consent or approval of any other governmental authority, Mortgagee or any other Person is required under this Declaration with respect to any amendment or revocation of any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

Any amendment or revocation after the first Close of Escrow in the Project shall be evidenced by an instrument certified by the officer of the Association designated by the Association for that purpose, shall make appropriate reference to this Declaration, its amendments and any consent required hereunder and shall be acknowledged and Recorded in the office of the County Recorder.

13.4 Acknowledgement and Recordation. This Declaration, its amendments and any consent required hereunder shall be acknowledged and Recorded in the office of the County Recorder.

13.5 Other Amendments. For so long as Declarant owns any portion of the Project or the Annexable Territory, Declarant may amend all or any portion of this Declaration by Recording a written instrument signed by Declarant to (a) to comply with, or to conform this Declaration to, applicable law, (b) to comply with, or to conform this Declaration to, the rules, regulations or requirements of VA, FHA, DRE, FNMA, GNMA or FHLMC, (c) to comply with, or to conform this Declaration to, the rules, regulations or requirements of the University of California, (d) amend a disclosure, (e) amend any exhibit to this Declaration or portion of such exhibit that depicts portions of the Project that have not been subject to a Close of Escrow, (f) amend any exhibit to this Declaration or portion of such exhibit to conform to as-built conditions and/or (g) correct any typographical error.

ARTICLE 14

MORTGAGEE PROTECTION

14.1 Mortgage Permitted. Any Owner may encumber such Owner's Residence with any Mortgage other than a Mortgage that would constitute a breach under the Residential Lot Lease.

14.2 Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any first Mortgage that encumbers all or a portion of the Project, or any Residence, made in good faith and for value; and no such lien shall in any way defeat, invalidate or impair the obligation or priority of such mortgage unless the Mortgagee expressly subordinates its interest, in writing, to such lien. If any Residence is encumbered by a first Mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in this Declaration for Assessments, or installments of Assessments, shall not operate to affect or impair the lien of such Mortgage. Upon foreclosure of such Mortgage, the lien for Assessments or the installments that have accrued up to the time of foreclosure shall be subordinate to the lien of the Mortgage, with the foreclosure-purchaser taking title to the Residence free of the lien for Assessments or installments that have accrued up to the time of the foreclosure sale.

14.3 Effect of Breach. No breach of this Declaration (other than an encumbrance proscribed by Section 3.8.8 of the Residential Lot Lease) shall defeat or render invalid the lien of any First Mortgage or First Deed of Trust made in good faith and value. However, each and all of the provisions hereof shall be binding on and effective against any Owner whose title to a Residence is acquired by or through trustee's sale or foreclosure of a first Mortgagee or first Deed of Trust, except that such Person who acquires title in such manner shall take title free of the lien hereof for all Assessments that have accrued up to the time of the trustee's sale or foreclosure but

subject to the lien hereof for all such charges that accrue subsequent thereto. The breach of any of the provisions hereof shall be enjoined, abated or reviewed by appropriate proceedings, notwithstanding the lien or existence of any such Mortgage.

14.4 Damage; Condemnation Proceedings; Insurance.

(a) In the event of substantial damage to or destruction of the Project or portion thereof, or if any portion of the Project is made the subject matter of any condemnation or eminent domain proceeding or otherwise is sought to be acquired under threat of condemnation, the Mortgagee with respect to any Residence shall be entitled to timely written notice of such damage, destruction, proceedings or proposed acquisition, and no provision of the Articles, the Bylaws or this Declaration shall entitle an Owner to priority over such Mortgagee with respect to the distribution to the Owner of such affected Residence of any award, settlement or insurance proceeds. The notice required hereunder shall be given by the Association within ten (10) days of the occurrence of any such loss or taking.

(b) All applicable fire and all physical loss or extended coverage insurance policies with respect to the Project shall contain loss-payable clauses, naming the Mortgagees as their interests may appear.

14.5 Notices to Mortgagees of Record. Upon written request to the Association, identifying the name and address of the Mortgagee, insurer or guarantor and the applicable Residential Lot number or address, any such eligible Mortgagee will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss that affects a material portion of the Project or any Residence on which there is a first Mortgage held, insured or guaranteed by such Mortgagee.

(b) Any delinquency in the payment of Assessments or charges owed by an Owner of a Residence subject to a first Mortgage held or guaranteed by such Mortgagee, which remains uncured for a period of sixty (60) days.

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Any proposed action, which would require the consent of a specified percentage of eligible Mortgagees as specified in Sections 17.3 and 17.5.

ARTICLE 15

ENFORCEMENT

15.1 Enforcement of Restrictions. All disputes arising under the Governing Documents and alleged violations of the Governing Documents, other than those described in Article 16, shall be resolved in accordance with the procedures established in the Bylaws and this Declaration.

15.1.1 Violations Identified by the Association. If the violation involves nonpayment of any Assessment, then the Board may collect the delinquent Assessment pursuant to the procedures established in Section 15.2 and Section 15.3. For all other alleged violations brought to the attention of the Board, the Board shall (a) follow the violation investigation and correction procedure established in Article VII of the Bylaws, and (b) if the violation is not resolved, then proceed as described in Section 15.1.3.

15.1.2 Violations Identified by an Owner. If an Owner alleges that another Person is violating the Governing Documents, the complaining Owner first must file a complaint with the Board in accordance with Section 7.1 of the Bylaws. If the Board fails to resolve the alleged violation, the complaining Owner may resort to alternative dispute resolution authorized by Section 1369.510 of the California Civil Code (if applicable), and then litigation, as authorized by Section 1354 of the California Civil Code and Section 15.1.3.

15.1.3 Legal Proceedings. Failure to comply with any of the terms of the Governing Documents by any Person is grounds for relief that may include an action to recover damages, injunctive relief, foreclosure of any lien or any combination thereof.

15.1.4 No Waiver. Failure to enforce any provision of this Declaration does not waive the right to enforce such provision or any other provision of this Declaration.

15.1.5 Right to Enforce. The Board and any Owner may enforce the Governing Documents as described in this Article 15, subject to Section 1354 of the California Civil Code. Each Owner has a right of action against the Association for the Association's failure to comply with the Governing Documents. Each remedy provided for in this Declaration is cumulative and not exclusive or exhaustive.

15.1.6 Limit on Expenditures. The Association may not incur litigation expenses, including attorneys' fees, or borrow money to fund litigation, where the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings, unless the Association first obtains the consent of the Owners (excluding the voting power of any Owner who would be a defendant in such proceedings), and, if applicable, complies with the requirements of Section 1354 of the California Civil Code. Such approval is not necessary if the legal proceedings are initiated (a) to enforce the use restrictions contained in Article 8, (b) to enforce the provisions of Article 9 or the Architectural Guidelines and Standards, (c) to collect any unpaid Assessment levied

pursuant to the Governing Documents, (d) for a claim, the total value of which is less than Five Hundred Thousand Dollars (\$500,000), or (e) as a cross-complaint in litigation to which the Association already is a party. If the Association decides to use or transfer reserve funds or borrow funds to pay for any litigation, the Association must notify the Owners of such decision by mail. Such notice shall provide an explanation of why the litigation is being initiated or defended, why operating funds cannot be used, how and when the reserve funds will be replaced or the loan will be repaid and a proposed budget for the litigation. Such notice must state that the Owners have a right to review an accounting for the litigation that will be available at the Association's office. Such accounting shall be updated monthly.

15.2 Nonpayment of Assessments.

15.2.1 Delinquency. Assessments are delinquent if not paid within fifteen (15) days after the due date established by the Association. The Association may require the delinquent Owner to pay a late charge in accordance with Section 1366(e)(2) of the California Civil Code. Assessments not paid within thirty (30) days after the due date, plus all reasonable fees and costs of collection (including reasonable attorneys' fees) and late charges, bear interest at the maximum rate permitted by law commencing thirty (30) days after the due date until paid. All Assessments, late charges, reasonable fees and costs of collection, reasonable attorneys' fees (if any) and interest (if any) shall be a debt of the Owner at the time the Assessments or other sums are levied. Payments made by an Owner shall be applied first to the Assessments owed and, only after the Assessments owed are paid in full, shall be applied to accumulated fees and costs of collection, attorneys' fees, late charges or interest. Upon request, the Association shall provide Owners with receipts for payment. Each receipt shall indicate the date of payment and the person who received it. The Association shall provide a mailing address for overnight payment of Assessments.

15.2.2 Creation and Release of Lien.

(a) Priority of Lien. All liens levied in accordance with this Declaration shall be prior and superior to (i) any declaration of homestead Recorded after the Recordation of this Declaration and (ii) all other liens, except (A) all taxes, bonds, Assessments and other levies that, by law, would be superior thereto and (B) the lien or charge of any first Mortgage of Record (meaning any Recorded Mortgage with first priority or seniority over other Mortgages) made in good faith and for value and Recorded before the date on which the Notice of Delinquent Assessment (as defined in this Section) against the assessed Separate Interest was Recorded.

(b) Prerequisites to Creating Lien. Before the Association may place a lien on an Owner's Separate Interest to collect a past due Assessment or other debt that is past due, the Association shall do all of the following:

(i) At least thirty (30) days before Recording a lien for delinquent Assessments, the Association shall send by certified mail to the delinquent

Owner a written notice ("**Notice of Intent to Lien**") (and by first-class mail to Ground Lessor a copy thereof) that contains the following information: (A) a general description of the collection and lien enforcement procedures of the Association and the method of calculating the amount due; (B) a statement that such Owner has the right to inspect the Association's records; (C) the following statement in 14-point boldface type, if printed, or in capital letters, if typed: "IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION"; (D) an itemized statement (the "**Itemized Statement**") of the charges owed by such Owner, including the amount of any delinquent Assessment, the fees and reasonable costs of collection, reasonable attorneys' fees, late charges (if any) and interest (if any); (E) a statement that such Owner shall not be liable to pay the charges, interest and costs of collection if it is determined that the Assessment was paid on time to the Association; (F) a statement that such Owner has the right to request a meeting with the Board to discuss a payment plan for the debt noticed in the Notice of Intent to Lien, as provided by paragraph 3 of Section 1367.1(c) of the California Civil Code and Section 15.2.2(c); (G) a statement that such Owner has the right to dispute the Assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Meet and Confer Program; and (H) a statement that such Owner has the right to request alternative dispute resolution with a neutral third party pursuant to Article 2 (commencing with Section 1369.510) of Chapter 7 of the Davis-Stirling Common Interest Development Act before the Association may initiate foreclosure against such Owner's Separate Interest, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(ii) The Association shall offer such Owner and, if so requested by such Owner, shall participate in dispute resolution pursuant to the Meet and Confer Program.

(c) Owner's Right to Request Meeting; Payment Plans. The Association shall provide to the Owners the standards for payment plans (if any). An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt set forth in the Notice of Intent to Lien. The Board shall meet with such Owner in executive session within forty-five (45) days of the postmark of such Owner's written request if such request is mailed within fifteen (15) days of the date of the postmark of the Notice of Intent to Lien, unless there is no regularly-scheduled Board meeting within such period, in which case the Board may designate a committee of one (1) or more members to meet with such Owner. A payment plan may incorporate any and all Assessments that accrue during the payment plan period. A payment plan shall not impede the Association's ability to Record a lien on an Owner's Separate Interest to secure payment of delinquent Assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect the delinquent Assessments from the time before entering into the payment plan.

(d) Notice of Delinquent Assessment. The lien becomes effective upon Recordation of a Notice of Delinquent Assessment (“**Notice of Delinquent Assessment**”) securing the payment of any Assessment or installment thereof levied by the Association against any Owner, as provided in Section 1367.1 and/or Section 1367.4 of the California Civil Code. The Itemized Statement shall be Recorded together with the Notice of Delinquent Assessment. The Notice of Delinquent Assessment must identify (i) the amount of the Assessment and other authorized charges and interest, including the cost of preparing and Recording the Notice of Delinquent Assessment, (ii) the amount of collection costs incurred, including reasonable attorneys’ fees, (iii) a sufficient description of the Separate Interest that has been assessed, (iv) the Association’s name and address, (v) the name of the Owner of the Separate Interest that has been assessed and (vi) if the lien is to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment must be signed by an authorized Association officer or agent. A copy of the Recorded Notice of Delinquent Assessment shall be mailed by certified mail to every Person whose name is shown as an Owner of the Separate Interest in the Association’s records no later than ten (10) calendar days after Recordation. The lien relates only to the individual Separate Interest against which the Assessment was levied and not to the Project as a whole.

(e) Decision to Record Lien. The decision to Record a lien for delinquent Assessments shall be made only by the Board and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board members in an open meeting of the Board. The Board shall record the vote in the minutes of that meeting.

(f) Exceptions. Assessments described in Section 1367.1(e) of the California Civil Code and Section 2792.26(c) of the California Code of Regulations may not become a lien against an Owner’s Separate Interest enforceable by sale of such Separate Interest under Sections 2924, 2924(b) and 2924(c) of the California Civil Code.

(g) Release of Lien. Upon payment of the full amount claimed in the Notice of Delinquent Assessment or other satisfaction thereof, the Board shall cause to be Recorded a Notice of Satisfaction and Release of Lien (the “**Notice of Release**”) stating the satisfaction and release of the amount claimed. The Board may require the Owner to pay a reasonable charge for preparing and Recording the Notice of Release. Any purchaser or encumbrancer who has acted in good faith and extended value may rely on the Notice of Release as conclusive evidence of the full satisfaction of the sums identified as owed in the Notice of Delinquent Assessment.

15.2.3 Enforcement of Liens. The Board shall enforce the collection of amounts due under this Declaration by one (1) or more of the alternative means of relief afforded by this Declaration. At least ten (10) days before taking any action to such effect, the Association shall send by first-class mail to Ground Lessor written notice of its intention to do so. The lien on a Separate Interest may be enforced by foreclosure

and sale of such Separate Interest after failure of the Owner of such Separate Interest to pay any Annual, Capital Improvement or Reconstruction Assessment, or installment thereof, as provided in this Declaration. The sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of powers of sale in Mortgages or in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment or sale by a trustee substituted pursuant to Section 2934a of the California Civil Code. Any sale by the trustee shall be conducted in accordance with Sections 2924, 2924b and 2924c of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trusts, and the fees of a trustee may not exceed the amounts prescribed in Sections 2924c and 2924d of the California Civil Code plus the cost of service for either of the following: (a) the Notice of Delinquent Assessment or (b) the notice of the decision of the Board to foreclose upon the Separate Interest of an Owner as described in Section 15.3.2(c). In addition to the requirements of Section 2924 of the California Civil Code, the Association shall serve a Notice of Delinquent Assessment on the Owner's legal representative in accordance with the manner of service of summons in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the California Code of Civil Procedure. The Owner's legal representative shall be the Person whose name is shown as the Owner of such Owner's Separate Interest in the Association's records, unless another Person has been previously designated by such Owner as such Owner's legal representative in writing and mailed to the Association in a manner that indicates that the Association has received it.

Subject to the provisions of Section 15.3, the Association may sue to foreclose the lien if (a) at least thirty (30) days have elapsed since the date on which the Notice of Delinquent Assessment was Recorded and (b) at least ten (10) days have elapsed since a copy of the Notice of Delinquent Assessment was mailed by certified mail to every Person whose name is shown in the Association's records as an Owner of the Separate Interest affected thereby. The Association may bid on the Separate Interest at foreclosure sale and acquire and hold, lease, mortgage and convey such Separate Interest. In all events, however, to the extent that such Separate Interest include a leasehold interest in a Residential Lot Lease, the Association shall acquire and hold such leasehold interest subject to all terms and provisions of such Residential Lot Lease, including restrictions on the use and transfer the Residential Lot thereunder. Upon completion of the foreclosure sale, the Association or the purchaser at the sale may file suit to secure occupancy of the defaulting Owner's Residence, and the defaulting Owner shall be required to pay the reasonable rental value for the Residence during any period of continued occupancy by the defaulting Owner or any Person claiming under the defaulting Owner. A suit to recover a money judgment for unpaid Assessments may be brought without foreclosing or waiving any lien securing the obligation to pay such Assessments, but this provision or any suit to recover a money judgment does not affirm the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this Section may include reasonable attorneys' fees as fixed by the court.

15.2.4 Priority of Assessment Lien. All rights and interests of Ground Lessor under the delinquent Owner's Residential Lot Lease have lien priority over the Notice of Delinquent Assessment. Mortgages Recorded before a Notice of Delinquent Assessment have lien priority over the Notice of Delinquent Assessment. The sale or transfer of a Separate Interest does not affect the Assessment lien, except that the sale or transfer of a Separate Interest pursuant to judicial or nonjudicial foreclosure of a first Mortgage extinguishes the lien of such Assessment as to payments that became due before such sale or transfer. No sale or transfer relieves such Separate Interest from liens for any Assessment thereafter becoming due. No Person who obtains title to a Separate Interest pursuant to a judicial or nonjudicial foreclosure of the first Mortgage is liable for the share of the Common Expenses or Assessments chargeable to such Separate Interest that became due before the acquisition of title to such Separate Interest by such Person. Such unpaid share of Common Expenses or Assessments is a Common Expense collectible from all Owners, including such Person. The Association may take such action as is necessary to make any Assessment lien subordinate to the interests of the Department of Veterans Affairs of the State of California under its Cal-Vet loan contracts as if the Cal-Vet loan contracts were first Mortgages of record.

15.2.5 Alternative Dispute Resolution. Before initiating a foreclosure for any delinquent Assessment, the Association shall offer the Owner and, if so requested by the Owner, shall participate in dispute resolution pursuant to the Meet and Confer Program or alternative dispute resolution with a neutral third party pursuant to Article 2 (commencing with Section 1369.510) of Chapter 7 of the Davis-Stirling Common Interest Development Act. The decision to pursue dispute resolution pursuant to the Meet and Confer Program or a particular type of alternative dispute resolution with a neutral third party pursuant to Article 2 (commencing with Section 1369.510) of Chapter 7 of the Davis-Stirling Common Interest Development Act shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

15.2.6 Secondary Addresses of Owners. Upon receipt of a written request by an Owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any and all notices required by this Section 15.2 to the secondary address provided. The Association shall notify Owners of their right to submit secondary addresses to the Association, at the time the Association issues the pro forma operating Budget pursuant to Section 1365 of the California Civil Code. Each Owner's request shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has received it. Any Owner may identify or change a secondary address at any time; provided that, if a secondary address is identified or changed during the collection process, the Association shall only be required to send notices to the indicated secondary address from the point the Association receives the request.

15.2.7 Receivers. In addition to the foreclosure and other remedies granted to the Association in this Declaration, each Owner conveys to the Association all of such Owner's right, title and interest in all rents, issues and profits derived from

and appurtenant to such Owner's Residence and the Residential Lot on which such Residence is situated, subject to the right of the Association to collect and apply such rents, issues and profits to delinquent Assessments owed by such Owner, reserving to such Owner the right, before any default by such Owner in the payment of Assessments, to collect and retain such rents, issues and profits as they may become due and payable. Upon any such default, the Association may, upon the expiration of thirty (30) days following delivery to the Owner of the Notice of Delinquent Assessment described in this Declaration, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness secured by the lien described in this Declaration, (a) enter in or on and take possession of the Residence and the Residential Lot on which such Residence is situated, or any part of such Residence or Residential Lot, (b) in the Association's name, sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and (c) apply the same, less allowable expenses of operation, to any delinquency of such Owner and in such order as the Association may determine. The entering upon and taking possession of the Residence and/or Residential Lot or any portion thereof, the collection of rents, issues and profits and the application thereof shall not cure or waive any default or notice of default under this Declaration or invalidate any act done pursuant to such notice.

15.3 Limits on Collection of Delinquent Assessments Through Foreclosure; Right of Redemption.

15.3.1 Assessment Debts Under One Thousand Eight Hundred Dollars. Except as otherwise provided in Section 15.3.2 with respect to Assessments that are more than twelve (12) months delinquent, if the Association seeks to collect a delinquent Assessment of an amount less than One Thousand Eight Hundred Dollars (\$1,800), not including late charges, fees and costs of collection, attorneys' fees or interest, then the Association may not collect that debt through judicial or nonjudicial foreclosure, but the Association may attempt to collect or secure that debt in any of the following ways:

(a) By a civil action in small claims court, pursuant to Chapter 5.5 (commencing with Section 116.110) of Title 1 of the California Code of Civil Procedure. If the Association decides to proceed by an action in small claims court and the Association prevails in such action, then the Association may enforce the judgment as permitted under Article 8 (commencing with Section 116.810) of Title 1 of the California Code of Civil Procedure. The amount that may be recovered in small claims court to collect upon a debt for delinquent Assessments may not exceed the jurisdictional limits of the small claims court and shall be the sum of the following:

(i) The amount owed as of the date of filing the complaint in the small claims court proceeding.

(ii) In the discretion of the court, an additional amount to that described in clause (i) immediately above equal to the amount owed for the period

from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid Assessments and reasonable late charges, fees and costs of collection, attorneys' fees and interest, up to the jurisdictional limits of the small claims court.

(b) By Recording a lien on the Owner's Separate Interest upon which the Association may not foreclose until the amount of the delinquent Assessments secured by the lien, exclusive of late charges, fees and costs of collection, attorneys' fees or interest, equals or exceeds One Thousand Eight Hundred Dollars (\$1,800) or the Assessments are more than twelve (12) months delinquent. If the Association decides to Record a lien under these provisions, before Recording the lien, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Meet and Confer Program.

(c) Any other manner provided by law, except for judicial or nonjudicial foreclosure.

15.3.2 Assessment Debts of One Thousand Eight Hundred Dollars or More or Assessment Debts That Are More Than Twelve (12) Months Delinquent. If the Association seeks to collect a delinquent Assessment of an amount of One Thousand Eight Hundred Dollars (\$1,800) or more, not including late charges, fees and costs of collection, attorneys' fees or interest, or any Assessment that is more than twelve (12) months delinquent (regardless of its amount), then the Association may use judicial or nonjudicial foreclosure subject to the following conditions:

(a) Before initiating a foreclosure on an Owner's Separate Interest, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Meet and Confer Program or alternative dispute resolution as set forth in Article 2 (commencing with Section 1369.510) of Chapter 7 of the Davis-Stirling Common Interest Development Act. The decision to pursue dispute resolution pursuant to the Meet and Confer Program or a particular type of alternative dispute resolution as set forth in Article 2 (commencing with Section 1369.510) of Chapter 7 of the Davis-Stirling Common Interest Development Act shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

(b) The decision to initiate foreclosure of a lien for delinquent Assessments that has been validly Recorded shall be made only by the Board and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board members in an executive session. The Board shall record the vote in the minutes of the next meeting of the Board open to all Owners. The Board shall maintain the confidentiality of the Owner or Owners of the Separate Interest by identifying the matter in the minutes by the assessor's parcel number of the Residential Lot, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days before any public sale.

(c) The Board shall provide notice by personal service in accordance with the manner of service of summons in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the California Code of Civil Procedure to an Owner of a Separate Interest who occupies the Residence that is a part of such Separate Interest or to such Owner's legal representative, if the Board votes to foreclose upon such Separate Interest. The Board shall provide written notice to an Owner of a Separate Interest who does not occupy the Residence that is a part of such Separate Interest by first-class mail, postage prepaid, at the most current address shown on the books of the Association. In the absence of written notification by the Owner to the Association, the address of such Owner's Residence may be treated as such Owner's mailing address.

(d) A nonjudicial foreclosure by the Association to collect upon a debt for delinquent Assessments shall be subject to a right of redemption. The redemption period within which the Separate Interest may be redeemed from a foreclosure sale under this paragraph ends ninety (90) days after the sale. In addition to the requirements of Section 2924f of the California Civil Code, a notice of sale in connection with the Association's foreclosure of a Separate Interest shall include a statement that the Separate Interest is being sold subject to such right of redemption.

15.3.3 Exception. The limitation on foreclosure of Assessment liens for amounts under the stated minimum of One Thousand Eight Hundred Dollars (\$1,800) in this Section 15.3 does not apply to Assessments imposed on Declarant.

15.4 Enforcement of Certain Bonded Obligations.

15.4.1 Consideration by the Board. If (a) the Common Area Improvements in any Phase are not completed before the issuance of a Final Subdivision Public Report for such Phase by the DRE, and (b) the Association is obligee under a bond or other arrangement (the "**Bond**") required by the DRE to secure performance of Declarant's commitment to complete such Improvements, then the Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any such Improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for such Improvement in the planned construction statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area Improvement, then the Board shall be directed to consider and vote on the question if a Notice of Completion has not been filed within thirty (30) days after the expiration of such extension.

15.5 Consideration by the Owners. A special meeting of Owners for voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or the Board's failure to consider and vote on the question shall be held no fewer than thirty-five (35) nor more than forty-five (45) days after the Board receives a petition for such a meeting signed by Owners representing five percent (5%) of the Association's voting power. A vote of a majority of the Association's voting power

residing in Owners other than Licensee to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association, and the Board thereafter shall implement such decision by initiating and pursuing appropriate action in the Association's name.

ARTICLE 16

DISPUTES WITH DECLARANT

16.1 Defined Terms. A ***“Declarant Party”*** is Declarant or any director, officer, partner, shareholder, member, employee, representative, contractor, subcontractor, design professional or agent of Declarant. For purposes of this Article 16, a ***“Dispute”*** is a dispute between (a) the Association and/or any one (1) or more Owners and (b) a Declarant Party, arising under this Declaration or relating to the Project, excluding actions taken by the Association against Declarant (i) to collect delinquent Assessments (only if and as applicable), (ii) involving any Common Area completion bond or (iii) where the amount in controversy is equal to or less than Five Thousand Dollars (\$5,000).

16.2 Dispute Resolution Procedure. Disputes involving Declarant Parties shall be resolved pursuant to the following procedure:

16.2.1 Notice. Any Person with a Dispute shall give written notice of the Dispute by personal or mail service as authorized by Sections 415.10, 415.20, 415.21, 415.30 or 415.40 of the California Code of Civil Procedure to the Person to whom the Dispute is directed (the ***“Respondent”***), describing the nature of the Dispute and any proposed remedy (the ***“Dispute Notice”***).

16.2.2 Right to Inspect and Correct. Commencing on the date the Dispute Notice is delivered to the Respondent and continuing until the Dispute is resolved, the Respondent and its representatives have the right to meet with the party alleging the Dispute at a reasonable time and place to discuss the Dispute. If the Respondent elects to take any corrective action, the Respondent and its representatives shall be provided full access to the Project to take and complete such corrective action. The Respondent is not obligated to take any corrective action. The Respondent, with the consent of Declarant, has the right to select the corrective action that the Respondent believes is appropriate.

16.2.3 Mediation. If the Dispute is not resolved within ninety (90) days after the Respondent receives the Dispute Notice, any party may submit the Dispute to mediation by delivering a request for mediation (the ***“Mediation Notice”***) in the same manner as allowed for delivery of the Dispute Notice. The Dispute shall be mediated pursuant to (i) the mediation procedures of Judicial Arbitration & Mediation Services, Inc. (***“JAMS”***) in existence when the Dispute Notice is delivered, as modified by this Section, or (ii) the mediation procedures of any successor to JAMS in existence when the Dispute Notice is delivered, as modified by this Section 16.2.3, or (iii) mediation

procedures approved by the parties of any entity offering mediation services that is acceptable to the parties to the Dispute (the "**Parties**"). Except as provided in Section 16.2.5, no Person shall commence litigation regarding a Dispute without complying with this Section 16.2.3.

(a) Selection of a Mediator. The mediator shall be selected within sixty (60) days after the delivery of the Mediation Notice. The mediator shall be selected by mutual agreement of the Parties. If the Parties cannot agree on a mediator, the mediator shall be selected by the entity providing the mediation service. No Person shall serve as a mediator in any Dispute in which such Person has any financial or personal interest in the result of the mediation, except by the written consent of all Parties. Before accepting any appointment, the prospective mediator shall disclose all circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process.

(b) Position Letter; Pre-Mediation Conference. No later than sixty (60) days after the selection of the mediator, each Party shall submit a letter ("**Position Statement**") containing (i) a description of such Party's position concerning the issues that need to be resolved, (ii) a detailed description of the defects allegedly at issue and (iii) a suggested plan of repair, remediation or correction. The mediator may schedule a pre-mediation conference. All Parties shall attend the mediation, unless all Parties mutually agree otherwise. The mediation shall be commenced within twenty (20) days after submittal of all Position Statements and shall be concluded within fifteen (15) days after the mediation began unless either (A) the mediator extends the mediation period, or (B) the Parties mutually agree to extend the mediation period. The mediation shall be held in the County or another place mutually acceptable to the Parties.

(c) Conduct of Mediation. The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate to achieve the goal of settling the Dispute. The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement. The mediator also may obtain expert advice concerning technical aspects of the Dispute, provided that the Parties agree to and do assume the expenses of obtaining such advice. The mediator shall not have the authority to impose a settlement on the Parties.

(d) Application of Evidence Code. The provisions of Sections 1115 through 1128 of the California Evidence Code shall be applicable to the mediation process. The use and disclosure of statements, evidence and communications offered or made in the course of the mediation shall be governed by these sections, including the sections that preclude the use of material in future proceedings and the sections that provide for confidentiality of material.

(e) Parties Permitted at Mediation. Persons other than the Parties, their liability insurers, Declarant, attorneys for the Parties, their liability insurers, the Declarant Parties and the mediator may attend mediation sessions only with the

permission of the Parties and the consent of the mediator. Declarant has the right to attend the mediation session even if Declarant is not one of the Parties.

(f) Record. There shall be no stenographic, video or audio record of the mediation process.

(g) Expenses. Each Party shall bear such Party's own attorneys' fees and costs incurred in connection with the mediation. All other expenses of the mediation, including the fees charged by the mediator and the cost of any proof or expert advice requested by the mediator, shall be borne equally by each of Declarant and the Declarant Parties to whom the Dispute is directed, unless the Parties agree otherwise. This provision does not modify any provision of a contract between Declarant and any Declarant Party requiring indemnification or establishing a different allocation of costs between Declarant and such Declarant Party.

16.2.4 Judicial Reference. If a Dispute remains unresolved after the mediation required by Section 16.2.3 is completed, any of the Parties may file a lawsuit, provided that the Association must obtain the vote or written consent of Owners other than Declarant who represent not less than sixty-seven percent (67%) of the Association's voting power (excluding the voting power of Declarant) before filing a lawsuit in a Dispute with Declarant or a Declarant Party. All lawsuits regarding Disputes must be resolved by general judicial reference pursuant to Sections 638 and 641 through 645.1 of the California Code of Civil Procedure, as modified by this Section 16.2.4. The Parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. No party shall be required to participate in the judicial reference proceeding if all Persons against whom such party would have necessary or permissive cross-claims or counterclaims will not or cannot be joined in the judicial reference proceeding. The general referee shall have the authority to try all issues of fact and law and to report a statement of decision to the court. The referee shall be the only trier of fact and law in the reference proceeding and shall have no authority to further refer any issue of fact or law to any other Person unless (i) all parties to the judicial reference proceeding consent, or (ii) the referee determines that a conflict of interest or similar situation has arisen that would make it inappropriate for the referee to act as the trier of fact or law concerning an issue or matter. In the second alternative, an alternative judicial referee shall be selected in accordance with Section 16.2.4(b) solely for resolving or rendering a decision concerning the issue or matter involved in the conflict.

(a) Place. The proceedings shall be heard in the County.

(b) Referee. The referee shall be a retired judge who served on the Superior Court of the State of California in the County with substantial experience in the type of matter in dispute and without any relationship to the parties to the judicial reference proceeding or any interest in the Project, unless the parties to the judicial reference proceeding agree otherwise. The parties to the judicial reference proceeding shall meet to select the referee no later than thirty (30) days after service of the initial

complaint on all defendants named in the complaint. Any dispute regarding selecting the referee shall be resolved by the court in which the complaint is filed.

(c) Commencement and Timing of Proceeding. The referee shall commence the proceeding at the earliest convenient date and shall conduct the proceeding without undue delay.

(d) Pre-Hearing Conferences. The referee may require pre-hearing conferences.

(e) Discovery. The parties to the judicial reference proceeding shall be entitled only to limited discovery, consisting of the exchange of the following: (i) witness lists, (ii) expert witness designations, (iii) expert witness reports, (iv) exhibits, (v) reports of testing or inspections and (vi) briefs. Any other discovery authorized in the California Code of Civil Procedure shall be permitted by the referee upon a showing of good cause or based on the consent of all parties to the judicial reference proceeding.

(f) Motions. The referee shall have the power to hear and dispose of motions, including motions relating to discovery, provisional remedies, demurrers, motions to dismiss, motions for judgment on the pleadings and summary judgment and/or adjudication motions, in the same manner as a trial court judge. The referee also shall have the power to adjudicate summarily issues of fact or law, including the availability of remedies, whether or not the issue adjudicated could dispose of an entire cause of action or defense.

(g) Record. A stenographic record of the hearing shall be made, which shall remain confidential except as may be necessary for post-hearing motions and appeals.

(h) Statement of Decision. The referee's statement of decision shall contain an explanation of the factual and legal basis for the decision pursuant to Section 532 of the California Code of Civil Procedure. The decision of the referee shall stand as the decision of the court, and, upon filing of the statement of decision with the clerk of the court, judgment may be entered thereon in the same manner as if the Dispute had been tried by the court.

(i) Remedies. The referee may grant all legal and equitable remedies and award damages in the judicial reference proceeding.

(j) Post-Hearing Motions. The referee may rule on all post-hearing motions in the same manner as a trial judge.

(k) Appeals. The decision of the referee shall be subject to appeal in the same manner as if the Dispute had been tried by the court.

(l) Expenses. Each party to the judicial reference proceeding shall bear such party's own attorneys' fees and costs incurred in connection with the

judicial reference proceeding. All other fees and costs incurred in connection with the judicial reference proceeding, including the cost of the stenographic record, shall be shared equally by the parties to the judicial reference proceeding unless they agree otherwise. This provision does not modify any provision of a contract between Declarant and any Declarant Party requiring indemnification or establishing a different allocation of costs between Declarant and such Declarant Party.

16.2.5 Statutes of Limitation. Nothing in this Section 16.2 shall be considered to toll, stay, reduce or extend any applicable statute of limitations; provided, however, that Declarant, the Declarant Parties, the Association and any Owner may commence a legal action that, in the good faith determination of such Person, is necessary to preserve such Person's rights under any applicable statute of limitations so long as no further steps in processing such legal action are taken except those authorized in this Section 16.2.

16.2.6 Agreement to Dispute Resolution; Waivers of Jury Trial. DECLARANT, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 16.2 TO RESOLVE ALL DISPUTES (AS DEFINED IN SECTION 16.1) AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES (AS DEFINED IN SECTION 16.1) IN ANY OTHER MANNER. DECLARANT, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT, BY AGREEING TO RESOLVE ALL DISPUTES (AS DEFINED IN SECTION 16.1) AS PROVIDED IN THIS SECTION 16.2, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES (AS DEFINED IN SECTION 16.1) TRIED BEFORE A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 16.2 MAY NOT BE AMENDED WITHOUT DECLARANT'S PRIOR WRITTEN CONSENT.

16.2.7 Section 1354 of the California Civil Code. This Section 16.2 governs only the resolution of Disputes with Declarant and/or the Declarant Parties and shall not affect the subject matter of such Disputes. Unless the subject matter of a Dispute expressly involves enforcement of the Governing Documents, such Dispute shall not be governed by the provisions of Section 1354 of the California Civil Code or of any successor statute. Enforcement of this Section 16.2 shall not entitle the prevailing party in any Dispute with Declarant or a Declarant Party to recover attorneys' fees or costs.

ARTICLE 17

DISPUTES WITH LICENSEE

17.1 Defined Terms. A "**Licensee Party**" is Licensee or any director, officer, partner, shareholder, member, employee, representative, contractor, subcontractor, design professional or agent of Licensee. For purposes of this Article 17, a "**Dispute**" is a dispute between (a) the Association and/or any one (1) or more Owners and (b) a Licensee Party, arising under this Declaration or relating to the Project, including disputes regarding latent or patent construction defects, but excluding actions taken by

the Association against Licensee (i) to collect delinquent Assessments, (ii) involving any Common Area completion bond or (iii) where the amount in controversy is equal to or less than Five Thousand Dollars (\$5,000).

17.2 Vote to Initiate Claim. Licensee Parties and all members of the Board elected or appointed by Licensee or elected by a majority of votes cast by Licensee shall not have the right to vote on any decision of the Association or the Owners to initiate a construction defect claim, with respect to the Project, pursuant to Title 7 (commencing with Section 895) of the California Civil Code.

17.3 Right to Repair Law Election. Licensee elects to use the right to repair procedures as authorized by Section 914 of the California Civil Code for the Project.

17.4 Dispute Resolution Procedure. Disputes involving Licensee Parties shall be resolved pursuant to the following procedure:

17.4.1 Judicial Reference. If a Dispute remains unresolved after the procedure required by Section 17.3 is completed, any of the Parties may file a lawsuit, provided that the Association must obtain the vote or written consent of Owners other than Licensee who represent not less than sixty-seven percent (67%) of the Association's voting power (excluding the voting power of Licensee) before filing a lawsuit in a Dispute with Licensee or a Licensee Party. All lawsuits regarding Disputes must be resolved by general judicial reference pursuant to Sections 638 and 641 through 645.1 of the California Code of Civil Procedure, as modified by this Section 17.4.1. The Parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. No party shall be required to participate in the judicial reference proceeding if all Persons against whom such party would have necessary or permissive cross-claims or counterclaims will not or cannot be joined in the judicial reference proceeding. The general referee shall have the authority to try all issues of fact and law and to report a statement of decision to the court. The referee shall be the only trier of fact and law in the reference proceeding and shall have no authority to further refer any issue of fact or law to any other Person unless (i) all parties to the judicial reference proceeding consent, or (ii) the referee determines that a conflict of interest or similar situation has arisen that would make it inappropriate for the referee to act as the trier of fact or law concerning an issue or matter. In the second alternative, an alternative judicial referee shall be selected in accordance with Section 17.4.1(b) solely for resolving or rendering a decision concerning the issue or matter involved in the conflict.

(a) Place. The proceedings shall be heard in the County.

(b) Referee. The referee shall be a retired judge who served on the Superior Court of the State of California in the County with substantial experience in the type of matter in dispute and without any relationship to the parties to the judicial reference proceeding or any interest in the Project, unless the parties to the judicial reference proceeding agree otherwise. The parties to the judicial reference proceeding

shall meet to select the referee no later than thirty (30) days after service of the initial complaint on all defendants named in the complaint. Any dispute regarding selecting the referee shall be resolved by the court in which the complaint is filed.

(c) Commencement and Timing of Proceeding. The referee shall commence the proceeding at the earliest convenient date and shall conduct the proceeding without undue delay.

(d) Pre-Hearing Conferences. The referee may require pre-hearing conferences.

(e) Discovery. The parties to the judicial reference proceeding shall be entitled only to limited discovery, consisting of the exchange of the following: (i) witness lists, (ii) expert witness designations, (iii) expert witness reports, (iv) exhibits, (v) reports of testing or inspections and (vi) briefs. Any other discovery authorized in the California Code of Civil Procedure shall be permitted by the referee upon a showing of good cause or based on the consent of all parties to the judicial reference proceeding.

(f) Motions. The referee shall have the power to hear and dispose of motions, including motions relating to discovery, provisional remedies, demurrers, motions to dismiss, motions for judgment on the pleadings and summary judgment and/or adjudication motions, in the same manner as a trial court judge. The referee also shall have the power to adjudicate summarily issues of fact or law, including the availability of remedies, whether or not the issue adjudicated could dispose of an entire cause of action or defense.

(g) Record. A stenographic record of the hearing shall be made, which shall remain confidential except as may be necessary for post-hearing motions and appeals.

(h) Statement of Decision. The referee's statement of decision shall contain an explanation of the factual and legal basis for the decision pursuant to Section 532 of the California Code of Civil Procedure. The decision of the referee shall stand as the decision of the court, and, upon filing of the statement of decision with the clerk of the court, judgment may be entered thereon in the same manner as if the Dispute had been tried by the court.

(i) Remedies. The referee may grant all legal and equitable remedies and award damages in the judicial reference proceeding.

(j) Post-Hearing Motions. The referee may rule on all post-hearing motions in the same manner as a trial judge.

(k) Appeals. The decision of the referee shall be subject to appeal in the same manner as if the Dispute had been tried by the court.

(l) Expenses. Each party to the judicial reference proceeding shall bear such party's own attorneys' fees and costs incurred in connection with the judicial reference proceeding. All other fees and costs incurred in connection with the judicial reference proceeding, including the cost of the stenographic record, shall be shared equally by the parties to the judicial reference proceeding unless they agree otherwise. This provision does not modify any provision of a contract between Licensee and any Licensee Party requiring indemnification or establishing a different allocation of costs between Licensee and such Licensee Party.

17.4.2 Statutes of Limitation. Nothing in this Section 17.4 shall be considered to toll, stay, reduce or extend any applicable statute of limitations; provided, however, that Licensee, the Licensee Parties, the Association and any Owner may commence a legal action that, in the good faith determination of such Person, is necessary to preserve such Person's rights under any applicable statute of limitations so long as no further steps in processing such legal action are taken except those authorized in this Section 17.4.

17.4.3 Agreement to Dispute Resolution; Waivers of Jury Trial. LICENSEE, THE ASSOCIATION AND EACH OWNER AGREE TO USE THE PROCEDURES ESTABLISHED IN THIS SECTION 17.4 TO RESOLVE ALL DISPUTES (AS DEFINED IN SECTION 17.1) AND WAIVE THEIR RIGHTS TO RESOLVE DISPUTES (AS DEFINED IN SECTION 17.1) IN ANY OTHER MANNER. LICENSEE, THE ASSOCIATION AND EACH OWNER ACKNOWLEDGE THAT, BY AGREEING TO RESOLVE ALL DISPUTES (AS DEFINED IN SECTION 17.1) AS PROVIDED IN THIS SECTION 17.4, THEY ARE GIVING UP THEIR RIGHT TO HAVE DISPUTES (AS DEFINED IN SECTION 17.1) TRIED BEFORE A JURY, PURSUANT TO THE FEDERAL ARBITRATION ACT. THIS SECTION 17.4 MAY NOT BE AMENDED WITHOUT LICENSEE'S PRIOR WRITTEN CONSENT.

17.4.4 Section 1354 of the California Civil Code. This Section 17.4 governs only the resolution of Disputes with Licensee and/or the Licensee Parties and shall not affect the subject matter of such Disputes. Unless the subject matter of a Dispute expressly involves enforcement of the Governing Documents, such Dispute shall not be governed by the provisions of Section 1354 of the California Civil Code or of any successor statute. Enforcement of this Section 17.4 shall not entitle the prevailing party in any Dispute with Licensee or a Licensee Party to recover attorneys' fees or costs.

ARTICLE 18 DECLARANT'S RIGHTS

If there is a conflict between any other portion of the Governing Documents and this Article 18, then this Article 18 shall prevail and control. Notwithstanding anything to the contrary within this Declaration and irrespective of whether or not Declarant is an Owner or a Member at any given time, Declarant shall, at all times, have the rights reserved in this Article 18.

18.1 Failure of Association to Maintain. In the event that the Association fails, refuses or neglects to take such acts required pursuant to this Declaration as are necessary:

(a) To maintain the Project or any part thereof in good, proper and attractive condition, free of all liens other than any Mortgages permitted on individual Residences; or

(b) To otherwise assure compliance by all Owners with the covenants and obligations of the Residential Lot Lease, including doing or performing the act or thing therein provided to be done or performed by any lessee;

and if such failure, refusal or neglect continues for a period of ten (10) days after written notice from Declarant, or such longer time as is reasonably required by the nature of the act or thing to be done or performed, then Declarant may, without obligation or liability for failure to do so, do or perform or cause to be done or performed such act or thing or such other acts or things as Declarant deems necessary to achieve compliance with the terms hereof and with the terms of the Common Area Lease or the Residential Lot Leases (entering upon the Project for such purposes, if Declarant so elects). Declarant shall not be held liable or in any way responsible for any loss, inconvenience or damages resulting to the Association or Owners or the invitees, guests, licensees, contractors, Mortgagees or sublessees thereof, except for willfully or grossly negligent acts. No act or thing done by Declarant, pursuant to the provisions of this Section 18.1, shall be construed as a waiver by Declarant of any default by the Association or any Owner under any lease of any covenant, term or condition contained herein.

18.2 Construction Rights. Declarant has the right to (a) subdivide or resubdivide the Project, (b) complete or modify Improvements to and on the Common Area or any portion of the Project owned or leased solely or partially by Declarant, (c) alter Improvements, (d) modify development plans for the Project and the Annexable Territory, including designating and redesignating Phases, reshaping the Residential Lots and the Common Area therein and constructing Residences of larger or smaller sizes or values, and of different types, and (e) construct such additional Improvements as Declarant considers advisable in the course of development of the Project. Declarant may temporarily erect barriers or close off and restrict access to portions of the Common Area when reasonably necessary to allow the exercise of Declarant's rights reserved in this Section 18.2 so long as an Owner's access to such Owner's Residence or Residential Lot is not eliminated.

18.3 Sales and Marketing Rights. Declarant's rights under this Declaration include the right to install and maintain such structures, displays, signs, billboards, flags and sales offices as may be reasonably necessary to conduct the business of completing the work and disposing of the Residences or the Annexable Territory by sale, resale, lease or otherwise. Declarant may use any of the Residences in the Project as model home complexes, real estate sales offices or leasing offices.

18.4 Creating Additional Easements. At any time before the Close of Escrow for any Residence, Declarant has the right to establish on such Residence and on the Residential Lot on which such Residence is situated additional licenses, easements, reservations and rights-of-way to Declarant, to utility companies and/or to other Persons as Declarant determines are reasonably necessary to the Project's proper development and disposal.

18.5 Architectural Rights. Declarant and any Person to whom Declarant may assign or license all or a portion of Declarant's exemption under this Declaration need not seek or obtain Architectural Review Board approval of any Improvement constructed anywhere on the Project by Declarant. Declarant may exclude portions of the Project from the jurisdiction of the Architectural Review Board in the applicable Notice of Addition or Supplemental Declaration. Declarant may, at its option, establish an additional architectural review board or committee for any area exempted from the jurisdiction of the Architectural Review Board.

18.6 Use Restriction Exemption. Declarant and any Person to whom Declarant may assign or license all or a portion of Declarant's exemption under this Declaration is exempt from the restrictions established in Article 8.

18.7 Assignment of Rights. Declarant may assign some or all of Declarant's rights under the Governing Documents to any successor in interest to any portion of Declarant's interest in the Project by a written assignment.

18.8 Amendments. No amendment may be made to this Article 18 without the prior written approval of Declarant. At any time before the first Close of Escrow in Phase 1, Declarant may amend or terminate all or any portion of this Declaration by Recording a written instrument that effects the amendment or termination and is signed and acknowledged by Declarant. For so long as Declarant owns any portion of the Project or the Annexable Territory, Declarant may amend all or any portion of this Declaration by Recording a written instrument signed by Declarant to (a) conform this Declaration to applicable law, (b) conform this Declaration to the rules, regulations or requirements of VA, FHA, DRE, FNMA, GNMA or FHLMC, (c) amend a disclosure, (d) amend any exhibit to this Declaration or portion of such exhibit that depicts portions of the Project that have not been subject to a Close of Escrow, (e) amend any exhibit to this Declaration or portion of such exhibit to conform to as-built conditions, (f) comply with any law or regulation and/or (g) correct any typographical error.

18.9 Exercise of Rights. Each Owner grants an irrevocable, special power of attorney to Declarant to execute and Record all documents and maps necessary to allow Declarant to exercise Declarant's rights under this Article 18.

18.10 Use of the Project. Declarant and prospective purchasers of Residences are entitled to the nonexclusive use of the Common Area, without further cost for access, use or enjoyment, to (a) show the Project to prospective purchasers, (b) dispose of the Project as provided in this Declaration and (c) develop and sell the

Annexable Territory. Declarant and prospective purchasers also are entitled to the nonexclusive use of all portions of the Project that are private streets, drives and walkways for access and accommodating vehicular and pedestrian traffic to and from the Project and the Annexable Territory. The use of the Common Area by Declarant may not unreasonably interfere with the use thereof by the other Owners.

18.11 Participation in the Association. The Association shall provide Declarant with written notice of the transfer of any Residence and all notices and other documents to which a Mortgagee is entitled pursuant to this Declaration, provided that Declarant shall be provided such notices and other documents without making written request therefor. Whether or not Declarant is an Owner as defined in this Declaration, the Association shall provide Declarant with written notice of all meetings of the Board as if Declarant were an Owner, and Declarant shall be entitled to have a representative present at all such Board meetings ("**Declarant's Representative**"). Declarant's Representative shall be present in an observer capacity only and shall not be a Board member or have any right to vote on matters coming before the Board. This Section 18.11 has no effect on the rights of Declarant as an Owner as defined in this Declaration.

18.12 Declarant Approval of Actions.

18.12.1 General Rights. Declarant's prior written approval is required for any amendment to the Governing Documents that would impair or diminish Declarant's or Licensee's rights to complete the Project or the Annexable Territory or to sell or lease dwellings therein.

18.12.2 Limit on Actions. The following actions, before being undertaken by the Association, first must be approved in writing by Declarant:

- (a) Any amendment to any of the Governing Documents or action requiring the approval of first Mortgagees;
- (b) The annexation to the Project of real property other than the Annexable Territory pursuant to Section 22.2;
- (c) The levy of a Capital Improvement Assessment for the construction of new facilities not constructed on the Common Area by Declarant or Licensee;
- (d) Any significant reduction of Association maintenance or other services; or
- (e) Any modification or termination of any provision of the Governing Documents benefiting Declarant.

18.13 Assessments for Declarant's Costs. All costs incurred by Declarant pursuant to any action taken pursuant to Section 18.1 shall be allocated by Declarant to

each Owner in accordance with the provisions of the Residential Lot Leases. In the absence of fraud or gross error, such determination and allocation shall be final and binding on the Association and all Owners. However, if a cost incurred by Declarant arises out of an act or thing that is not the primary responsibility of the Association but rather is the primary responsibility of the Owner of a Residence as a result of failure to do or perform such act, and Declarant has given written notice to the Association as provided herein, then, notwithstanding anything to the contrary contained in this Declaration, the entire amount of such cost shall be assessed to the Owner failing to do the act or thing required of such Owner.

18.14 Rights of Access. Declarant reserves access and utility easements over and on the Common Area for purposes including (a) constructing or repairing Residences, (b) sales activities for Residences and (c) ingress, egress and transit across the Property. Such easements may be assigned by Declarant in its sole discretion.

18.15 Other Rights Reserved. Declarant reserves, for the benefit of Declarant and its successors and assigns, and for the benefit of Ground Lessor and its successors and assigns, the right to enter and to permit the County and other governmental bodies and public utilities to enter upon the Common Area for the purposes of installing, using, operating, maintaining, renewing, relocating and replacing such underground or other water, oil, steam, gas, storm sewer, sanitary sewer and other pipelines and telephone, electric power, cable television and other lines, conduits and transmission equipment and facilities as Declarant and/or its successors and assigns and/or as Ground Lessor and/or and its successors and assigns may deem desirable in connection with the development or use of the Common Area or any other property in the neighborhood, whether or not owned by Declarant or Ground Lessor or their respective successors and assigns; provided, however, that all such pipelines, lines, conduits and transmission equipment and facilities shall be buried or otherwise placed so as not to interfere with the use or stability of any Residence or any Improvement in or on the Common Area. Declarant and its successors and assigns and Ground Lessor and its successors and assigns shall indemnify and reimburse the Association for any loss or damage actually incurred or sustained by the Association as a result or arising out of the exercise by Declarant and/or any of its successors and assigns and/or by Ground Lessor and/or any of its successors and assigns of any right reserved in this Section.

ARTICLE 19 LICENSING

If there is a conflict between any other portion of the Governing Documents and this Article 19, then this Article 19 shall prevail and control. Notwithstanding anything to the contrary within this Declaration and irrespective of whether or not Declarant is an Owner or a Member at any given time, Declarant shall, at all times, have the rights reserved in this Article 19.

19.1 Written License Agreement. Declarant may license to any Person (including Licensee, under the License Agreement) any of Declarant's rights under this Declaration by a written license agreement. Any such license may be exclusive or nonexclusive, revocable or irrevocable and otherwise subject to such terms and conditions as Declarant deems necessary, appropriate or desirable in Declarant's sole discretion. Each licensee of Declarant pursuant to this Article 19 shall have the right to perform its obligations and exercise its rights under such licensee's license agreement with Declarant, subject to the terms and conditions of such license agreement. Neither the Association nor any Owner will interfere with or otherwise deliberately impede any such licensee's performance of such obligations or exercise of such rights. No term or provision of this Article 19 amends or modifies, or will be deemed to amend or modify, the terms or provisions of any license agreement between Declarant and any licensee of Declarant (including the License Agreement).

19.2 Recordation of Memorandum of License. Declarant shall Record a Memorandum of License identifying (a) each license agreement entered into by Declarant pursuant to this Article 19, (b) the licensee under such license agreement and (c) the rights under this Declaration that have been licensed under such license agreement by Declarant to such licensee.

ARTICLE 20

RIGHTS OF "LICENSEE"

In addition to all other rights of Licensee under this Declaration and under the License Agreement, subject to the terms and conditions of the License Agreement, Licensee shall have all of the rights set forth in this Article 20 for so long as the License Agreement is in effect. Declarant has the right to record an instrument that (1) identifies Licensee, (2) lists the rights granted in this Article 20 that Declarant grants to Licensee and (3) establishes a termination date for Licensee's exercise of the rights in this Article 20 that are granted to Licensee. Each Licensee shall not have any of the rights listed in this Article 20 unless they are licensed to Licensee by Declarant.

20.1 Construction Rights. Licensee has the right to (a) complete or modify Improvements to and on the Common Area or any portion of the Project owned or leased solely or partially by Declarant or Licensee, (b) alter Improvements and (c) modify plans and specifications for Residences and other Improvements on the Project, including constructing Residences of larger or smaller sizes or values, and of different types. Licensee may temporarily erect barriers or close off and restrict access to portions of the Common Area when reasonably necessary to allow the exercise of Licensee's rights reserved in this Section 20.1 so long as an Owner's access to such Owner's Residence or Residential Lot is not eliminated.

20.2 Sales and Marketing Rights. Licensee's rights under this Declaration include the right to install and maintain such structures, displays, signs, billboards, flags and sales offices as may be reasonably necessary to conduct the business of

completing the work and selling Licensee's Residences. Licensee may use any of the Residences constructed by Licensee as model home complexes or real estate sales offices. The rights of Licensee under this Section 20.2 shall expire automatically twelve (12) years from the last Close of Escrow in the Project.

20.3 Architectural Rights. Licensee need not seek or obtain Architectural Review Board approval of any Improvement constructed anywhere on the Project by Licensee.

20.4 Use Restriction Exemption. Licensee is exempt from the restrictions established in Article 8.

20.5 Use of the Project. Licensee and prospective purchasers of Residences are entitled to the nonexclusive use of the Common Area, without further cost for access, use or enjoyment, to (a) show the Project to prospective purchasers, (b) dispose of the Project as provided in this Declaration and (c) develop and sell the Annexable Territory. Licensee and prospective purchasers also are entitled to the nonexclusive use of all portions of the Project that are private streets, drives and walkways for access and accommodating vehicular and pedestrian traffic to and from the Project and the Annexable Territory. The use of the Common Area by Licensee may not unreasonably interfere with the use thereof by the other Owners.

20.6 Participation in the Association. The Association shall provide Licensee with written notice of the transfer of any Residence and all notices and other documents to which a Mortgagee is entitled pursuant to this Declaration, provided that Licensee shall be provided such notices and other documents without making written request therefor. Whether or not Licensee is an Owner as defined in this Declaration, the Association shall provide Licensee with written notice of all meetings of the Board as if Licensee were an Owner, and Licensee shall be entitled to have a representative present at all such Board meetings ("**Licensee's Representative**"). Licensee's Representative shall be present in an observer capacity only and shall not be a Board member or have any right to vote on matters coming before the Board. This Section 20.6 has no effect on the rights of Licensee as an Owner as defined in this Declaration.

20.7 Licensee Approval of Actions.

20.7.1 General Rights. Licensee's prior written approval is required for any amendment to this Declaration that would impair or diminish Licensee's rights (subject to this Declaration and the License Agreement) to complete, sell or lease Residential Lots owned or leased by Licensee.

20.7.2 Limit on Actions. The following actions, before being undertaken by the Association, first must be approved in writing by Licensee:

(a) Any amendment to this Declaration or action requiring the approval of first Mortgagees;

(b) The annexation to the Project of real property other than the Annexable Territory pursuant to Section 22.2;

(c) The levy of a Capital Improvement Assessment for the construction of new facilities not constructed on the Common Area by Declarant or Licensee;

(d) Any significant reduction of Association maintenance or other services; or

(e) Any modification or termination of any provision of this Declaration benefiting Licensee.

ARTICLE 21

MISCELLANEOUS PROVISIONS

21.1 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the Project.

21.2 Articles, Sections and Exhibits. The Article and Section headings have been inserted for convenience only and may not be considered in resolving questions of interpretation or construction. Unless otherwise indicated, references in this Declaration to articles, sections or exhibits are to Articles, Sections and Exhibits of this Declaration. *Exhibits A* through *E* attached to this Declaration are incorporated in this Declaration by this reference.

21.3 Priorities and Inconsistencies. If there are conflicts or inconsistencies between this Declaration and the Articles, the Bylaws or the Association Rules, then this Declaration shall prevail and control.

21.4 Statutory References. All references made in this Declaration to statutes are to those statutes as currently in effect or to subsequently enacted replacement statutes.

21.5 Notice of Mortgagee. It shall be the duty of each Owner whose Residence is encumbered by a first Mortgage or deed of trust to promptly notify Declarant and the Association of the name and address of such Mortgagee or beneficiary, and Declarant shall maintain a record of such encumbrances. The Owner likewise shall promptly notify Declarant as to the release or discharge of any such Mortgage.

21.6 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any of the provisions of this Declaration shall not affect the validity of the remaining provisions.

21.7 Successors and Assigns. This Declaration shall inure to the benefit of and be binding on the successors and assigns of Declarant and, subject to any limitation on assignment or transfer contained herein, on the heirs, personal representatives, grantees, lessees, successors and assigns of the Owners.

21.8 Cumulative Remedies. Each remedy provided for in this Declaration shall be cumulative and not exclusive. The failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver of such remedy.

21.9 Violations as Nuisance. Every act or omission in violation of the provisions of this Declaration shall constitute a nuisance and, in addition to all other remedies set forth in this Declaration, may be abated or enjoined by any Owner.

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

21.11 Delivery of Notices and Documents. Any written notice or other document relating to or required by this Declaration may be delivered personally or by mail. If by mail, such notice, unless expressly provided herein to the contrary, shall be deemed to have been delivered and received forty-eight (48) hours after a copy thereof is deposited in the United States mail, postage and fees prepaid, addressed as follows:

(a) If to an Owner, other than Declarant, to the address of such Owner's Residence in the Project or to the address last furnished to Declarant by such Owner for the purpose of giving notice and delivering documents to such Owner. Each Owner, other than Declarant, shall file in writing with Declarant promptly upon becoming an Owner such Owner's address for the purpose of giving notice and delivering documents to such Owner and shall promptly notify Declarant in writing of any subsequent change of address.

(b) If to Declarant, whether in its capacity as an Owner or in any other capacity, to:

Chancellor
University of California, Santa Cruz
Santa Cruz, CA 95064

with a copy to:

The Regents of the University of California
Office of the General Counsel
1111 Franklin Street, 8th Floor
Oakland, California 94607

or such other successor address or addresses as Declarant hereafter indicates by public notice.

ARTICLE 22

ANNEXATION OF ADDITIONAL PROPERTY

Additional real property may be annexed to the Project, and such additional real property may become subject to this Declaration, by any of the following methods:

22.1 Additions by Declarant. Declarant may add the Annexable Territory to the Project and bring such added territory within the general plan of this Declaration without the approval of the Association, the Board or Owners so long as Declarant or Declarant's successors or assigns own any portion of the Annexable Territory.

22.2 Other Additions. Additional real property other than the Annexable Territory may be annexed to the Project and brought within the general plan of this Declaration in accordance with this Section 22.2. The annexation of additional real property other than the Annexable Territory to the Project and bringing such additional real property within the general plan of this Declaration shall require both (a) the approval by vote or written consent of not less than sixty-six and two thirds percent (66 2/3%) of the total votes residing in Owners other than Licensee and (b) the approval by Ground Lessor.

22.3 Rights and Obligations—Added Territory. Subject to the provisions of Section 22.4, when a Notice of Addition is Recorded, all provisions in this Declaration will apply to the real property described in the Notice of Addition (the "**Added Territory**") in the same manner as if such real property were originally covered by this Declaration. Thereafter, the rights, powers and responsibilities of the parties to this Declaration with respect to the Added Territory will be the same as with respect to the property originally covered by this Declaration, and the rights, powers and responsibilities of the Owners, lessees and occupants of Residences and Residential Lots in the Added Territory, as well as in the property originally covered by this Declaration, will be the same as if the Added Territory were originally covered by this Declaration. After the first day of the month following the first Close of Escrow in the Added Territory, the Owners of Residences located in the Added Territory shall share in the payment of Assessments to the Association to meet Common Expenses of the entire Project. Voting rights appurtenant to the Residences in the Added Territory may not be exercised until Annual Assessments have commenced as to such Residences pursuant to Section 5.6.6.

22.4 Notice of Addition. The additions authorized under Sections 22.1 and 22.2 must be made by Recording a Notice of Addition, which will extend the general plan of this Declaration to such Added Territory. The Notice of Addition for any addition under Section 22.1 must be signed by Declarant. The Notice of Addition for any addition under Section 22.2 must be signed (a) by at least two (2) officers of the Association to certify

that the Owner approval required under Section 22.2 was obtained and (b) by an authorized representative of Ground Lessor to certify that Ground Lessor's approval required under Section 22.2 was obtained. Recordation of the Notice of Addition effectuates annexation of the property described in the Notice of Addition as Added Territory. After the first Close of Escrow in the Added Territory covered by a Notice of Addition, the Added Territory will constitute a part of the Project, become subject to this Declaration and encompassed within the general plan of covenants, conditions, restrictions, reservation of easements and equitable servitudes contained in this Declaration and become subject to the Association's functions, powers and jurisdiction; and each Owner of a Residential Lot in the Added Territory will automatically acquire a Membership. In no event, however, may any Notice of Addition revoke, modify or add to the covenants, conditions, restrictions, reservation of easements or equitable servitudes established by this Declaration as the same pertain to the real property originally covered by this Declaration. In a Notice of Addition under Section 22.1, Declarant shall have the right, if Declarant determines in the exercise of its sole discretion that the Added Territory will not benefit from Improvements or services that are Common Expenses of the Association, to designate that such Common Expense items will not be shared by the Added Territory, provided that such designation also is identified in the current Association Budget accepted by the DRE for the Added Territory annexed, and provided that such designation does not result in an increase in Annual Assessments in excess of the limit set in this Declaration.

22.5 Deannexation and Amendment. In addition to the rights to amend or terminate a Notice of Addition granted elsewhere in this Declaration or in a Notice of Addition, Declarant also may amend a Notice of Addition or delete all or a portion of a Phase from coverage of this Declaration and the Association's jurisdiction, so long as Declarant is the owner of all of such Phase, and provided that (a) an amending instrument or a Notice of Deletion of Territory, as applicable, is Recorded in the same manner as the Notice of Addition was Recorded, (b) Declarant has not exercised any Association vote with respect to any portion of such Phase, (c) Assessments have not commenced with respect to any portion of such Phase, (d) a Close of Escrow has not occurred for any Residence in such Phase, and (e) the Association has not made any expenditure or incurred any obligation with respect to any portion of such Phase.

[Signature Page Follows]

IN WITNESS WHEREOF, Declarant has executed this instrument on the day and year first above written.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California public corporation

By: Elise Levinson

Title: Elise Levinson
Assistant Director of Colleges and University Housing

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA CRUZ)

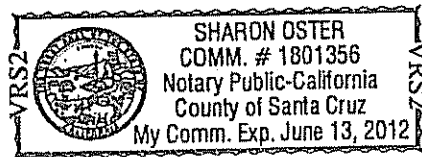
On November 3, 2008, before me, Sharon Oster, a Notary Public for the State of California, personally appeared Elise Levinson, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed 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.

[Handwritten Signature]

SIGNATURE Sharon Oster, Notary Public
My commission expires June 13, 2012



SUBORDINATION

The undersigned, as Beneficiary of the beneficial interest in and under the Deed of Trust listed in **Attachment 1** (the "**Deeds of Trust**"), which Deeds of Trust are by and between Valeo Ranch View Terrace, Inc., a California corporation, as Trustor, Verdugo Trustee Service Corporation, a California corporation, as Trustee, and Citicorp USA, Inc., a Delaware corporation, as Beneficiary, expressly subordinates the Deeds of Trust and the beneficial interests thereunder to the foregoing Declaration of Covenants, Conditions and Restrictions For Ranch View Terrace, as amended or restated (the "**Declaration**"), and to Notices of Addition that may be recorded pursuant to the Declaration and to all easements reserved in the Declaration. By executing this Subordination, the undersigned agrees that, should the undersigned acquire title to all or any portion of the Property by foreclosure (whether judicial or nonjudicial), deed-in-lieu of foreclosure or any other remedy in or relating to the Deed of Trust, the undersigned will acquire title subject to the provisions of the Declaration, which shall remain in full force and effect.

Dated: October 06, 2008

Citicorp USA, Inc., a Delaware corporation

By: 

Its: Vice President

By: 

Its: Vice President

STATE OF CALIFORNIA)

) ss.

COUNTY OF LOS ANGELES)

RHODORA DEALINO BRILL

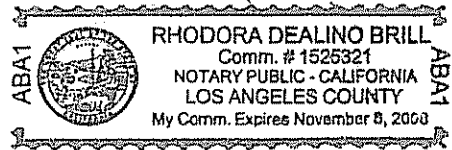
On OCTOBER 7, 2008, before me, _____, a Notary Public for the State of California, personally appeared

ALICE CARR & CECILE CHALIFOUR 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.

Rhodora Dealino Brill
SIGNATURE



Attachment 1 to Subordination

Deed of Trust

Deed of Trust recorded February 13, 2007, as Instrument No. 2007-0008071, of Official Records of Santa Cruz County, California.

EXHIBIT A

LEGAL DESCRIPTION OF ANNEXABLE TERRITORY

All that real property in the County of Santa Cruz, State of California,
described as:

**Lots 1 to 39, inclusive, Lots 19A and 24A and Lots A, C, D, E, F, G, H,
I, J and K, inclusive, of the Record of Survey recorded in Volume 111,
Page 7, of Maps in the Office of the Santa Cruz County Recorder.**

EXHIBIT B

LEGAL DESCRIPTION OF COMMON AREA IN PHASE 1

All that real property in the County of Santa Cruz, State of California,
described as:

**Lot B of the Record of Survey recorded in Volume 111, Page 7, of
Maps in the Office of the Santa Cruz County Recorder.**

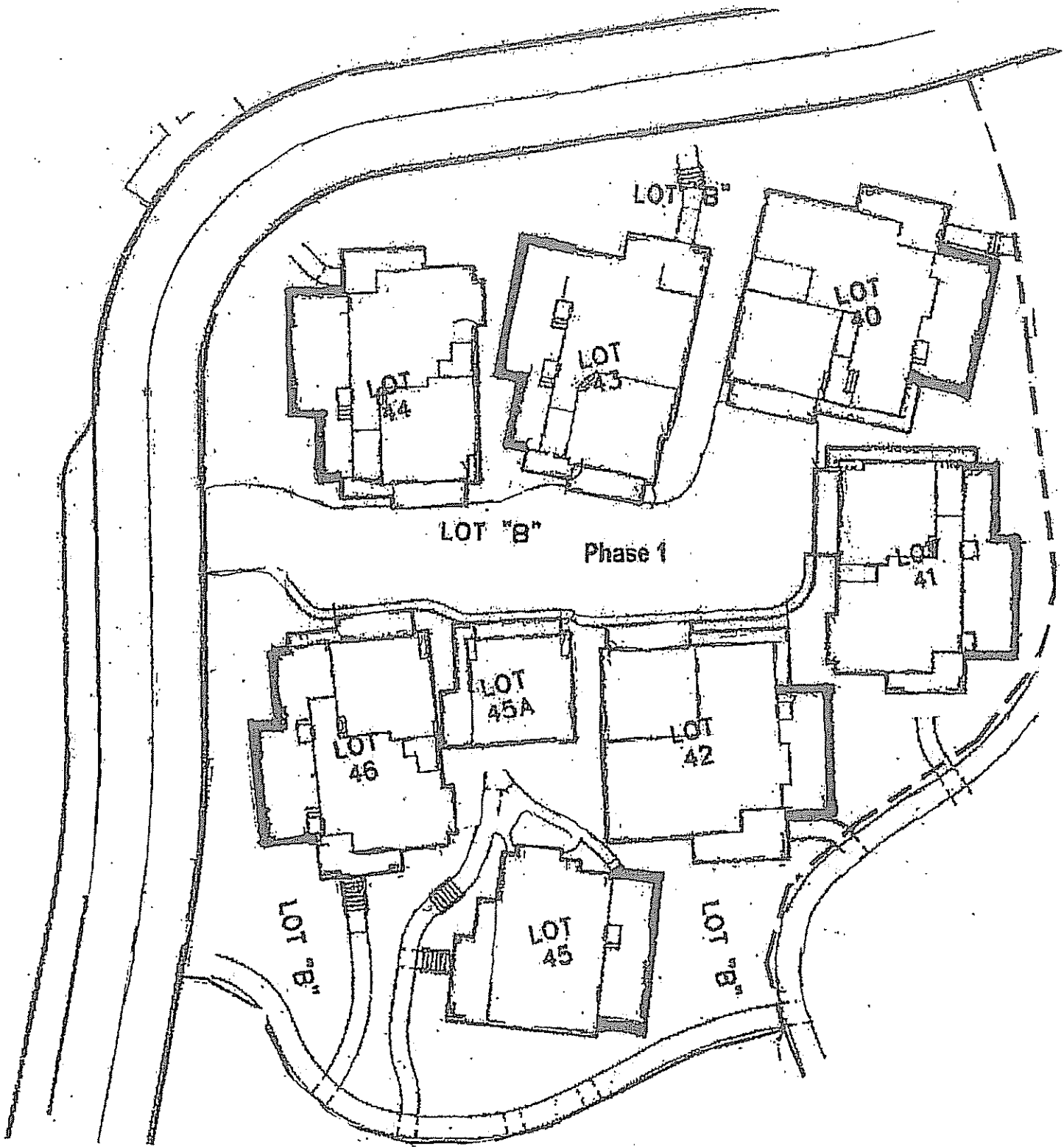
EXHIBIT C

LEGAL DESCRIPTION OF RESIDENTIAL LOTS IN PHASE 1

All that real property in the County of Santa Cruz, State of California,
described as:

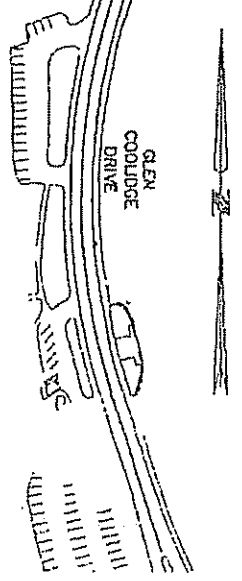
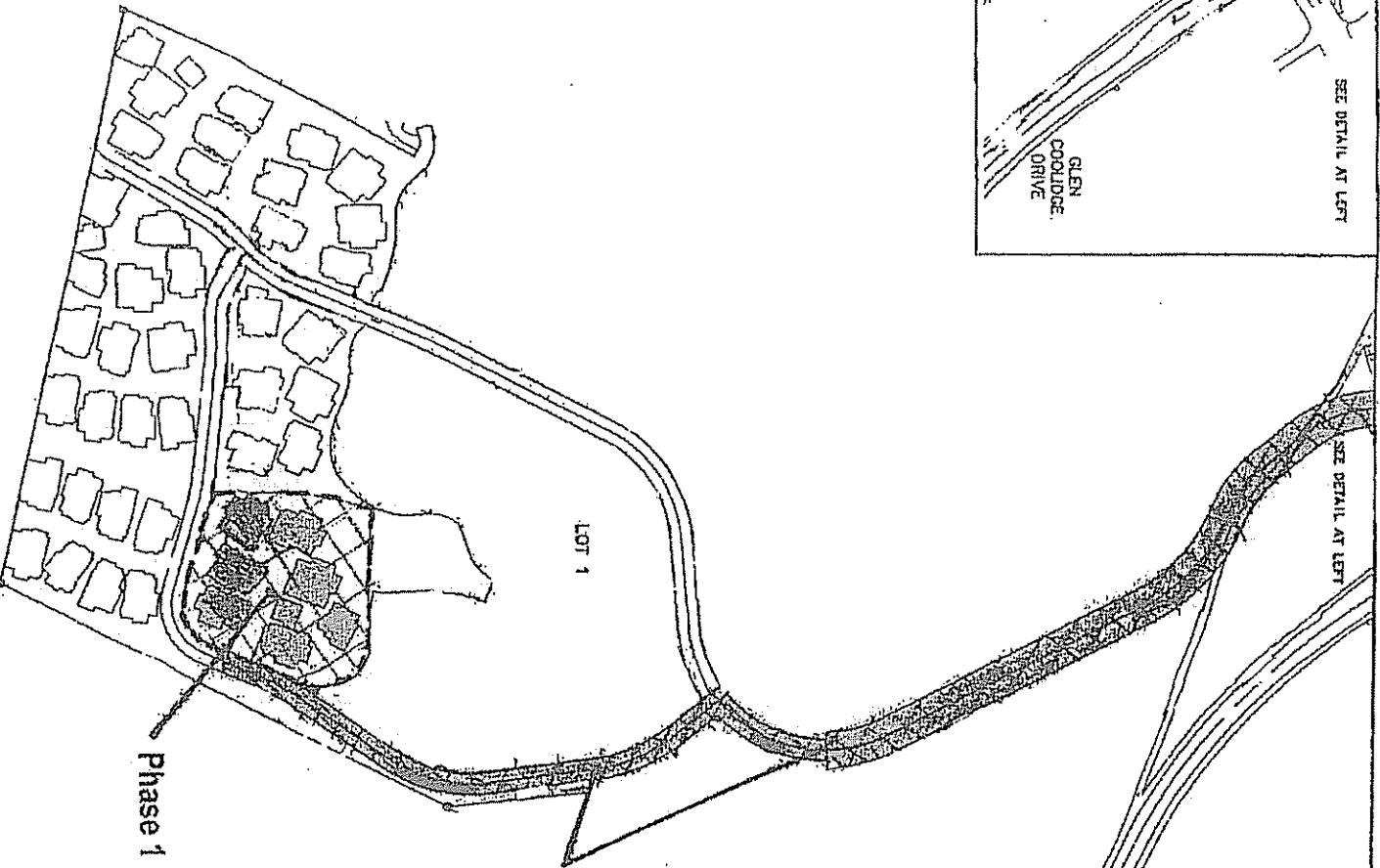
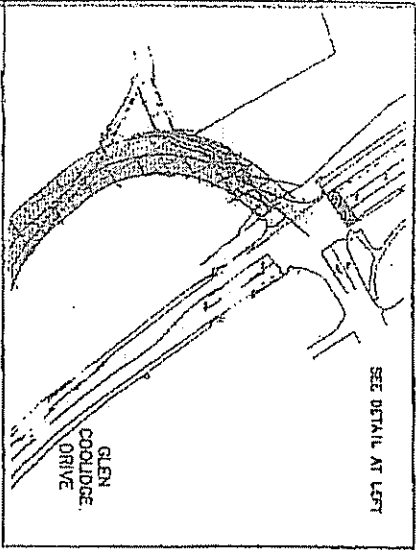
**Lots 40 to 46, inclusive, and Lot 45A of the Record of Survey
recorded in Volume 111, Page 7, of Maps in the Office of the Santa
Cruz County Recorder.**

└ PRIVATE YARD FENCE LOCATIONS



RANCH VIEW TERRACE Phase 1
EXHIBIT D - PROPERTY WALL LOCATIONS

EXHIBIT E
ACCESS EASEMENTS



ROAD EASEMENT



PHASE LINE

**RANCH VIEW TERRACE Phase 1
EXHIBIT E - ACCESS EASEMENTS**

Exhibit E To CC&Rs

Situate in the City of Santa Cruz, County of Santa Cruz, State of California.

Being a part of the lands of the UNIVERSITY OF CALIFORNIA as said lands are shown on that certain map recorded December 11, 1961 in Volume 38 of Maps at Page 1, Santa Cruz County Records, entitled "RECORD OF SURVEY - Map of the lands conveyed to THE BOARD OF REGENTS OF THE UNIVERSITY OF CALIFORNIA" and being more particularly described as follows, to wit

POINT OF BEGINNING:

Beginning at point in the eastern boundary of campus Sector 113 from which a 6 inch x 6 inch concrete monument at the northeastern corner of said Sector 113 bears due North 353.87 feet distant and a 6 inch x 6 inch concrete monument at the southeastern corner of said Sector 113 bears due South 646.13 feet distant and from which a ½ inch iron pipe tagged LS 2678 at the northwestern corner of Parcel 'A' as said parcel is shown on that certain map recorded in Volume 32 of Parcel Maps at Page 51, Santa Cruz County Records bears South 35°34'03" West 918.77 feet distant and from which the most eastern corner of Parcel 'C' as said parcel is shown on that certain map recorded in Volume 32 of Parcel Maps at Page 51, Santa Cruz County Records bears South 35°34'03" West 918.77 feet and South 48°52'05" East 393.67 feet distant;

PUBLIC STREET ACCESS AREA:

Being an area 40.00 feet wide, the centerline of which is more particularly described as follows, to wit:

COMMENCING at the above described **POINT OF BEGINNING**;

Thence from said **Point of Commencement**, along the southern boundary of above described Parcel One, North 84°29'18" East 45.05 feet to a ¾ inch iron pipe tagged LS 5418, at the southeastern corner thereof; thence along the eastern boundary of said Parcel One, North 2°22'17" West 21.01 feet to the **True Point of Beginning**;

Thence from said **True Point of Beginning**, northeasterly, curving to the left from a radial bearing of North 0°47'43" West, with a radius of 150.00 feet, through a central angle of 25°56'10", a distance of 67.90 feet to a point of tangency; thence North 63°16'07" East 315.14 to the beginning of a tangent curve; thence northeasterly, curving to the left, with a radius of 200.00 feet, through a central angle of 39°08'25", a distance of 136.63 feet to a point of tangency; thence North 24°07'42" East 17.53 to the beginning of a tangent curve; thence northeasterly, curving to the right, with a radius of 120.00 feet, through a central angle of 25°24'25", a distance of 53.21 feet to a point of tangency; thence North 49°32'07" East 54.10 to the beginning of a tangent curve; thence northeasterly, curving to the right, with a radius of 200.00 feet, through a central angle of 39°08'25", a distance of 136.63 feet to a point of tangency; thence South 47°43'21" East 76.16, more or less, to the centerline of Glen Coolidge Drive.

EMERGENCY ACCESS AREA:

Being an area 20.00 feet wide, the centerline of which is more particularly described as follows, to wit:

COMMENCING at the above described **POINT OF BEGINNING**;

Thence from said **Point of Commencement**, along the southern boundary of above described Parcel One, South $84^{\circ}29'18''$ West 376.73 feet to a $\frac{3}{4}$ inch iron pipe tagged LS 5418 at an angle therein; thence North $62^{\circ}44'38''$ West 556.82 feet to a $\frac{3}{4}$ inch iron pipe tagged LS 5418 at the southwestern corner thereof; thence North $12^{\circ}14'47''$ East 499.27 feet to the **True Point of Beginning**;

Thence from said **True Point of Beginning**, northwesterly, curving to the right from a radial bearing of North $60^{\circ}04'11''$ East, with a radius of 40.00 feet, through a central angle of $62^{\circ}09'18''$, a distance of 43.39 feet to a point of tangency; thence North $0^{\circ}52'16''$ West 92.93 to an angle point; thence North $15^{\circ}42'08''$ West 567.94 to the beginning of a tangent curve; thence northeasterly, curving to the right, with a radius of 40.00 feet, through a central angle of $99^{\circ}25'10''$, a distance of 69.41 feet to a point of tangency; thence North $84^{\circ}01'01''$ East 306.52 to the beginning of a tangent curve; thence northeasterly, curving to the left, with a radius of 152.00 feet, through a central angle of $59^{\circ}29'53''$, a distance of 157.84 feet to a point of tangency; thence North $24^{\circ}39'48''$ East 221.19 to an angle point; thence North $49^{\circ}16'18''$ East 141.21 feet to the beginning of a tangent curve; thence northeasterly, curving to the left, with a radius of 128.00 feet, through a central angle of $19^{\circ}23'25''$, a distance of 43.32 feet to a point of tangency; thence North $29^{\circ}52'53''$ East 90.72, more or less, to the centerline of Lower Quarry Drive.

RECORDING REQUESTED BY:

First American Title Company
#4402-5707-A (SO)

RECORDED AT THE REQUEST OF
FIRST AMERICAN TITLE INS. CO.

JAN 14 2009

8 AM

2009-0001423

CONFORMED COPY
SANTA CRUZ COUNTY RECORDS

WHEN RECORDED, MAIL TO:

The Regents of the University of California
Office of the General Counsel
1111 Franklin Street, 8th Floor
Oakland, CA 94607

Attention: Janet Norris

(Space Above for Recorder's Use)

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 7)**

(Lots 22 to 24, inclusive, 24A, 25 to 27, inclusive, A, G, I, J and K as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace))

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE**

(Phase 7)

(Lots 22 to 24, inclusive, 24A, 25 to 27, inclusive, A, G, I, J and K as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace))

This Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace (this ***“Notice of Addition”***) is made by **THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**, a California public corporation (***“Declarant”***).

PREAMBLE

A. Declarant executed the Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace, which was Recorded on November 4, 2008, as Instrument No. 2008-0044765 (together with all amendments thereto (if any), collectively, the ***“Declaration”***), in the Official Records of Santa Cruz County, California (the ***“Official Records”***). The Declaration is binding on all Owners (as defined in the Declaration) in the planned development known as Ranch View Terrace (the ***“Project”***).

B. Declarant is the owner of certain real property (the ***“Added Territory”***) in the County of Santa Cruz, California, described as follows:

Lots 22 to 24, inclusive, 24A, 25 to 27, inclusive, A, G, I, J and K as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace), recorded in Book 111, at Page 7, of Maps in the Office of the Santa Cruz County, California, Recorder (the ***“Record of Survey”***).

C. The Added Territory is part of the Annexable Territory as defined in the Declaration.

D. Pursuant to the Declaration, Declarant now desires to designate the Added Territory as a Phase of the Project.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Phase.** The Added Territory is annexed as a Phase of the Project.

2. **Membership in the Association.** As provided in Section 3.1(a) of the Declaration, (a) Declarant is a Member of Ranch View Terrace Homeowners Association, a California nonprofit mutual benefit corporation (the "**Association**"), so long as, and at any time when, Declarant owns any Residential Lot in the Added Territory that is not subject to a Residential Lot Lease; (b) Licensee is a Member of the Association so long as Licensee is the lessee under a Residential Lot Lease for a Residential Lot in the Added Territory; and (c) other Persons shall become Members of the Association automatically when they become Owners of Separate Interests in the Added Territory.

3. **Assessment Obligations.** The rights and obligations of all Owners of Separate Interests in the Added Territory concerning the payment of Assessments are set forth in the Declaration. Annual Assessments to be paid to the Association shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory, as provided in the Declaration. Annual Assessments shall be levied against the Owners of Separate Interests in the Added Territory in the amounts set forth in the budget on file with the DRE. Thereafter, as Annual Assessments commence with respect to each subsequent Phase, they shall be adjusted in accordance with the combined budget of the Association approved by the Board and subject to the limits imposed by the maximum range of Assessments disclosed in the most recent Public Report for the Project.

4. **Voting Rights.** The entitlement to vote shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory.

5. **Land Classifications, Easements and Restrictions.**

(a) **Residential Lots.** Lots 22 to 24, inclusive, 24A and 25 to 27, inclusive, as shown on the Record of Survey are designated as Residential Lots in the Added Territory.

(b) **Common Area.** Lots A, G, I, J and K shown on the Record of Survey are designated as Common Area in the Added Territory. The Common Area in the Added Territory will become subject to the Ranch View Terrace Common Area Lease (the "**Common Area Lease**"), a Memorandum of which will be Recorded in the Official Records, as "Common Area" (as defined in the Common Area Lease) as of the first Close of Escrow in the Added Territory. All rights and obligations of the Association with respect to the Common Area (including such rights and obligations as are provided in the Declaration) are subject to the Common Area Lease.

(c) **Property Wall.** The location of the Property Wall in the Added Territory is depicted in **Exhibit A**. The Association shall be responsible for maintaining the Property Wall in the Added Territory in accordance with the Declaration.

(d) **Maintenance Obligations.** The maintenance obligations of the Owners are described in the Declaration and in each Owner's Residential Lot Lease. The maintenance obligations of the Association are described in the Declaration and in the Common Area Lease. The Association shall assume its maintenance obligations concerning the Added Territory as of the date of commencement of Annual Assessments in the Added Territory.

6. **Future Development.** Substantial Common Area may be annexed to the Project in future Phases. Any such annexation shall be in accordance with the development plan of Declarant and consistent with filings submitted to the DRE. No annexation to the Project of Common Area shall result in an increase in Annual Assessments by more than the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, unless Declarant or a Licensee subsidizes the Annual Assessments to an amount at or below the highest range. Each Owner by accepting title to a Separate Interest in the Added Territory consents to any increase in Annual Assessments resulting from the annexation to the Project of additional Common Area in the future so long as either (a) such annexation does not cause Annual Assessments to exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, or (b) Declarant or a Licensee subsidizes the Annual Assessments until enough Separate Interests have been added to the Project so that Annual Assessments do not exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project.

7. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

8. **Miscellaneous.** This Notice of Addition shall run with all of the Added Territory and the Project, shall be binding on all Persons having or acquiring any interest in the Added Territory and the Project, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory and the Project, and any interest therein, and shall inure to the benefit of, shall be binding on and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association and their successive owners and assigns. Except as otherwise expressly provided herein, the capitalized terms used in this Notice of Addition have the same meanings as are given to such terms in the Declaration. Except as otherwise expressly provided herein, the Declaration is incorporated herein by reference as if fully set forth herein.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE**

(Phase 7)

(Lots 22 to 24, inclusive, 24A, 25 to 27, inclusive, A, G, I, J and K as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace))

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a California public corporation

By: Elise Levinson

Name: Elise Levinson

Title: Assistant Director of Colleges and University Housing

By: _____

Name: _____

Title: _____

"Declarant"

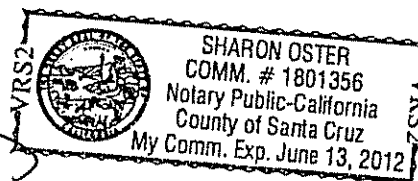
STATE OF CALIFORNIA)
)
COUNTY OF SANTA CRUZ)

On January 6, 2009, before me, Sharon Oster, a Notary Public for the State of California, personally appeared Elise Levinson, 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.

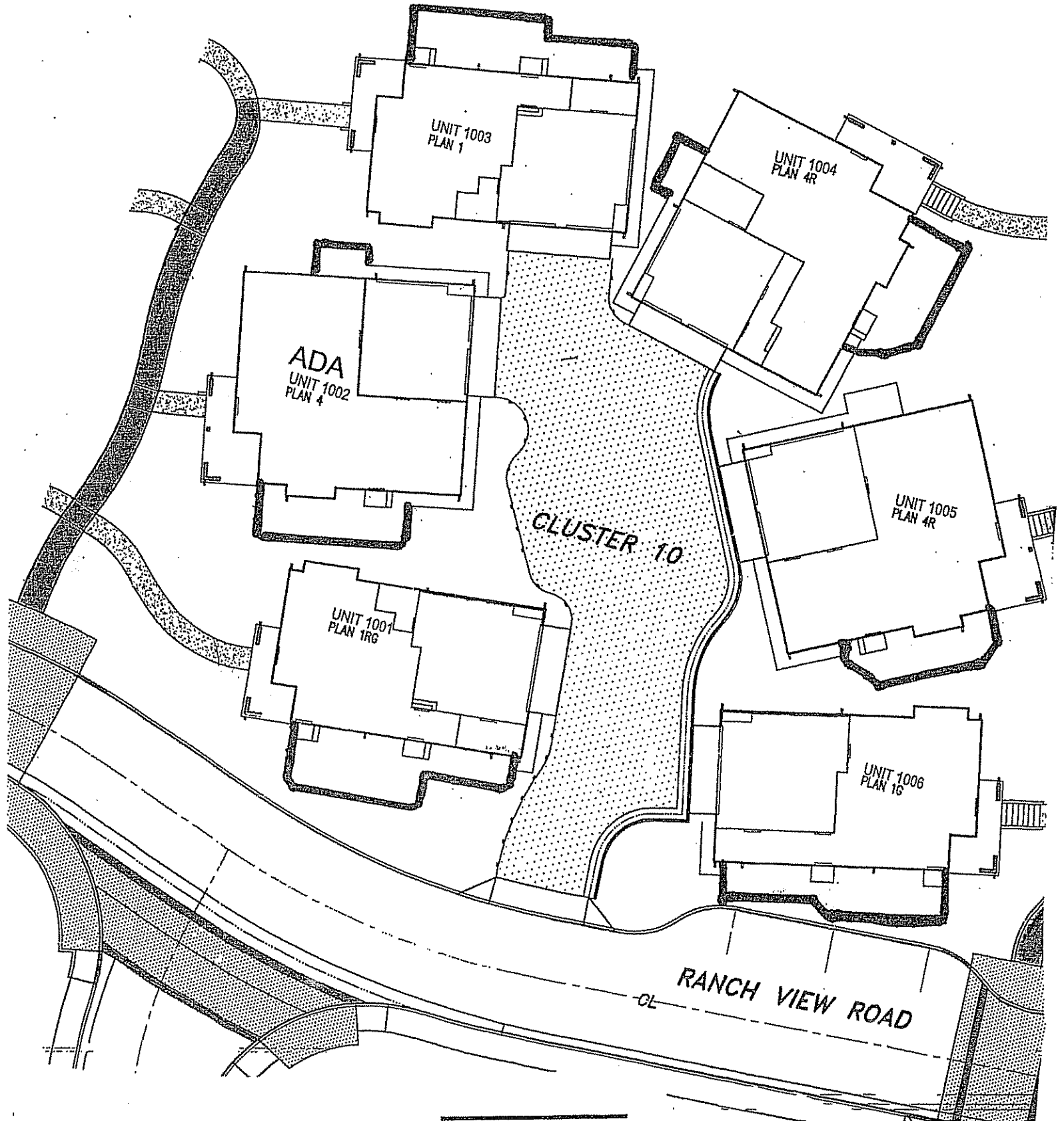
[Handwritten Signature of Sharon Oster]



SIGNATURE Sharon Oster, Notary Public
My commission expires June 13, 2012

EXHIBIT A

DRAWING DEPICTING LOCATION OF PROPERTY WALL IN PHASE 7



PRIVATE YARD FENCE LOCATIONS

RECORDING REQUESTED BY:

First American Title Company
#4402-5707-A (SO)

RECORDED AT THE REQUEST OF
FIRST AMERICAN TITLE INS. CO.

JAN 14 2009 8AM
2009-0001417
CONFORMED COPY

SANTA CRUZ COUNTY RECORDS

WHEN RECORDED, MAIL TO:

The Regents of the University of California
Office of the General Counsel
1111 Franklin Street, 8th Floor
Oakland, CA 94607

Attention: Janet Norris

(Space Above for Recorder's Use)

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE**

(Phase 5)

(Lots 17 to 19, inclusive, 19A, 20, 21 and F as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace))

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 5)**

(Lots 17 to 19, inclusive, 19A, 20, 21 and F as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace))

This Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace (this ***“Notice of Addition”***) is made by **THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**, a California public corporation (***“Declarant”***).

PREAMBLE

A. Declarant executed the Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace, which was Recorded on November 4, 2008, as Instrument No. 2008-0044765 (together with all amendments thereto (if any), collectively, the ***“Declaration”***), in the Official Records of Santa Cruz County, California (the ***“Official Records”***). The Declaration is binding on all Owners (as defined in the Declaration) in the planned development known as Ranch View Terrace (the ***“Project”***).

B. Declarant is the owner of certain real property (the ***“Added Territory”***) in the County of Santa Cruz, California, described as follows:

Lots 17 to 19, inclusive, 19A, 20, 21 and F as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace), recorded in Book 111, at Page 7, of Maps in the Office of the Santa Cruz County, California, Recorder (the ***“Record of Survey”***).

C. The Added Territory is part of the Annexable Territory as defined in the Declaration.

D. Pursuant to the Declaration, Declarant now desires to designate the Added Territory as a Phase of the Project.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Phase.** The Added Territory is annexed as a Phase of the Project.

2. **Membership in the Association.** As provided in Section 3.1(a) of the Declaration, (a) Declarant is a Member of Ranch View Terrace Homeowners Association, a California nonprofit mutual benefit corporation (the "**Association**"), so long as, and at any time when, Declarant owns any Residential Lot in the Added Territory that is not subject to a Residential Lot Lease; (b) Licensee is a Member of the Association so long as Licensee is the lessee under a Residential Lot Lease for a Residential Lot in the Added Territory; and (c) other Persons shall become Members of the Association automatically when they become Owners of Separate Interests in the Added Territory.

3. **Assessment Obligations.** The rights and obligations of all Owners of Separate Interests in the Added Territory concerning the payment of Assessments are set forth in the Declaration. Annual Assessments to be paid to the Association shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory, as provided in the Declaration. Annual Assessments shall be levied against the Owners of Separate Interests in the Added Territory in the amounts set forth in the budget on file with the DRE. Thereafter, as Annual Assessments commence with respect to each subsequent Phase, they shall be adjusted in accordance with the combined budget of the Association approved by the Board and subject to the limits imposed by the maximum range of Assessments disclosed in the most recent Public Report for the Project.

4. **Voting Rights.** The entitlement to vote shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory.

5. **Land Classifications, Easements and Restrictions.**

(a) **Residential Lots.** Lots 17 to 19, inclusive, 19A, 20 and 21 as shown on the Record of Survey are designated as Residential Lots in the Added Territory.

(b) **Common Area.** Lot F as shown on the Record of Survey is designated as Common Area in the Added Territory. The Common Area in the Added Territory will become subject to the Ranch View Terrace Common Area Lease (the "**Common Area Lease**"), a Memorandum of which will be Recorded in the Official Records, as "Common Area" (as defined in the Common Area Lease) as of the first Close of Escrow in the Added Territory. All rights and obligations of the Association with respect to the Common Area (including such rights and obligations as are provided in the Declaration) are subject to the Common Area Lease.

(c) **Property Wall.** The location of the Property Wall in the Added Territory is depicted in **Exhibit A**. The Association shall be responsible for maintaining the Property Wall in the Added Territory in accordance with the Declaration.

(d) **Maintenance Obligations.** The maintenance obligations of the Owners are described in the Declaration and in each Owner's Residential Lot Lease. The maintenance obligations of the Association are described in the Declaration and in the Common Area Lease. The Association shall assume its maintenance obligations concerning the Added Territory as of the date of commencement of Annual Assessments in the Added Territory.

6. **Future Development.** Substantial Common Area may be annexed to the Project in future Phases. Any such annexation shall be in accordance with the development plan of Declarant and consistent with filings submitted to the DRE. No annexation to the Project of Common Area shall result in an increase in Annual Assessments by more than the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, unless Declarant or a Licensee subsidizes the Annual Assessments to an amount at or below the highest range. Each Owner by accepting title to a Separate Interest in the Added Territory consents to any increase in Annual Assessments resulting from the annexation to the Project of additional Common Area in the future so long as either (a) such annexation does not cause Annual Assessments to exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, or (b) Declarant or a Licensee subsidizes the Annual Assessments until enough Separate Interests have been added to the Project so that Annual Assessments do not exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project.

7. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

8. **Miscellaneous.** This Notice of Addition shall run with all of the Added Territory and the Project, shall be binding on all Persons having or acquiring any interest in the Added Territory and the Project, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory and the Project, and any interest therein, and shall inure to the benefit of, shall be binding on and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association and their successive owners and assigns. Except as otherwise expressly provided herein, the capitalized terms used in this Notice of Addition have the same meanings as are given to such terms in the Declaration. Except as otherwise expressly provided herein, the Declaration is incorporated herein by reference as if fully set forth herein.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR**

**RANCH VIEW TERRACE
(Phase 5)**

(Lots 17 to 19, inclusive, 19A, 20, 21 and F as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))

**THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA, a California public corporation**

By: *Elise Levinson*
Name: Elise Levinson

Title: Assistant Director of Colleges and
University Housing

By: *[Signature]*

Name: _____
Title: _____

“Declarant”

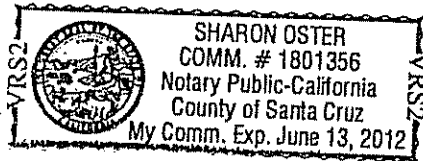
STATE OF CALIFORNIA)
)
COUNTY OF SANTA CRUZ)

On January 6, 2009, before me, Sharon Oster, a Notary Public for
the State of California, personally appeared Elise Levinson,
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.

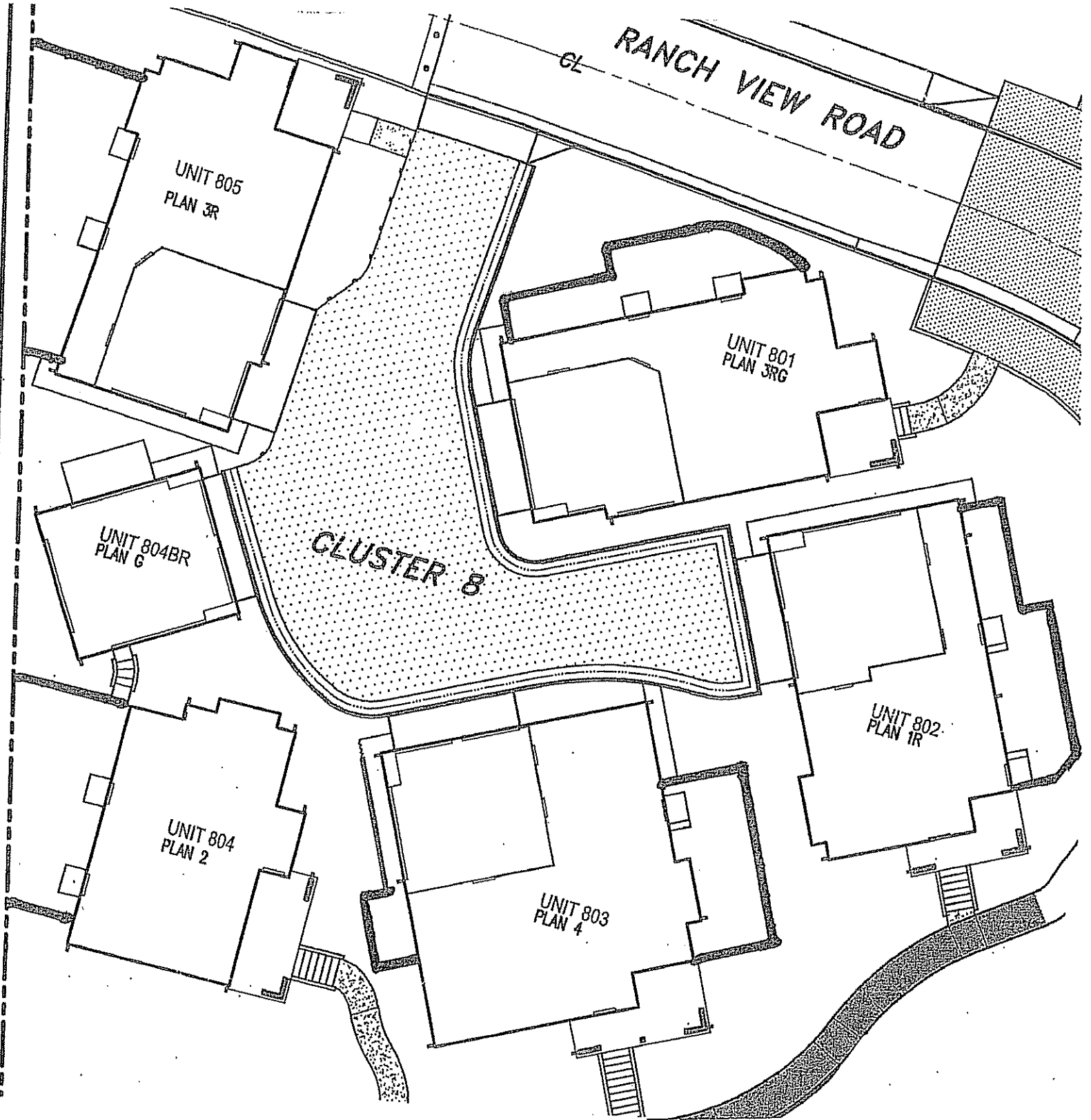
[Signature]



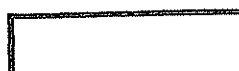
SIGNATURE Sharon Oster, Notary Public
My commission expires June 13, 2012

EXHIBIT A

DRAWING DEPICTING LOCATION OF PROPERTY WALL IN PHASE 5



PRIVATE YARD FENCE LOCATIONS



RECORDING REQUESTED BY:

First American Title Company
#4402-5707-A (S0)

RECORDED AT THE REQUEST OF
FIRST AMERICAN TITLE INS. CO.

JAN 14 2009

8 AM

2009-0001417

CONFORMED COPY
SANTA CRUZ COUNTY RECORDS

WHEN RECORDED, MAIL TO:

The Regents of the University of California
Office of the General Counsel
1111 Franklin Street, 8th Floor
Oakland, CA 94607

Attention: Janet Norris

(Space Above for Recorder's Use)

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE**

(Phase 3)

(Lots 10 to 16, inclusive, and E as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 3)**

(Lots 10 to 16, inclusive, and E as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))

This Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace (this ***“Notice of Addition”***) is made by **THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**, a California public corporation (***“Declarant”***).

PREAMBLE

A. Declarant executed the Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace, which was Recorded on November 4, 2008, as Instrument No. 2008-0044765 (together with all amendments thereto (if any), collectively, the ***“Declaration”***), in the Official Records of Santa Cruz County, California (the ***“Official Records”***). The Declaration is binding on all Owners (as defined in the Declaration) in the planned development known as Ranch View Terrace (the ***“Project”***).

B. Declarant is the owner of certain real property (the ***“Added Territory”***) in the County of Santa Cruz, California, described as follows:

Lots 10 to 16, inclusive, and E as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace), recorded in Book 111, at Page 7, of Maps in the Office of the Santa Cruz County, California, Recorder (the ***“Record of Survey”***).

C. The Added Territory is part of the Annexable Territory as defined in the Declaration.

D. Pursuant to the Declaration, Declarant now desires to designate the Added Territory as a Phase of the Project.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Phase.** The Added Territory is annexed as a Phase of the Project.

2. **Membership in the Association.** As provided in Section 3.1(a) of the Declaration, (a) Declarant is a Member of Ranch View Terrace Homeowners Association, a California nonprofit mutual benefit corporation (the "**Association**"), so long as, and at any time when, Declarant owns any Residential Lot in the Added Territory that is not subject to a Residential Lot Lease; (b) Licensee is a Member of the Association so long as Licensee is the lessee under a Residential Lot Lease for a Residential Lot in the Added Territory; and (c) other Persons shall become Members of the Association automatically when they become Owners of Separate Interests in the Added Territory.

3. **Assessment Obligations.** The rights and obligations of all Owners of Separate Interests in the Added Territory concerning the payment of Assessments are set forth in the Declaration. Annual Assessments to be paid to the Association shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory, as provided in the Declaration. Annual Assessments shall be levied against the Owners of Separate Interests in the Added Territory in the amounts set forth in the budget on file with the DRE. Thereafter, as Annual Assessments commence with respect to each subsequent Phase, they shall be adjusted in accordance with the combined budget of the Association approved by the Board and subject to the limits imposed by the maximum range of Assessments disclosed in the most recent Public Report for the Project.

4. **Voting Rights.** The entitlement to vote shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory.

5. **Land Classifications, Easements and Restrictions.**

(a) **Residential Lots.** Lots 10 to 16, inclusive, as shown on the Record of Survey are designated as Residential Lots in the Added Territory.

(b) **Common Area.** Lot E as shown on the Record of Survey is designated as Common Area in the Added Territory. The Common Area in the Added Territory will become subject to the Ranch View Terrace Common Area Lease (the "**Common Area Lease**"), a Memorandum of which will be Recorded in the Official Records, as "Common Area" (as defined in the Common Area Lease) as of the first Close of Escrow in the Added Territory. All rights and obligations of the Association with respect to the Common Area (including such rights and obligations as are provided in the Declaration) are subject to the Common Area Lease.

(c) **Property Wall.** The location of the Property Wall in the Added Territory is depicted in **Exhibit A**. The Association shall be responsible for maintaining the Property Wall in the Added Territory in accordance with the Declaration.

(d) **Maintenance Obligations.** The maintenance obligations of the Owners are described in the Declaration and in each Owner's Residential Lot Lease. The maintenance obligations of the Association are described in the Declaration and in the Common Area Lease. The Association shall assume its maintenance obligations concerning the Added Territory as of the date of commencement of Annual Assessments in the Added Territory.

6. **Future Development.** Substantial Common Area may be annexed to the Project in future Phases. Any such annexation shall be in accordance with the development plan of Declarant and consistent with filings submitted to the DRE. No annexation to the Project of Common Area shall result in an increase in Annual Assessments by more than the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, unless Declarant or a Licensee subsidizes the Annual Assessments to an amount at or below the highest range. Each Owner by accepting title to a Separate Interest in the Added Territory consents to any increase in Annual Assessments resulting from the annexation to the Project of additional Common Area in the future so long as either (a) such annexation does not cause Annual Assessments to exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, or (b) Declarant or a Licensee subsidizes the Annual Assessments until enough Separate Interests have been added to the Project so that Annual Assessments do not exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project.

7. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

8. **Miscellaneous.** This Notice of Addition shall run with all of the Added Territory and the Project, shall be binding on all Persons having or acquiring any interest in the Added Territory and the Project, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory and the Project, and any interest therein, and shall inure to the benefit of, shall be binding on and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association and their successive owners and assigns. Except as otherwise expressly provided herein, the capitalized terms used in this Notice of Addition have the same meanings as are given to such terms in the Declaration. Except as otherwise expressly provided herein, the Declaration is incorporated herein by reference as if fully set forth herein.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 3)
(Lots 10 to 16, inclusive, and E as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))**

**THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA**, a California public corporation

By: *Elise Levinson*
Name: Elise Levinson
Title: Assistant Director of Colleges and
University Housing
By: _____
Name: _____
Title: _____

“Declarant”

STATE OF CALIFORNIA)
)
COUNTY OF SANTA CRUZ)

On January 6, 2009, before me, Sharon Oster, a Notary Public for the State of California, personally appeared Elise Levinson, 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.

Sharon Oster

SIGNATURE Sharon Oster, Notary Public
My commission expires June 13, 2012

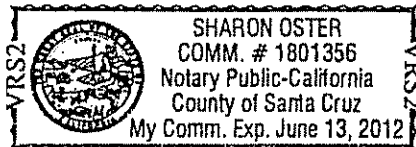
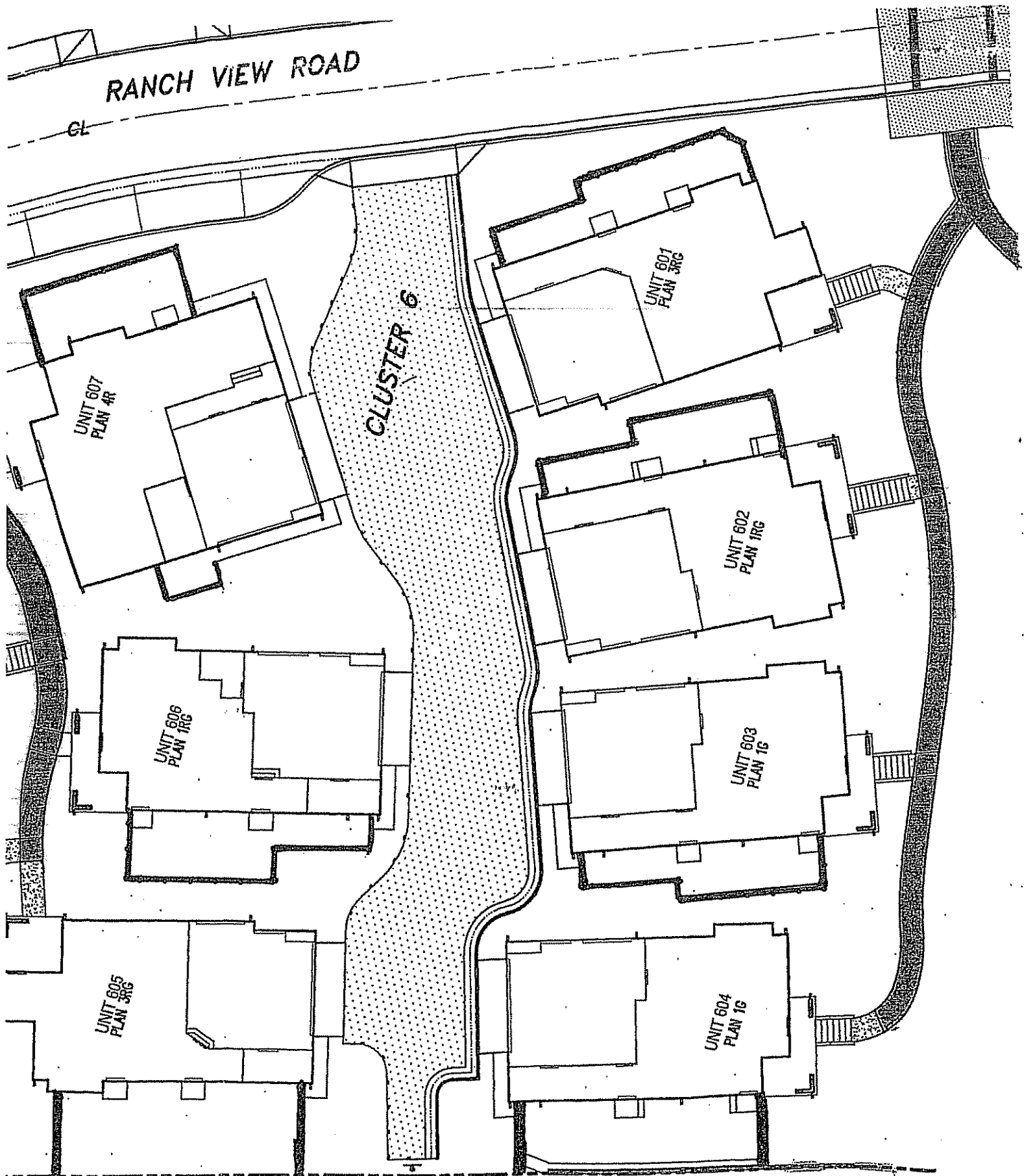


EXHIBIT A

DRAWING DEPICTING LOCATION OF PROPERTY WALL IN PHASE 3



PRIVATE YARD FENCE LOCATIONS

RECORDING REQUESTED BY:

First American Title Company
#4402-5707-A (SO)

RECORDED AT THE REQUEST OF
FIRST AMERICAN TITLE INS. CO.

JAN 14 2009

8 AM

2009-0001414

CONFORMED COPY
SANTA CRUZ COUNTY RECORDS

WHEN RECORDED, MAIL TO:

The Regents of the University of California
Office of the General Counsel
1111 Franklin Street, 8th Floor
Oakland, CA 94607

Attention: Janet Norris

(Space Above for Recorder's Use)

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 4)**

(Lots 34 to 39, inclusive, and D as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 4)**

(Lots 34 to 39, inclusive, and D as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace))

This Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace (this ***“Notice of Addition”***) is made by **THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**, a California public corporation (***“Declarant”***).

PREAMBLE

A. Declarant executed the Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace, which was Recorded on November 4, 2008, as Instrument No. 2008-0044765 (together with all amendments thereto (if any), collectively, the ***“Declaration”***), in the Official Records of Santa Cruz County, California (the ***“Official Records”***). The Declaration is binding on all Owners (as defined in the Declaration) in the planned development known as Ranch View Terrace (the ***“Project”***).

B. Declarant is the owner of certain real property (the ***“Added Territory”***) in the County of Santa Cruz, California, described as follows:

Lots 34 to 39, inclusive, and D as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace), recorded in Book 111, at Page 7, of Maps in the Office of the Santa Cruz County, California, Recorder (the ***“Record of Survey”***).

C. The Added Territory is part of the Annexable Territory as defined in the Declaration.

D. Pursuant to the Declaration, Declarant now desires to designate the Added Territory as a Phase of the Project.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Phase.** The Added Territory is annexed as a Phase of the Project.

2. **Membership in the Association.** As provided in Section 3.1(a) of the Declaration, (a) Declarant is a Member of Ranch View Terrace Homeowners Association, a California nonprofit mutual benefit corporation (the "**Association**"), so long as, and at any time when, Declarant owns any Residential Lot in the Added Territory that is not subject to a Residential Lot Lease; (b) Licensee is a Member of the Association so long as Licensee is the lessee under a Residential Lot Lease for a Residential Lot in the Added Territory; and (c) other Persons shall become Members of the Association automatically when they become Owners of Separate Interests in the Added Territory.

3. **Assessment Obligations.** The rights and obligations of all Owners of Separate Interests in the Added Territory concerning the payment of Assessments are set forth in the Declaration. Annual Assessments to be paid to the Association shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory, as provided in the Declaration. Annual Assessments shall be levied against the Owners of Separate Interests in the Added Territory in the amounts set forth in the budget on file with the DRE. Thereafter, as Annual Assessments commence with respect to each subsequent Phase, they shall be adjusted in accordance with the combined budget of the Association approved by the Board and subject to the limits imposed by the maximum range of Assessments disclosed in the most recent Public Report for the Project.

4. **Voting Rights.** The entitlement to vote shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory.

5. **Land Classifications, Easements and Restrictions.**

(a) **Residential Lots.** Lots 34 to 39, inclusive, as shown on the Record of Survey are designated as Residential Lots in the Added Territory.

(b) **Common Area.** Lot D as shown on the Record of Survey is designated as Common Area in the Added Territory. The Common Area in the Added Territory will become subject to the Ranch View Terrace Common Area Lease (the "**Common Area Lease**"), a Memorandum of which will be Recorded in the Official Records, as "Common Area" (as defined in the Common Area Lease) as of the first Close of Escrow in the Added Territory. All rights and obligations of the Association with respect to the Common Area (including such rights and obligations as are provided in the Declaration) are subject to the Common Area Lease.

(c) **Property Wall.** The location of the Property Wall in the Added Territory is depicted in **Exhibit A**. The Association shall be responsible for maintaining the Property Wall in the Added Territory in accordance with the Declaration.

(d) **Maintenance Obligations.** The maintenance obligations of the Owners are described in the Declaration and in each Owner's Residential Lot Lease. The maintenance obligations of the Association are described in the Declaration and in the Common Area Lease. The Association shall assume its maintenance obligations concerning the Added Territory as of the date of commencement of Annual Assessments in the Added Territory.

6. **Future Development.** Substantial Common Area may be annexed to the Project in future Phases. Any such annexation shall be in accordance with the development plan of Declarant and consistent with filings submitted to the DRE. No annexation to the Project of Common Area shall result in an increase in Annual Assessments by more than the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, unless Declarant or a Licensee subsidizes the Annual Assessments to an amount at or below the highest range. Each Owner by accepting title to a Separate Interest in the Added Territory consents to any increase in Annual Assessments resulting from the annexation to the Project of additional Common Area in the future so long as either (a) such annexation does not cause Annual Assessments to exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, or (b) Declarant or a Licensee subsidizes the Annual Assessments until enough Separate Interests have been added to the Project so that Annual Assessments do not exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project.

7. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

8. **Miscellaneous.** This Notice of Addition shall run with all of the Added Territory and the Project, shall be binding on all Persons having or acquiring any interest in the Added Territory and the Project, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory and the Project, and any interest therein, and shall inure to the benefit of, shall be binding on and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association and their successive owners and assigns. Except as otherwise expressly provided herein, the capitalized terms used in this Notice of Addition have the same meanings as are given to such terms in the Declaration. Except as otherwise expressly provided herein, the Declaration is incorporated herein by reference as if fully set forth herein.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 4)
(Lots 34 to 39, inclusive, and D as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))**

**THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA, a California public corporation**

By: *Elise Levinson*
Name: Elise Levinson
Title: Assistant Director of Colleges
and University Housing

By: *[Signature]*
Name: _____
Title: _____

“Declarant”

STATE OF CALIFORNIA)
)
COUNTY OF SANTA CRUZ)

On January 6, 2009, before me, Sharon Oster, a Notary Public for the State of California, personally appeared Elise Levinson, 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]

SIGNATURE Sharon Oster, Notary Public
My commission expires June 13, 2012

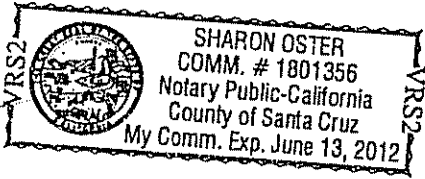
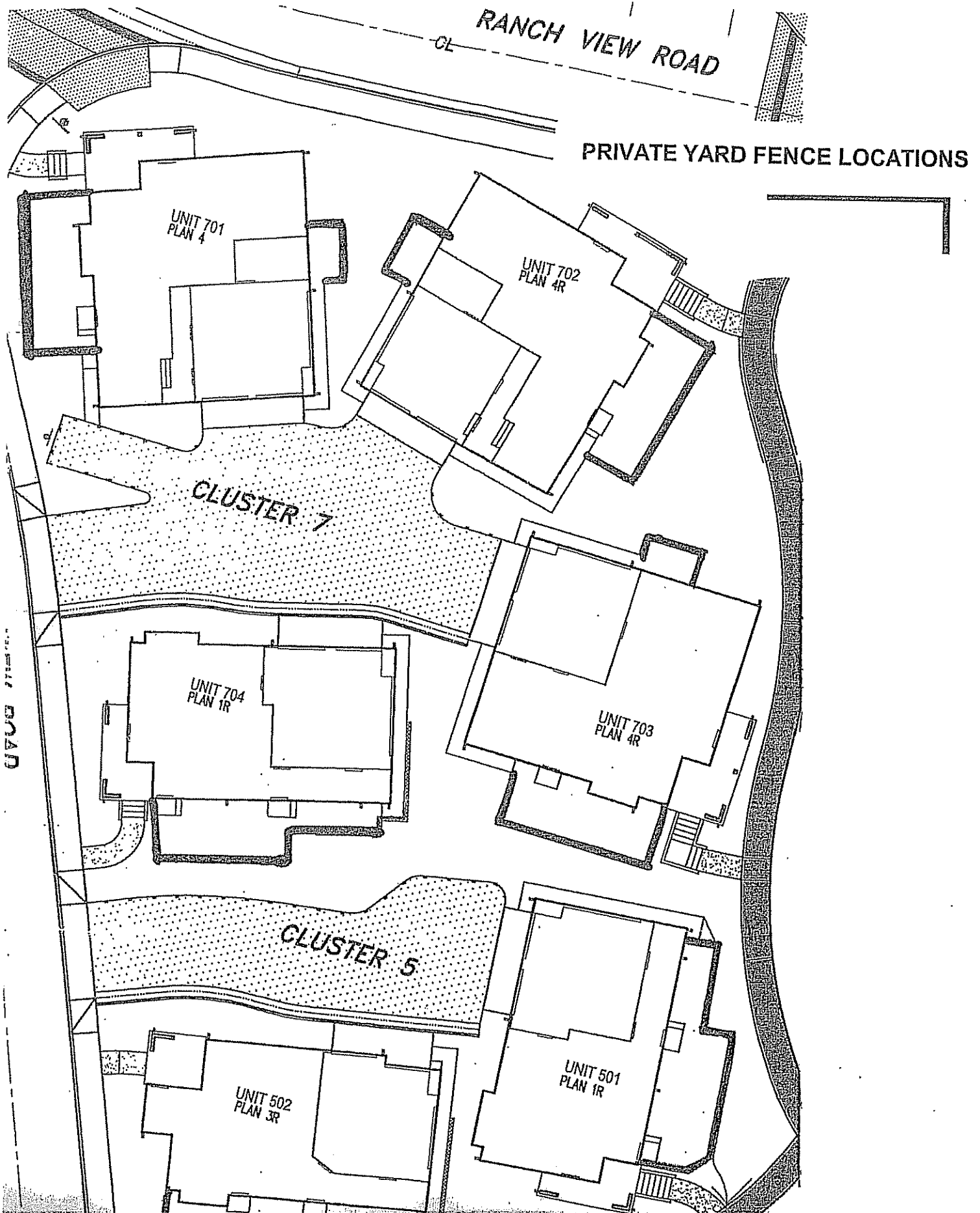


EXHIBIT A

DRAWING DEPICTING LOCATION OF PROPERTY WALL IN PHASE 4



RECORDING REQUESTED BY:

First American Title Company
#4402-5707-A (S0)

WHEN RECORDED, MAIL TO:

The Regents of the University of California
Office of the General Counsel
1111 Franklin Street, 8th Floor
Oakland, CA 94607

Attention: Janet Norris

RECORDED AT THE REQUEST OF
FIRST AMERICAN TITLE INS. CO.

JAN 14 2009 *8AM*
0009-000/408
CONFORMED COPY
SANTA CRUZ COUNTY RECORDS

(Space Above for Recorder's Use)

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE**

(Phase 2)

**(Lots 2 to 9, inclusive, and C as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))**

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 2)**

(Lots 2 to 9, inclusive, and C as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))

This Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace (this ***“Notice of Addition”***) is made by **THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**, a California public corporation (***“Declarant”***).

PREAMBLE

A. Declarant executed the Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace, which was Recorded on November 4, 2008, as Instrument No. 2008-0044765 (together with all amendments thereto (if any), collectively, the ***“Declaration”***), in the Official Records of Santa Cruz County, California (the ***“Official Records”***). The Declaration is binding on all Owners (as defined in the Declaration) in the planned development known as Ranch View Terrace (the ***“Project”***).

B. Declarant is the owner of certain real property (the ***“Added Territory”***) in the County of Santa Cruz, California, described as follows:

Lots 2 to 9, inclusive, and C as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace), recorded in Book 111, at Page 7, of Maps in the Office of the Santa Cruz County, California, Recorder (the ***“Record of Survey”***).

C. The Added Territory is part of the Annexable Territory as defined in the Declaration.

D. Pursuant to the Declaration, Declarant now desires to designate the Added Territory as a Phase of the Project.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Phase.** The Added Territory is annexed as a Phase of the Project.

2. **Membership in the Association.** As provided in Section 3.1(a) of the Declaration, (a) Declarant is a Member of Ranch View Terrace Homeowners Association, a California nonprofit mutual benefit corporation (the "**Association**"), so long as, and at any time when, Declarant owns any Residential Lot in the Added Territory that is not subject to a Residential Lot Lease; (b) Licensee is a Member of the Association so long as Licensee is the lessee under a Residential Lot Lease for a Residential Lot in the Added Territory; and (c) other Persons shall become Members of the Association automatically when they become Owners of Separate Interests in the Added Territory.

3. **Assessment Obligations.** The rights and obligations of all Owners of Separate Interests in the Added Territory concerning the payment of Assessments are set forth in the Declaration. Annual Assessments to be paid to the Association shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory, as provided in the Declaration. Annual Assessments shall be levied against the Owners of Separate Interests in the Added Territory in the amounts set forth in the budget on file with the DRE. Thereafter, as Annual Assessments commence with respect to each subsequent Phase, they shall be adjusted in accordance with the combined budget of the Association approved by the Board and subject to the limits imposed by the maximum range of Assessments disclosed in the most recent Public Report for the Project.

4. **Voting Rights.** The entitlement to vote shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory.

5. **Land Classifications, Easements and Restrictions.**

(a) **Residential Lots.** Lots 2 to 9, inclusive, as shown on the Record of Survey are designated as Residential Lots in the Added Territory.

(b) **Common Area.** Lot C as shown on the Record of Survey is designated as Common Area in the Added Territory. The Common Area in the Added Territory will become subject to the Ranch View Terrace Common Area Lease (the "**Common Area Lease**"), a Memorandum of which will be Recorded in the Official Records, as "Common Area" (as defined in the Common Area Lease) as of the first Close of Escrow in the Added Territory. All rights and obligations of the Association with respect to the Common Area (including such rights and obligations as are provided in the Declaration) are subject to the Common Area Lease.

(c) **Property Wall.** The location of the Property Wall in the Added Territory is depicted in **Exhibit A**. The Association shall be responsible for maintaining the Property Wall in the Added Territory in accordance with the Declaration.

(d) **Maintenance Obligations.** The maintenance obligations of the Owners are described in the Declaration and in each Owner's Residential Lot Lease. The maintenance obligations of the Association are described in the Declaration and in the Common Area Lease. The Association shall assume its maintenance obligations concerning the Added Territory as of the date of commencement of Annual Assessments in the Added Territory.

6. **Future Development.** Substantial Common Area may be annexed to the Project in future Phases. Any such annexation shall be in accordance with the development plan of Declarant and consistent with filings submitted to the DRE. No annexation to the Project of Common Area shall result in an increase in Annual Assessments by more than the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, unless Declarant or a Licensee subsidizes the Annual Assessments to an amount at or below the highest range. Each Owner by accepting title to a Separate Interest in the Added Territory consents to any increase in Annual Assessments resulting from the annexation to the Project of additional Common Area in the future so long as either (a) such annexation does not cause Annual Assessments to exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, or (b) Declarant or a Licensee subsidizes the Annual Assessments until enough Separate Interests have been added to the Project so that Annual Assessments do not exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project.

7. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

8. **Miscellaneous.** This Notice of Addition shall run with all of the Added Territory and the Project, shall be binding on all Persons having or acquiring any interest in the Added Territory and the Project, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory and the Project, and any interest therein, and shall inure to the benefit of, shall be binding on and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association and their successive owners and assigns. Except as otherwise expressly provided herein, the capitalized terms used in this Notice of Addition have the same meanings as are given to such terms in the Declaration. Except as otherwise expressly provided herein, the Declaration is incorporated herein by reference as if fully set forth herein.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 2)
(Lots 2 to 9, inclusive, and C as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))**

**THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA, a California public corporation**

By: Elise Levinson
 Name: Elise Levinson
 Title: Assistant Director of Colleges and
University Housing
 By: EL
 Name: _____
 Title: _____

"Declarant"

STATE OF CALIFORNIA)
)
 COUNTY OF SANTA CRUZ)

On January 6, 2009, before me, Sharon Oster, a Notary Public for the State of California, personally appeared Elise Levinson, 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.

Sharon Oster
 SIGNATURE Sharon Oster, Notary Public
 My commission expires June 13, 2012

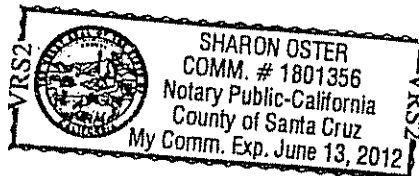
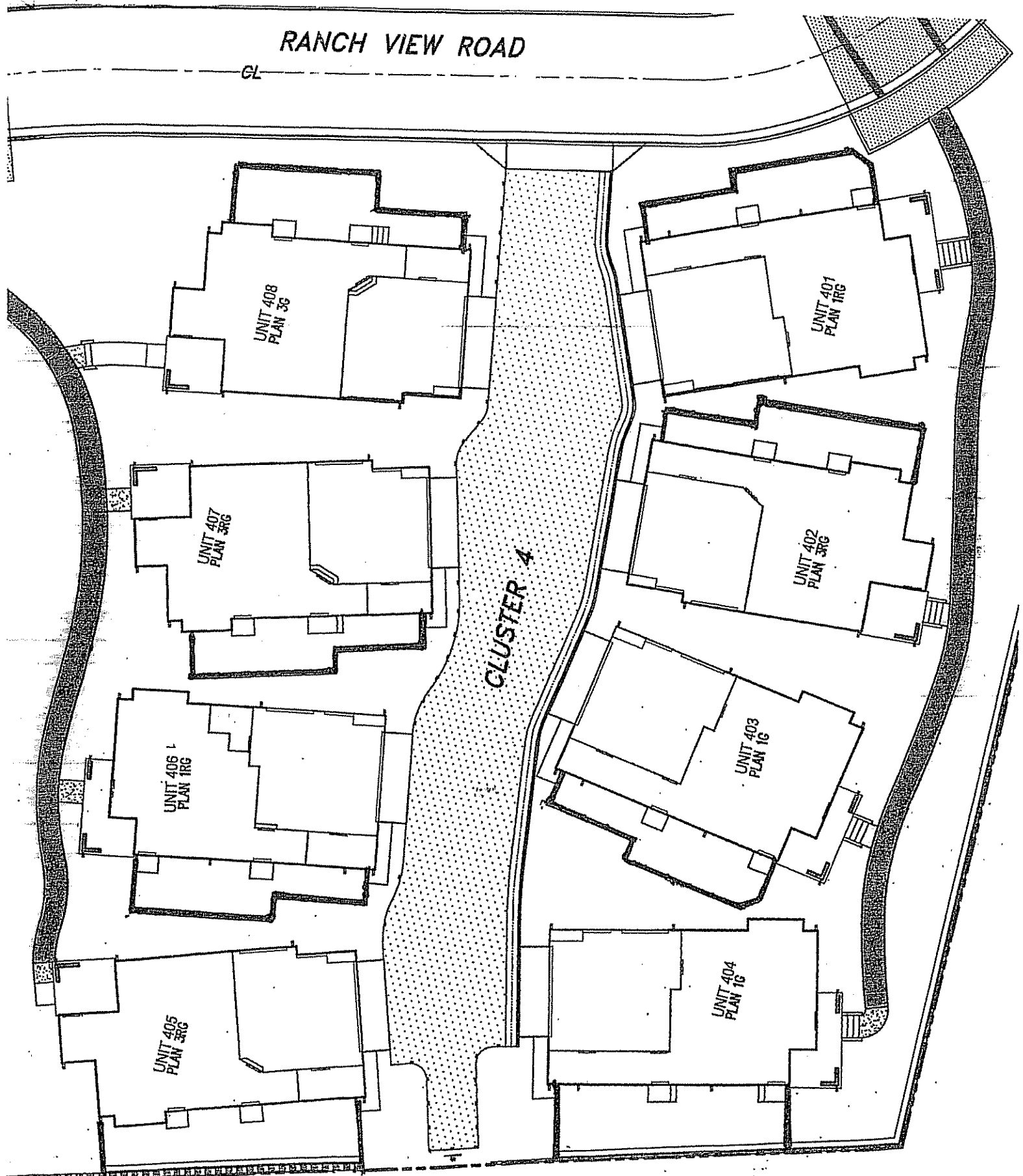


EXHIBIT A

DRAWING DEPICTING LOCATION OF PROPERTY WALL IN PHASE 2



PRIVATE YARD FENCE LOCATIONS

RECORDING REQUESTED BY:

First American Title Company
Escrow #4402-5707-A (SO)

WHEN RECORDED, MAIL TO:

The Regents of the University of California
Office of the General Counsel
1111 Franklin Street, 8th Floor
Oakland, CA 94607

Attention: Janet Norris

RECORDED AT THE REQUEST OF
FIRST AMERICAN TITLE INS. CO.

8AM
JAN 14 2009
2009-0001420
CONFORMED COPY
SANTA CRUZ COUNTY RECORDS

(Space Above for Recorder's Use)

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE**

(Phase 6)

**(Lots 28 to 33, inclusive, and H as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))**

**NOTICE OF ADDITION OF TERRITORY
AND
SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 6)**

(Lots 28 to 33, inclusive, and H as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace))

This Notice of Addition of Territory and Supplemental Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace (this ***“Notice of Addition”***) is made by **THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**, a California public corporation (***“Declarant”***).

PREAMBLE

A. Declarant executed the Declaration of Covenants, Conditions and Restrictions for Ranch View Terrace, which was Recorded on November 4, 2008, as Instrument No. 2008-0044765 (together with all amendments thereto (if any), collectively, the ***“Declaration”***), in the Official Records of Santa Cruz County, California (the ***“Official Records”***). The Declaration is binding on all Owners (as defined in the Declaration) in the planned development known as Ranch View Terrace (the ***“Project”***).

B. Declarant is the owner of certain real property (the ***“Added Territory”***) in the County of Santa Cruz, California, described as follows:

Lots 28 to 33, inclusive, and H as shown on the Record of Survey (Official Map of the University of California – Ranch View Terrace), recorded in Book 111, at Page 7, of Maps in the Office of the Santa Cruz County, California, Recorder (the ***“Record of Survey”***).

C. The Added Territory is part of the Annexable Territory as defined in the Declaration.

D. Pursuant to the Declaration, Declarant now desires to designate the Added Territory as a Phase of the Project.

THEREFORE, DECLARANT DECLARES AS FOLLOWS:

1. **Annexation of Phase.** The Added Territory is annexed as a Phase of the Project.

2. **Membership in the Association.** As provided in Section 3.1(a) of the Declaration, (a) Declarant is a Member of Ranch View Terrace Homeowners Association, a California nonprofit mutual benefit corporation (the "**Association**"), so long as, and at any time when, Declarant owns any Residential Lot in the Added Territory that is not subject to a Residential Lot Lease; (b) Licensee is a Member of the Association so long as Licensee is the lessee under a Residential Lot Lease for a Residential Lot in the Added Territory; and (c) other Persons shall become Members of the Association automatically when they become Owners of Separate Interests in the Added Territory.

3. **Assessment Obligations.** The rights and obligations of all Owners of Separate Interests in the Added Territory concerning the payment of Assessments are set forth in the Declaration. Annual Assessments to be paid to the Association shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory, as provided in the Declaration. Annual Assessments shall be levied against the Owners of Separate Interests in the Added Territory in the amounts set forth in the budget on file with the DRE. Thereafter, as Annual Assessments commence with respect to each subsequent Phase, they shall be adjusted in accordance with the combined budget of the Association approved by the Board and subject to the limits imposed by the maximum range of Assessments disclosed in the most recent Public Report for the Project.

4. **Voting Rights.** The entitlement to vote shall begin for all Separate Interests in the Added Territory on the first day of the first calendar month following the first Close of Escrow in the Added Territory.

5. **Land Classifications, Easements and Restrictions.**

(a) **Residential Lots.** Lots 28 to 33, inclusive, as shown on the Record of Survey are designated as Residential Lots in the Added Territory.

(b) **Common Area.** Lot H as shown on the Record of Survey is designated as Common Area in the Added Territory. The Common Area in the Added Territory will become subject to the Ranch View Terrace Common Area Lease (the "**Common Area Lease**"), a Memorandum of which will be Recorded in the Official Records, as "Common Area" (as defined in the Common Area Lease) as of the first Close of Escrow in the Added Territory. All rights and obligations of the Association with respect to the Common Area (including such rights and obligations as are provided in the Declaration) are subject to the Common Area Lease.

(c) **Property Wall.** The location of the Property Wall in the Added Territory is depicted in **Exhibit A**. The Association shall be responsible for maintaining the Property Wall in the Added Territory in accordance with the Declaration.

(d) **Maintenance Obligations.** The maintenance obligations of the Owners are described in the Declaration and in each Owner's Residential Lot Lease. The maintenance obligations of the Association are described in the Declaration and in the Common Area Lease. The Association shall assume its maintenance obligations concerning the Added Territory as of the date of commencement of Annual Assessments in the Added Territory.

6. **Future Development.** Substantial Common Area may be annexed to the Project in future Phases. Any such annexation shall be in accordance with the development plan of Declarant and consistent with filings submitted to the DRE. No annexation to the Project of Common Area shall result in an increase in Annual Assessments by more than the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, unless Declarant or a Licensee subsidizes the Annual Assessments to an amount at or below the highest range. Each Owner by accepting title to a Separate Interest in the Added Territory consents to any increase in Annual Assessments resulting from the annexation to the Project of additional Common Area in the future so long as either (a) such annexation does not cause Annual Assessments to exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project, or (b) Declarant or a Licensee subsidizes the Annual Assessments until enough Separate Interests have been added to the Project so that Annual Assessments do not exceed the highest range of Annual Assessments disclosed in the most recent Public Report for the Project.

7. **Conformity with Development Plan.** This Notice of Addition is in conformity with the development plan currently on file with the DRE.

8. **Miscellaneous.** This Notice of Addition shall run with all of the Added Territory and the Project, shall be binding on all Persons having or acquiring any interest in the Added Territory and the Project, or any part thereof, shall inure to the benefit of and burden every portion of the Added Territory and the Project, and any interest therein, and shall inure to the benefit of, shall be binding on and may be enforced by any Owner, Declarant, each successor in interest of Declarant, the Association and their successive owners and assigns. Except as otherwise expressly provided herein, the capitalized terms used in this Notice of Addition have the same meanings as are given to such terms in the Declaration. Except as otherwise expressly provided herein, the Declaration is incorporated herein by reference as if fully set forth herein.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO NOTICE OF ADDITION OF TERRITORY AND SUPPLEMENTAL
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCH VIEW TERRACE
(Phase 6)
(Lots 28 to 33, inclusive, and H as shown on the Record of Survey (Official Map of
the University of California – Ranch View Terrace))**

**THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA, a California public corporation**

By: *Elise Levinson*
Name: Elise Levinson
Title: Assistant Director of Colleges and
University Housing
By: *[Signature]*
Name: _____
Title: _____

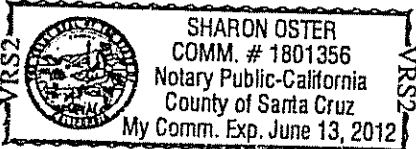
“Declarant”

STATE OF CALIFORNIA)
)
COUNTY OF SANTA CRUZ)

On January 6, 2009, before me, Sharon Oster, a Notary Public for the State of California, personally appeared Elise Levinson, 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]



SIGNATURE Sharon Oster, Notary Public
My commission expires June 13, 2012

EXHIBIT A

DRAWING DEPICTING LOCATION OF PROPERTY WALL IN PHASE 6

PRIVATE YARD FENCE LOCATIONS

