# **MEMBER DRAFT 9/26/2019**

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

SUNRISE HOMEOWNERS ASSOCIATION c/o

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

# AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF SUNRISE HOMEOWNERS ASSOCIATION

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# AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF SUNRISE HOMEOWNERS ASSOCIATION

This Amended and Restated Declaration of Covenants, Conditions and Restrictions is made on the date set forth at the end of this document by SUNRISE HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation (referred to in this document as the "Association").

## RECITALS OF BACKGROUND FACTS; DECLARATIONS

- A. This Amended and Restated Declaration is made with reference to that certain AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF SUNRISE HOMEOWNERS ASSOCIATION, dated September 28, 1993, and recorded on October 19, 1993, as Document No. 931019-2859, in the Official Records of Sacramento County, State of California (the "1993 Declaration").
- B. The 1993 Declaration establishes certain limitations, easements, covenants, restrictions, conditions, liens, and charges which run with, and are binding upon all parties having or acquiring any right, title, or interest in, that certain real property located in the County of Sacramento, State of California, and more particularly described as follows:

Lots 13 through 106, inclusive, as shown on that certain map entitled "Plat of Tempo Unit No. 2" filed for record on September 12, 1972, in Book 91 of Maps, at Page 19, in the Official Records of Sacramento County, State of California;

Lots 107 through 186, inclusive, Lots 189 through 204, inclusive, and Lots 207 through 242, inclusive, as shown on that certain map entitled "Plat of Tempo Unit No. 3" filed for record on March 5, 1973, in Book 92 of Maps, at Page 22, in the Official Records of Sacramento County, State of California;

and

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Common Area Lots 187, 188, 205 and 206, as shown on that certain map entitled "Plat of Tempo Unit No. 3" filed for record on March 5, 1973, in Book 92 of Maps, at Page 22, in the Official Records of Sacramento County, State of California.

- C. THE MEMBERS, constituting at least a majority of the Total Voting Power of the Association, desire to amend, modify, and otherwise change the 1993

  Declaration as amended pursuant to ARTICLE XI, SECTION 11.1 thereof, and DO HEREBY DECLARE that the 1993 Declaration as amended shall be, and it is hereby, AMENDED AND RESTATED IN ITS ENTIRETY as set forth in the within Amended and Restated Declaration of Covenants, Conditions and Restrictions of Sunrise Homeowners Association.
- D. IT IS FURTHER HEREBY DECLARED that all of the real property described in Recital Paragraph B, above, constitutes a planned development within the meaning of Section 4175 of the California Civil Code.
- E. IT IS FURTHER HEREBY DECLARED that all of the real property described in Recital Paragraph B, above, is and shall be held, owned, operated, managed, conveyed, hypothecated, encumbered, leased, used, occupied, and improved subject to the following covenants, conditions, and restrictions set forth herein, all of which are declared and agreed to be in furtherance of a plan and purpose of protecting, preserving, and enhancing the value, desirability, and attractiveness of the said real property and every part thereof, and of fostering the development, management, improvement, enjoyment, and sale of the said real property and any part thereof.
- F. IT IS FURTHER HEREBY DECLARED that all of the covenants, conditions, and restrictions set forth herein shall constitute enforceable equitable servitudes as provided in <u>California Civil Code section 5975</u>, shall constitute covenants that shall run with the said real property, and shall be binding upon and inure to the benefit of each <u>Owner</u> of any portion of the said real property or the owner or holder of any interest or estate therein and their heirs, successors, and assigns.

## ARTICLE 1 DEFINITIONS

- 1.1 <u>Additional Charges</u>. "Additional Charges" shall mean all costs, fees, charges, and expenditures including, but not limited to, interest, late charges, attorney fees, recording and filing fees, and all other costs actually incurred by the <u>Association</u> in collecting and/or enforcing payment of <u>Assessments</u>.
- 1.2 <u>Annual Assessment</u>. "Annual Assessment" shall have the meaning set forth in Section 8.7 ("Annual Assessment").

- 1.3 <u>Architectural Committee</u>. "Architectural Committee" shall mean the committee, if any, appointed pursuant to <u>Article 7</u> ("Architectural Approval").
- 1.4 <u>Articles of Incorporation</u>. "Articles of Incorporation" shall mean the Amended and <u>Restated Articles of Incorporation of Sunrise Homeowners Association</u>, as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.
- 1.5 <u>Assessments</u>. "Assessments" shall mean any or all of the following: <u>Annual Assessments</u>, <u>Special Assessments</u>, <u>Reimbursement Assessments</u>, and <u>Enforcement Assessments</u>.
- 1.6 <u>Association</u>. "Association" shall mean Sunrise Homeowners Association, a California nonprofit mutual benefit corporation, its successors and assigns.
- 1.7 <u>Board of Directors</u>. "Board of Directors" or "Board" shall mean the governing body of the <u>Association</u>.
- 1.8 <u>Bylaws</u>. "Bylaws" shall mean the <u>Amended and Restated Bylaws of the Association</u> as they shall be duly adopted by the <u>Board of Directors</u> and the <u>Members</u> and any duly-adopted amendments thereof.
- 1.9 <u>City</u>. "City" shall mean the City of Citrus Heights.
- 1.10 <u>Civil Code</u>. "Civil Code" shall mean the California Civil Code as amended from time to time.
- 1.11 <u>Common Area</u>. "Common Area" shall mean all real property and the improvements thereon owned or held by the <u>Association</u> from time to time for the common use and enjoyment of the <u>Owners</u> and <u>Residents</u> of the <u>Development</u>. The Common Area comprises <u>Lots</u> 188, 187, 205 and 206 as shown on that certain <u>Subdivision Map</u> entitled "Plat of Tempo Unit No. 3" and the improvements thereon, and includes, without limitation, a swimming pool, wading pool, pump house, pool house, cabana and open space.
- 1.12 <u>Contract Purchaser / Contract Seller</u>. "Contract Purchaser" and "Contract Seller" shall mean the purchaser and the seller, respectively, under an installment land contract in which title to the property is transferred after the final installment payment is made.
- 1.13 <u>Corporations Code</u>. "Corporations Code" shall mean the California Corporations Code as amended from time to time.
- 1.14 County. "County" shall mean the County of Sacramento.

- 1.15 <u>Declaration</u>. "Declaration" shall mean this Amended and Restated Declaration of Covenants, Conditions and Restrictions of Sunrise Homeowners Association, recorded in the Office of the County Recorder of Sacramento County, State of California, and any duly-recorded amendments thereof.
- 1.16 <u>Development</u>. "Development" shall mean all the real property described in this <u>Declaration</u> comprising the Sunrise planned development and any additional real property as may hereafter be brought within the jurisdiction of the <u>Association</u>.
- 1.17 <u>Dwelling</u>. "Dwelling" shall mean a structure designed for human residential use and occupancy which is located upon a <u>Lot</u>.
- 1.18 <u>Enforcement Assessment</u>. "Enforcement Assessment" shall have the meaning set forth in <u>Section 8.10</u> ("Enforcement Assessment").
- 1.19 <u>First Mortgage / First Mortgagee</u>. "First Mortgage" shall mean a Mortgage that has first priority over all other Mortgages. "First Mortgagee" shall mean the beneficiary under a First Mortgage.
- 1.20 <u>Governing Documents</u>. "Governing Documents" shall mean the <u>Articles of Incorporation</u>, <u>Bylaws</u>, <u>Declaration</u>, and <u>Rules</u>.
- 1.21 <u>Individual Delivery / Individual Notice</u>. "Individual Delivery" or "Individual Notice" shall mean delivery to a <u>Member or Members</u> by one (1) of the following methods, as provided in <u>Civil Code section 4040</u>:
  - (a) By first-class mail with postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier, addressed to the recipient at such recipient's address last shown on the books of the Association, or
  - (b) By email, facsimile, or other electronic means if the recipient has consented, in writing or by email, to that method of delivery. The consent may be revoked, in writing or by email, by the recipient. Delivery by electronic transmission must also comply with <u>Corporations Code sections 20 and 21</u>. Among other things, Section 20 of the <u>Corporations Code requires the Association</u> to obtain consent from the person to whom the document is transmitted to receive it by means of electronic transmission as well as other technical requirements.
- 1.22 <u>Lot</u>. "Lot" shall mean any plot of land shown upon any recorded <u>Subdivision Map</u> of the <u>Development</u> upon which a <u>Dwelling</u> has been constructed, but excluding the <u>Common Area</u>. There are two hundred and twenty-six (226) Lots in the Development.

- 1.23 <u>Maintenance</u>. "Maintenance" or to "maintain" (whether the term is capitalized or not) shall mean the act of caring for property and keeping it in its existing state, preserving it from failure or deterioration, including painting, caulking, cleaning, and minor, non-structural upkeep. In the case of landscaping, "maintenance" or to "maintain" shall mean regular fertilizing, irrigation, pruning, and other garden management practices necessary to promote healthy plant growth free of weeds or dead or dying plants.
- 1.24 <u>Majority of a Quorum</u>. "Majority of a Quorum" shall mean a majority of the votes cast in any lawful vote or election by the <u>Members</u> in which the number of ballots cast equals or exceeds the number required to establish a quorum as provided in <u>Section</u> 4.6 of the <u>Bylaws</u> ("Quorum Requirements").
- 1.25 Member. "Member" shall mean an Owner.
- 1.26 Member in Good Standing. "Member in Good Standing" shall mean a Member of the <u>Association</u> who is current in the payment of all <u>Assessments</u> and <u>Additional Charges</u> imposed in accordance with the <u>Governing Documents</u>, and who is in compliance with all of the provisions of the Governing Documents. A <u>Member</u> shall be deemed to be in Good Standing unless, after notice and an opportunity for hearing, pursuant to <u>Article 13</u> ("Enforcement; Notice; Hearings"), the <u>Board</u> has found the Member to be not in Good Standing and has so notified the Member in accordance with *Civil Code* section 5855.
- 1.27 <u>Mortgage / Mortgagee</u>. "Mortgage" shall mean a duly-recorded deed of trust or mortgage in the conventional sense encumbering a <u>Lot</u>. "Mortgagee" shall mean a beneficiary under a Mortgage.
- 1.28 Owner. "Owner" shall mean the record owner, whether one (1) or more persons or entities, of the fee simple title to any Lot, including Contract Sellers but excluding Contract Purchasers, and excluding those persons having such interest merely as security for the performance of an obligation.
- 1.29 Party Fence. See Section 10.1 ("Party Fence Defined").
- 1.30 Prohibited Vehicle. See Section 5.16.2 ("Prohibited Vehicles").
- 1.31 <u>Reimbursement Assessment</u>. "Reimbursement Assessment" shall have the meaning set forth in <u>Section 8.9</u> ("<u>Reimbursement Assessments</u>").
- 1.32 <u>Repair</u>. "Repair" (whether the term is capitalized or not) shall mean the minor restoration of property that is torn, broken, or otherwise damaged, or has sustained wear, tear, or deterioration such that minor restoration is necessary.

- 1.33 Replacement. "Replacement" or to "replace" (whether the term is capitalized or 1 not) shall mean substantial reconstruction, restoration, or substitution of the 2 whole or a substantial part of property that has deteriorated or has been 3 4 damaged or destroyed through usage or through hazard or catastrophe such that it is no longer useable or serviceable in its current condition. In the case of 5 landscaping, "replacement" or to "replace" shall mean the removal and replanting 6 of trees, shrubs, lawns, and other plants that are dead or dying or otherwise not serviceable or the substitution of plants for hardscape or substitution of 8 hardscape for plants. 10
  - 1.34 Resident. "Resident" shall mean any person who resides on a Lot within the Development whether or not such person is an Owner.
  - 1.35 Restricted Vehicle. See Section 5.16.3 ("Restricted Vehicles").
  - Rules. 1.36 "Rules" shall mean the policies, rules, and regulations governing the administration, management, operation, use, and occupancy the Development, including the use of the Common Area and facilities, the personal conduct of Owners and Residents, members of their household, pets, tenants, invitees, and guests within the Development, enforcement of the Governing Documents, and any other matter that is within the jurisdiction of the Association, as adopted, published, or amended by the **Board** from time to time and subject to applicable law including Civil Code section 4340 and following.
  - 1.37 Special Assessment. "Special Assessment" shall have the meaning set forth in Section 8.8 ("Special Assessments").
  - 1.38 Subdivision Map. "Subdivision Map" shall mean that certain map entitled "Plat of Tempo Unit No. 2" filed for record on September 12, 1972, in Book 91 of Maps, at Page 19, and also that certain map entitled "Plat of Tempo Unit No. 3" filed for record on March 5, 1973, in Book 92 of Maps, at Page 22, in the Official Records of Sacramento County, State of California.
  - <u>Total Voting Power</u>. "Total Voting Power" shall mean the total number of votes of 1.39 all Members entitled to vote at a particular time, calculated on the basis of one (1) vote for each Lot, excluding any Lots as to which an Owner is not then a Member in Good Standing

#### **HOMEOWNERS ASSOCIATION ARTICLE 2**

2.1 Management and Operation; Bylaws. The Association is an "association" as defined in Civil Code section 4080 and as such shall have the power and the authority to manage and operate the Development in accordance with the Governing Documents and the provisions of applicable law. The Association

**SUNRISE HOMEOWNERS ASSOCIATION** 

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shall have all of the powers set forth in the <u>Governing Documents</u> together with general power to do any and all things that a nonprofit mutual benefit corporation may lawfully do under the laws of the State of California, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. Provisions concerning the operation of the Association as a nonprofit mutual benefit corporation are set forth in the <u>Bylaws</u>.

- 2.2 <u>Legal Standing</u>. To the fullest extent permitted by law, including <u>Civil Code</u> <u>section 5980</u>, the <u>Association</u> shall have standing to institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as a real party in interest, and without joining with it the <u>Owners</u>, in matters pertaining to the following:
  - (a) Enforcement of the Governing Documents,
  - (b) Damage to the Common Area,
  - (c) Damage to the separate interests that the <u>Association</u> is obligated to <u>maintain</u>, <u>repair</u>, or <u>replace</u>,
  - (d) Damage to a separate interest that arises out of, or is integrally related to, damage to the <u>Common Area</u> or separate interests that the <u>Association</u> is obligated to <u>maintain</u>, <u>repair</u>, or <u>replace</u>.
- 2.3 <u>Membership</u>. Every <u>Owner</u> of a <u>Lot</u> shall be a <u>Member</u> of the <u>Association</u> and shall remain a Member thereof until such time as his or her ownership of such Lot ceases for any reason. Fee ownership of a Lot shall be the sole qualification for membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot and shall not be transferred, encumbered, pledged, alienated, or otherwise hypothecated in any way, except in connection with the sale or encumbrance of the Lot to which it is appurtenant.
- 2.4 <u>Voting</u>. Only <u>Members in Good Standing</u> (as defined in <u>Section 1.26</u> ("<u>Member in Good Standing</u>") shall be entitled to vote and one (1) vote shall be cast for each <u>Lot</u>, as more particularly set forth in the <u>Bylaws</u>.
- 2.5 <u>Association Rules</u>. Subject to applicable law including <u>Civil Code section 4340</u> and following, regarding notice and procedures, the <u>Board</u> shall have the power and the authority to establish, promulgate, amend, repeal, and enforce <u>Rules</u>.

#### ARTICLE 3 PROPERTY SUBJECT TO THIS DECLARATION

3.1 <u>Legal Description</u>. The property subject to this <u>Declaration</u> and to the jurisdiction of the <u>Association</u> is described in <u>Recital Paragraph B</u>, above.

- 3.2 <u>Classification of Property</u>. The property subject to this <u>Declaration</u> is a planned development. All of the property subject to the Declaration is divided into the following categories:
  - (a) Common Area,
  - (b) <u>Lots</u>.
- 3.3 Ownership Interest; No Separate Conveyance. The ownership interest of each Lot Owner shall include: (i) a designated Lot, (ii) a membership in the Association, and (iii) any non-exclusive easements appurtenant to such Lot upon the Common Area and such other easements as are applicable, all as described in the Declaration or in the deed to the Lot. Membership, and each Owner's non-exclusive easement in the Common Area, and any such easements shall be appurtenant to and may not be separated from ownership of a Lot and shall not be transferred, encumbered, pledged, alienated, or otherwise hypothecated in anyway, except in connection with the sale or encumbrance of the Lot to which it is appurtenant.
- 3.4 <u>Undivided Interests Cannot Be Changed</u>. The undivided interests in the <u>Common Area</u> established in the <u>Declaration</u> cannot be changed except with the <u>approval of one hundred percent (100%) of the Owners or as provided in <u>Section 12.6 ("Revision of Documents")</u> following condemnation of a portion of the <u>Development</u>.</u>
- 3.5 <u>No Partition</u>. There shall be no judicial partition of the <u>Development</u> or any part thereof, nor shall any <u>Owner</u> or any person acquiring any interest in the Development or any part thereof seek any judicial partition thereof; *provided, however*, that if any <u>Lot</u> shall be owned by two (2) or more co-tenants, nothing herein contained shall be deemed to prevent a judicial partition by sale as between such co-tenants.
- 3.6 New Capital Improvements. The Board of Directors shall have the power and authority to provide for the construction, reconstruction, installation, or acquisition of new capital improvements upon the Common Area (as distinguished from expenditures for the reconstruction or replacement of an existing capital improvement), provided that any new capital improvements costing in excess of ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year must be approved by a majority of the Total Voting Power of the Association.
- 3.7 <u>Dedication, Sell or Transfer Common Area to Public Agencies/Utilities/Other</u>
  <u>Person or Entity</u>. The <u>Association</u> shall have the power to dedicate, sell or transfer all or any part of the <u>Common Area</u> to any public agency, authority, utility

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44 45 or other person or entity, provided that any such action has been approved by seventy-five percent (75%) of the <u>Total Voting Power</u> of the Association.

#### ARTICLE 4 MECHANIC'S LIENS; EASEMENTS

- 4.1 Mechanic's Lien Against Common Area. In the event there shall be filed against the Common Area a notice of mechanic's lien for, or purporting to be for, labor or materials alleged to have been furnished or delivered for any Owner within the Development or his or her Lot, such Owner shall forthwith cause such lien to be discharged by payment, bond, or otherwise. If the Owner fails to cause the lien to be discharged, the **Board** may send written notice to the Owner specifying that unless the Owner causes the lien to be discharged within five (5) days from the date of such notice, the Board may cause the lien to be discharged. Within such five-day period, and notwithstanding any other provisions of the Governing Documents concerning notice or hearing, the Owner shall be permitted a hearing before the Board regarding the validity of such lien and any offsets or defenses thereto. At that time, the Board shall determine whether the lien adversely and improperly affects and encumbers the rights and interests of the Association or the other Owners. If the Board of Directors determines that the lien does adversely and improperly affect and encumber such rights and interests and that adequate protection of such rights and interests has not been provided, the Board may cause the lien to be discharged by payment, bond, or otherwise. The Board shall have the right to levy a Reimbursement Assessment against the Owner responsible for causing the lien to be discharged in an amount equal to all amounts paid by the Association together with interest thereon at the legal rate and all costs and expenses paid or incurred in connection therewith, including reasonable attorney fees.
- 4.2 <u>Easements in General</u>. In addition to all easements reserved and granted on the <u>Subdivision Map(s)</u>, there are hereby specifically reserved and granted for the benefit of the <u>Lots</u> and Lot <u>Owners</u> in common and for each Lot and Lot Owner severally, and for the <u>Association</u>, as their respective interests shall obtain, the easements, reciprocal negative easements, secondary easements, and rights-ofway as particularly identified in this <u>Article 4</u>.
- 4.3 Owner's Non-exclusive Easements of Enjoyment. Every Owner of a Lot shall have a non-exclusive easement of use of and enjoyment in, to, and throughout the Common Area of the Development. Each such non-exclusive easement shall be appurtenant to and pass with the title to every Lot, subject to the following rights and restrictions:
  - (a) The right of the <u>Board</u> to establish and enforce <u>Rules</u> governing the use of the <u>Common Area</u> and facilities thereon;

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- (b) The right of the <u>Board</u> to charge reasonable fees for the use of any facilities situated upon the <u>Common Area</u>;
- (c) The right of the <u>Board</u> to determine that a <u>Member</u> is not a <u>Member in Good Standing</u> or to suspend an <u>Owner's</u> voting rights and right to use the recreational facilities as provided in <u>Section 13.8 ("Imposing Sanctions")</u> for any period during which any Assessment against such <u>Owner's Lot remains unpaid and/or for violation of the <u>Governing Documents</u> of the <u>Association</u>, after prior notice, and the right to a hearing by the Board of Directors:</u>
- (d) The right of the <u>Association</u> to limit the number of guests of a <u>Member</u> who may use the pool and other recreational facilities at any particular time;
- (e) The right of the <u>Association</u> to borrow money, mortgage, pledge, encumber, deed in trust or otherwise hypothecate all of its real or personal property and facilities thereon as security for money borrowed or debts incurred;
- (f) The right of the <u>Board</u> to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, manage, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property consistent with the purposes and powers of the <u>Association</u> and the management, administration and operation of the <u>Development</u> or the business and affairs of the Association;
- (g) The right of the <u>Association</u>, as set forth in <u>Section 3.7</u> ("<u>Dedication</u>, <u>Sellor Transfer Common Area to Public Agencies/Utilities/Other Person or Entity"</u>), to dedicate, sell or transfer all or any part of the <u>Common Area</u> to any public agency, authority, utility or other person or entity;
- (h) The right of the Board, as set forth in Section 4.5 ("Easements, Licenses, Rights-of-Way in General") and Section 4.6 ("Board's Power to Grant Easements and Licenses to Owners"), to grant easements, licenses, and rights-of-way upon the Common Area; and
- (i) The right of the <u>Association</u> or its authorized agents, as provided in this <u>Declaration</u>, to perform its obligations under this Declaration, including obligations with respect to construction, <u>maintenance</u>, <u>repair</u>, or <u>replacement</u> for the benefit of the <u>Common Area</u> or the <u>Owners</u> in common.
- 4.4 <u>Utility Easements</u>. Easements over, under, and upon the <u>Development</u> or any portion thereof for the installation, <u>maintenance</u>, and repair of utilities, sewer pipelines, and facilities, and drainage facilities, and all pipelines and other

facilities, as shown on the recorded <u>Subdivision Map</u> for the Development. Within utility easements in the Development, no structure, planting, or other materials shall be placed or permitted to remain which may damage or interfere with the installation, maintenance, or repair of such utilities, sewer pipelines and facilities, and drainage facilities, or which may obstruct or slow down the flow of water through drainage channels within such easements.

- 4.5 Easements, Licenses, Rights-of-Way in General. Except as provided in Section 4.6 ("Board's Power to Grant Easements and Licenses to Owners"), the Board shall have the power to grant and convey easements, licenses for use and rights-of-way in, over or under the Common Area or any portion thereof, for such purposes as the Board deems to be appropriate and not inconsistent with the purposes and interests of the Association.
- 4.6 Board's Power to Grant Easements and Licenses to Owners. Notwithstanding any other provisions of the Governing Documents, the Board shall have the power in its discretion without approval vote of the Members to grant and convey licenses for use, rights-of-way, and easements in, over, or under the Common Area or any portion thereof to Owners, for such purposes as the Board deems to be appropriate and not inconsistent with the purposes and interests of the Association; provided, however, that approval of a majority of the Total Voting Power of the Association shall be required to grant an exclusive easement over Common Area to any Member, other than any grant or conveyance to a Member described in Civil Code section 4600(b).

#### ARTICLE 5 USE RESTRICTIONS

- 5.1 <u>Use of Common Area Generally</u>. All use of <u>Common Area</u> is subject to the <u>Governing Documents</u>. Subject to the provisions of the Governing Documents, the Common Area shall be held, <u>maintained</u>, and used to meet the common interests of the <u>Owners</u> and the <u>Residents</u>, members of their household, tenants, and guests.
- 5.2 <u>No Alteration of Common Area.</u> Except as may be authorized by the Board, no person or entity other than the <u>Association</u> or its duly-authorized agents shall (i) construct, reconstruct, refinish, alter, place, keep, store, park or <u>maintain</u> any improvement upon the <u>Common Area</u> nor remove items or improvements from the Common Area, (ii) make or create any excavation or fill upon the Common Area, (iii) change the natural or existing drainage of the Common Area, or (iv) plant, remove, or destroy any seed, plant material, tree, shrub, or other vegetation upon the Common Area.
- 5.3 <u>No Obstruction of Common Area</u>. The <u>Common Area</u> shall be kept free of rubbish, debris, and other unsightly or unsanitary materials. There shall be no

- obstruction of any part of the Common Area nor shall anything impair access to the Common Area. Each <u>Owner</u> shall avoid causing any damage to the Common Area. Nothing shall be stored in the Common Area without the prior consent of the <u>Board</u>.
- No Smoking in Common Area. For the safety of the property and for the health, safety, and security of all Residents of the Development, no smoking of cigarettes, cigars, pipes, electronic cigarettes, personal vaping devices, electronic nicotine delivery systems, or any other tobacco product, marijuana, legal or illegal substance, shall be permitted anywhere inside the gated portion of the Common Area, whether indoors or outdoors. "Smoking" shall include the inhaling, exhaling, burning, or carrying of any lighted or operating cigarette, cigar, pipe, electronic cigarettes, personal vaping devices, electronic nicotine delivery systems.
- 5.5 <u>Delegation of Use.</u> Any <u>Owner may delegate his or her rights of use and enjoyment, including easements, in the <u>Development</u> to the members of his or her household, tenants, <u>Contract Purchasers</u>, guests and invitees, subject to the terms of the <u>Governing Documents</u>. It is the express purpose and intent of this <u>Section 5.5</u> to limit the right of use and enjoyment of the <u>Common Area</u> amenities to <u>Residents</u> of the Development and their accompanied guests. Upon the leasing or renting of a <u>Lot</u>, or upon occupancy of a Lot by a Contract Purchaser, the Owner shall be deemed to have delegated and assigned all such rights exclusively to the tenants or Contract Purchasers of such Lot. Any rights of enjoyment that have been delegated by an Owner are subject to suspension to the same extent that rights of Owners are subject to suspension as provided in the Governing Documents.</u>
- Residential Use. Except to the extent permitted in Section 5.7 ("Restriction on Businesses"), Lots shall be occupied and used only for single family residential purposes, together with such occupancies and uses incidental to the residential use of the Lot, which may include, with architectural approval, an "in-law unit" or "granny quarters," in conformity with the requirements of applicable zoning laws or other state or local rules or regulations.

#### 5.7 Restriction on Businesses.

5.7.1 Types of Businesses Allowed. No business of any kind shall be established, maintained, operated, permitted, or conducted within the Development except: (i) professional, administrative, or clerical activity as may be permitted by applicable governmental ordinances without the requirement of a conditional use permit but only if such activity does not entail the presence of employees, patrons, clients, or vendors except on an infrequent basis; does not require storage of large amounts of bulky goods or inventory; there is no external evidence of

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such activity on the property including but not limited to a significant increase in traffic within the Development; the activity complies with all applicable governmental ordinances; and the activity is merely incidental to the use of the <u>Lot</u> for residential purposes and (ii) certain care facilities that, by law, cannot be prohibited within the Development (i.e., family day care homes and residential care facilities).

- 5.7.2 Indemnification Regarding Business Activity. To the fullest extent permitted by law, every Owner or Resident who conducts or engages in any business, commercial endeavor, or profession within the Development, or whose tenant does so, agrees to and shall indemnify and defend the Association, its officers, directors, employees, and agents and shall hold them harmless from and against any cost, loss, claim, or damages of any kind, arising out of the conduct or presence of such activity, including but not limited to attorney fees, any claims for consequential damages, and any claims arising or alleged to arise out of the enforcement or nonenforcement by the Association of the Governing Documents, including but not limited to the restriction on business contained in this Section 5.7. Any amounts owed pursuant to this Section 5.7.2 may be assessed as a Reimbursement Assessment.
- 5.8 <u>Compliance with Laws</u>. Each <u>Owner</u> and <u>Resident</u> shall comply with all requirements of all federal, state, and local governmental authorities and all laws, ordinances, rules and regulations applicable to his or her <u>Lot</u> and <u>Dwelling</u> and the <u>Common Area</u>.
- Unlawful Conduct, Nuisances, Noise. No noxious, harmful, or offensive activities 5.9 shall be conducted upon or within any part of the Development, nor shall anything be done within the Development which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to any Resident of the Development, or which shall in any way interfere with Residents' use of the Common Area and facilities thereon or the use and enjoyment of their Lots or Dwellings. Without limiting any of the foregoing, no Resident shall permit noise, including but not limited to the barking of dogs, to emanate from the Resident's Lot that would unreasonably disturb another Resident's enjoyment of his or her Lot or of the Common Area. The Association shall not be obligated to enforce this Section 5.9 when a dispute under the Declaration is solely between neighbors, does not involve Common Area, or is not an emergency. In any violation or dispute involving neighbors, Residents shall take reasonable steps to work with each other to resolve their differences before reporting a violation or dispute to the Association. Resident's complaints to the Association about neighbors shall: (a) be in writing; (b) give as much detail as possible concerning the dispute; (c) provide specific information about what informal efforts to resolve the matter were undertaken by the complaining Resident(s); and (d) provide the

1 2		name, ad Resident(	dress, phone numbers, and email address of the complaining (s).
3 4 5 6 7 8 9 10 11	5.10	Developm of insurar will be in any Owne violate thi resulting	s Affecting Insurance. Nothing shall be done, placed, or kept within the nent that will increase the rate of insurance or result in the cancellation not under any insurance policy maintained by the Association, or which violation of any governmental statute, ordinance, rule, or regulation. If the or Resident, member of their household, tenant, invitee, or guest shall is Section 5.10, the Lot Owner shall be liable to the Association for any increase in insurance premiums and any other damages, which may be against the responsible Owner as a Reimbursement Assessment.
13 14 15 16	5.11	Approval" outdoor s	nent of Architectural Approval. As addressed in Article 7 ("Architectural 1), construction, installation, modification, or alteration of buildings, tructures, landscaping, and outdoor lighting are subject to prior iral approval.
17 18	5.12	<u>Animals</u> .	
19 20 21		5.12.1	No Commercial Purposes. No animals shall be kept, bred, or maintained within the <u>Development</u> for any commercial purpose.
<ul><li>22</li><li>23</li><li>24</li><li>25</li></ul>		5.12.2	Number of Pets. A reasonable number of common domestic household pets may be kept on each <u>Lot</u> . "Reasonable numbers" shall mean the maximum number of animals permitted by <u>County</u> ordinance.
26 27 28		5.12.3	No Pets in Common Area. No pets shall be permitted in the Common Area.
29 30 31 32 33 34 35 36 37		5.12.4	No Outside Feeding of Animals. There shall be no feeding of ducks, geese, deer, or any other non-domesticated animals within the Development. In order to control feral cats, raccoons, vermin, and other stray animals within the Development, no animal food shall be kept or placed outside anywhere within the Development, except for approved bird feeders. Pet feeding stations may not be kept in a garage if the garage door is left open permitting animals to access the feeding station.
38 39 40 41 42 43 44 45		5.12.5	Responsibility for Animals. The owner of each animal shall be responsible for immediately removing and disposing of any waste introduced to any portion of the <u>Development</u> by such animal. <u>Owners</u> , their tenants, and guests shall prevent their animals from soiling any portion of the <u>Common Area</u> and shall immediately clean up any mess left by their animal.

- 5.12.6 Indemnification Regarding Animals. Each Owner, Resident, and any person bringing or keeping an animal within the Development shall be absolutely liable to the Association and all other persons for any injury or damage to persons or property caused by the animal brought upon or kept upon the Development by such person or by members of his or her household, tenants, invitees, or guests. To the fullest extent permitted by law, each Owner agrees to and shall indemnify and defend the Association, its officers, directors, employees, and agents and shall hold them harmless from and against any cost, loss, claim, or damages of any kind, arising out of or resulting from the presence or conduct of any animal brought upon or kept within the Development by the Owner, members of his or her household, tenants, invitees, or guests including but not limited to attorney fees, any claims for consequential damages, and any claims arising or alleged to arise out of the enforcement or nonenforcement by the Association of the Governing Documents, including but not limited to the restrictions on animals contained in this <u>Section 5.12</u>. Any amounts owed pursuant to Section 5.12.6 may be assessed as a Reimbursement Assessment.
- 5.12.7 <u>Pet and Animal Rules</u>. The <u>Board</u> may adopt and enforce pet and animal <u>Rules</u> in addition to the provisions of this <u>Section 5.12</u>.
- 5.13 <u>Trash Disposal</u>. Trash, garbage, accumulated waste plant material, other waste and refuse, and recyclable waste shall be deposited only in covered sanitary containers provided for that purpose by the garbage collection service. Such containers shall be located in an appropriate area adjacent to the <u>Dwelling</u> and concealed from view except on the day before and day of trash collection. No <u>Owner</u> or <u>Resident</u> shall permit or cause any garbage, trash, or other waste or refuse to be kept upon any portion of any <u>Lot</u> or elsewhere in the <u>Development</u>, except in such containers. Except when authorized by <u>City</u> or <u>County</u> Ordinance, furniture, appliances, water heaters, construction or remodeling debris, and other bulky items must be properly disposed of off-site by the Owner or Resident, at his or her sole expense, and shall not be placed in <u>Association</u> waste containers.
- 5.14 <u>Construction Materials Construction Debris</u>. No portion of the <u>Development</u> shall be used for the storage or staging of building materials other than in connection with approved construction. All construction debris shall be picked up and deposited daily in an appropriate container provided by the <u>Owner</u> and shall not be deposited in the <u>Association</u> waste containers.
- 5.15 <u>Signs, Banners, Flags</u>. Only the following types of signs, posters, banners, or flags shall be displayed to the public view from any portion of the <u>Development</u>:
  - (a) Signs required by legal proceedings;

- (b) A noncommercial sign or poster no larger than nine (9) square feet in size or a noncommercial flag or banner no larger than fifteen (15) square feet in size, displayed upon a <u>Lot</u> or <u>Dwelling</u>, and limited to the fullest extent permitted by <u>Civil Code section 4710</u>;
- (c) A single sign of customary and reasonable dimension and design, complying with the provisions of any applicable ordinance and the <a href="Architectural Rules">Architectural Rules</a>, if any, and reasonably located on a <a href="Lot">Lot</a> for sale or rent:
- (d) Other signs which by law cannot be prohibited;
- (e) A flag of the United States, subject to <u>City</u> or <u>County</u> restrictions as to size and as to time, place, and manner of display, as provided in <u>Civil Code</u> <u>section 4705</u>;
- (f) Signs on the <u>Common Area</u> as approved by the <u>Board</u> for a purpose reasonably related to the affairs of the <u>Association</u>, including signs located at or near any entrance to the <u>Development</u> identifying the Development.
- (g) Political candidate and issue signs located on an Owner's Lot, provided such signs shall not be installed on a Lot more than thirty (30) days prior to the applicable election and must be removed the day after the applicable election. Political signs shall comply with clause (b) of this Section 5.15; and
- (h) Garage sale signs located temporarily on an Owner's Lot on the day of the garage sale and to be removed within twenty-four (24) hours after the end of the garage sale. Garage sale signs shall comply with clause (b) of this Section 5.15.

Notwithstanding the above, any permitted signs shall not include vulgarities or obscenities, and shall not otherwise be a nuisance (as provided in <u>Section 5.9</u> ("Unlawful Conduct, Nuisances, Noise").

#### 5.16 Vehicles and Parking.

5.16.1 Parking. The primary parking facility for Residents of each Lot is the garage of the Dwelling, driveway on the Lot and the street. Vehicles shall not be parked anywhere within the Development except wholly within a garage, in a driveway or in the street. Parking is not allowed at any time in designated fire lanes. No vehicle shall be parked continuously in the street for longer than seventy-two (72) hours.

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- 5.16.2 Prohibited Vehicles. Prohibited Vehicles may not be brought into the Development. The following types of vehicles are Prohibited Vehicles: (i) dilapidated or inoperable vehicles, (ii) unreasonably noisy or smoky vehicles, (iii) unregistered vehicles, (iv) mobile homes, (v) pickup trucks with more than one (1) ton capacity or requiring a Class A license, and (vi) flatbed trucks.
- 5.16.3 Restricted Vehicles. Restricted Vehicles, other than recreational vehicles, shall not be kept or parked anywhere within the Development other than on a temporary basis three (3) days or less unless they are placed or maintained within an enclosed garage, behind the fence line and out of view from the street, or have other Board approval. Recreational vehicles can remain in the Development for up to three (3) days unless placed or maintained within an enclosed garage or other area. Exceptions may be approved by the Board for a pad behind a gate. The following types of vehicles are Restricted Vehicles: (i) campers, motor homes, recreational vehicles, (ii) trailers, (iii) boats, (iv) commercial vehicles, and (v) limousines. The term "commercial vehicle" shall not include any two-axle passenger vehicle or pickup truck no larger than one (1) ton capacity that is used by a Resident both for business and for daily personal transportation, provided that any signs or markings of a commercial nature on such vehicle shall be unobtrusive and inoffensive as determined by the Board (for example and not by way of limitation, commercial information on a license plate holder or a dealership decal or nameplate on a vehicle would be considered "unobtrusive") and such vehicles shall be considered passenger vehicles.
- 5.16.4 Permitted Vehicle Signs. Window decals, magnetic signs on sides of vehicles, and vehicle wraps are permitted, provided they do not violate any other provision of this Declaration or the Rules.
- Vehicle Repairs. Except for within the garage of the Dwelling, no 5.16.5 motor vehicles or boats shall be constructed, reconstructed, or repaired within the **Development** (other than minor emergency repairs to the extent necessary to move the vehicle to a repair facility).
- 5.16.6 Parking Enforcement. The provisions of this Section 5.16 apply to all vehicles within the **Development**, including vehicles of guests and invitees. In addition to the provisions of this Section 5.16, the Board shall have the power and authority to adopt, promulgate, and enforce Parking Rules and shall have the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to vehicles and parking.

- 5.17 <u>Garages</u>. Each <u>Owner</u> and <u>Resident</u> shall keep his or her garage in a condition that allows for the garage door to be closed completely.
- 5.18 <u>Conformance of Structures to Law</u>. All structures erected, constructed or <u>maintained</u> upon any <u>Lot</u> shall conform to all applicable statutes, ordinances, or other provisions of the law.
- Residential Use of Incidental Structures. With the exception of an accessory dwelling unit, which shall be permissible pursuant to Section 5.18 ("Conformance of Structures to Law") and architectural approval pursuant to Article 7 ("Architectural Approval"), no trailer, basement, tent, shack, garage, bar, or other outbuilding erected upon any Lot shall at any time be used as a residence, temporarily or permanently, nor shall any structure of a temporary character be used as a residence at any time. No outbuilding, tent, shack, trailer, shed, or temporary building of any kind shall be visible from the street, except in strict compliance with the provisions of this Declaration.

### ARTICLE 6 RENTING OR LEASING

### 6.1 Requirements for Renting.

- 6.1.1 Written Lease. An Owner renting his or her Lot shall do so pursuant to a written lease or rental agreement. The lease or rental agreement shall expressly provide:
  - (i) for an initial term of at least thirty (30) days;
  - (ii) that its terms are subject to all of the provisions of the Governing Documents; and
  - (iii) that failure of the tenant, members of the tenant's household, invitees, or guests to comply with applicable provisions of the <a href="Governing Documents">Governing Documents</a> shall constitute a default under the terms of such lease or rental agreement.
- 6.1.2 <u>No Subletting</u>. No subletting (which shall mean the lease or rental of all or part of a leased or rented Unit) shall be permitted.
- 6.1.3 <u>Copy of Lease</u>. An <u>Owner</u> renting his or her <u>Lot</u> shall file a copy of the signed lease or rental agreement with the <u>Board</u>. The Owner may redact or black out the financial terms (i.e., the amount of rent and security deposit) from the copy provided to the Board.

6.1.4 Provide Governing Documents to Tenants. An Owner renting his or 1 her Lot shall provide the tenant(s) with access to a copy of the 2 Governing Documents, and any subsequent changes thereto. 3 4 House Sitters. The provision of Section 6.1.4 ("Provide Governing" 6.1.5 5 Documents to Tenants") shall apply with respect to any person 6 occupying a Lot as a guest of the Owner, as a paid or unpaid house 7 sitter, or in a similar capacity when no Owner is in residence. 8 9 6.1.6 Owner's Contact Information. An Owner renting his or her Lot shall 10 provide the Association with contact information for the Owner or a 11 representative of the Owner with authority to act on behalf of the 12 Owner with respect to the Lot and the tenants, including telephone 13 number, email address, mailing address, and such other contact 14 information as the Association may require. 15 16 6.2 Notice of Non-Owner Occupants. Without limiting the generality of the provisions 17 contained in Section 6.1 ("Requirements for Renting"), each Owner shall notify 18 the Board and the Association's manager of the names of (i) any tenants or any 19 Contract Purchasers occupying such Owner's Lot, and (ii) any guest, house 20 sitter, or other person occupying the Lot when no Owner is in residence (whether 21 or not such person is paying rent or is being compensated by the Owner). 22 23 6.3 No Transient Rentals. No Owner shall be permitted to lease, rent, or otherwise 24 operate his or her Lot (or any portion thereof) for transient or hotel purposes, 25 which shall include, but is not limited to, rental for any period less than thirty (30) 26 days or any rental (even if the term is longer than thirty days) where the occupant 27 of a Dwelling is provided customary hotel services such as room service for food 28 and beverage, maid service, periodic furnishing of clean bed linen and towels, 29 laundry service, or bellboy services. 30 31 6.4 No Vacation Clubs: No Time Share Arrangements. No Lot or Lots or any portion 32 thereof shall be leased, subleased, occupied, rented, let, sublet, or used for or in 33 connection with any time-sharing agreement, plan, program or arrangement, 34 35 including, without limitation, any so called "vacation license," "travel club," "extended vacation," "home-exchange club," any other membership or time 36 interval ownership arrangement, or any time-share estate or time-share use as 37 defined in Section 11212 of the California Business and Professions Code. The 38 term "time sharing" as used herein shall be deemed to include, but shall not be 39 limited to, any agreement, plan, program, or arrangement under which the right 40 to use, occupy, or possess any Lot or Lots or any portion thereof or Dwelling 41 thereon rotates among various persons, either corporate, partnership, individual, 42 or otherwise, on a periodically recurring basis for value exchanged, whether 43 monetary or like kind use privileges, according to a fixed or floating interval or 44 period of time. This Section 6.4 shall not be construed to limit the personal use 45

of any Lot or any portion thereof by its Owner and such Owner's social or familial guests.

6.5 Implementation. Upon request from the **Board**, each **Owner** then renting or leasing a Lot shall provide to the Board such information as the Board may reasonably require in order to implement the provisions of this Article 6 including but not limited to the names of the tenants and the members of the tenant's household and the duration of the lease and/or a copy of the signed lease.

6.6 Indemnification Regarding Tenant's Actions. Each Owner leasing or renting a Lot shall be strictly responsible and liable to the Association for the actions of such Owner's tenant(s) in or about all <u>Dwellings</u>, Lots, and <u>Common Area</u> and for each tenant's compliance with the provisions of the Governing Documents. No provision of any lease or rental agreement shall relieve the Lot Owner of his or her obligations pursuant to the Governing Documents. To the fullest extent permitted by law, every Owner of a Lot that is occupied by persons other than the Owner pursuant to a rental agreement or lease or otherwise, agrees to and shall indemnify and defend the Association, its officers, directors, employees, and agents and shall hold them harmless from and against any cost, loss, claim, or damages of any kind, arising out of the conduct or presence of the occupants of the Lot upon the Development, including but not limited to attorney fees (including attorney fees incurred to enforce the provisions of this Article 6 against the Owner of the Lot or any quest, tenant or other occupant of the Lot), any claims for consequential damages, and any claims arising or alleged to arise out of the enforcement or nonenforcement by the Association of the Governing Documents with respect to such occupants. Any amounts owed pursuant to this Section 6.6 may be assessed as a Reimbursement Assessment against the responsible Owner and his or her Lot.

#### **ARTICLE 7** ARCHITECTURAL APPROVAL

7.1 Prior Architectural Approval Required. No building, fence, hedge or similar barrier, wall, obstruction, balcony, screen, patio cover, tent, awning, carport cover, improvement or other structure of any kind, no outdoor lighting, no mast, pole, tower and no landscaping shall be commenced, erected, painted, or installed within the Development, nor shall any exterior addition or change or alteration be made, until the plans and specifications showing the nature, kind, shape, color, height, size, materials, and location of the same have been submitted to and approved in writing by the Architectural Committee. The requirement of architectural approval shall not apply to improvements made or constructed by or on behalf of the Association.

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7.2 Some Common Architectural Concerns. This Section 7.2 enumerates some common areas of architectural concern. These are examples only and do not

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represent an exhaustive list of changes that require prior architectural approval. Nothing in this Section 7.2 shall be deemed to limit the generality of Section 7.1 ("Prior Architectural Approval Required").

- 7.2.1 Exterior Painting. Prior architectural approval shall not be required for repainting or refinishing a structure in its existing color scheme, like for like, if such colors have been previously approved.
- 7.2.2 Satellite Dishes. Satellite dishes are permitted so long as they are located at the most rear portion of the house that is able to receive the required satellite signal, and in compliance with the Rules.
- 7.2.3 Masts, Poles, Towers, Other Projections. No outside mast, pole, tower, or projection (meaning any component that juts or protrudes out) of any type attached to any structure that extends above the roof of the structure (with the exception of chimneys and vent stacks) and no outside mast or pole shall be placed or permitted to remain without prior architectural approval.
- 7.2.4 Accessory Dwelling Units. Accessory dwelling units shall require architectural approval and shall be in compliance with state and local laws and regulations as well as local government approvals.
- 7.2.5 Temporary Structures. The erection and maintaining of any temporary structures upon any Lot is strictly prohibited. Notwithstanding the foregoing provision, however, the construction, erection and/or maintenance of tool sheds, storage sheds and similar structures in the backyard of a Lot shall not be prohibited as long as such structures are in compliance with the architectural provisions set forth in this Article 7.

#### 7.3 **Building Construction Requirements**

- 7.3.1 Residential Structures. No structure shall be erected, altered, placed or permitted to remain upon any Lot other than one (1) single-family Dwelling structure not to exceed two (2) stories in height together with one private garage which shall be designed and used for not more than three (3) passenger vehicles, together with other outbuildings and/or an accessory dwelling unit incidental to the residential use of the Lot.
- 7.3.2 Setbacks. No structure shall be located upon any Lot nearer to the front Lot line or side street line nor nearer to the side or rear yard line of such Lot than shall be permitted by the ordinances and regulations of the applicable governmental agency governing the same. For purposes of this provision, eaves, steps, and open porches shall not be

construed to permit any portion of a structure on a Lot to encroach upon any other Lot.

7.3.3 Size of Residential Structures. No Dwelling containing less than twelve hundred (1200) square feet of floor area shall be erected or permitted to be located upon any Lot. Such floor area shall be exclusive of any garage (attached and unattached), open entryways, porches, patios, basements, and any accessory dwelling unit. The minimum required floor area shall be deemed to include the total enclosed floor area of the Dwelling, building measurements to be taken for this purpose from the outer facing of exterior walls.

#### 7.4 Architectural Rules.

- 7.4.1 In General. Subject to the requirements of Civil Code section 4340 and following, the Board may from time to time adopt, amend, and repeal rules and regulations to be known as "Architectural Rules." Architectural Rules shall set forth the standards for architectural review and guidelines for architectural design, placement of buildings and other structures, outdoor lighting, and landscaping, color schemes, exterior finishes and materials, and similar features which are recommended for use in the Development and may include restrictions on satellite dishes and solar energy systems consistent with applicable law; provided, however, that Architectural Rules shall not be in derogation of any minimum standards required by this Declaration.
- 7.4.2 Roofs. Any Architectural Rules concerning the installation or <u>repair</u> of a roof shall comply with applicable law including <u>Civil Code section</u> 4720, if it applies.
- 7.5 Establishment and Composition of Architectural Committee. The Board shall appoint an Architectural Committee consisting of three (3) Members of the Association, at least one (1) of whom shall be a director. The Board may also appoint one (1) alternate Architectural Committee member who shall attend Architectural Committee meetings and shall be authorized to act as a substitute on the Architectural Committee with the power to vote in the event of absence or disability of any Architectural Committee member. The Architectural Committee members and any alternate shall serve at the pleasure of the Board. If at any time there shall not be a duly-constituted Architectural Committee, the Board shall exercise the functions of the Architectural Committee in accordance with the terms of this Article 7.
- 7.6 <u>Duties and Authority of Architectural Committee</u>. It shall be the duty of the <u>Architectural Committee</u> to consider and act upon proposals or plans submitted to it pursuant to the terms of this <u>Declaration</u> and to perform such other duties as

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- 7.7 <u>Meetings, Minutes, Reimbursement</u>. The <u>Architectural Committee</u> shall meet as necessary to properly perform its duties hereunder. The Architectural Committee shall keep and maintain a record of all actions taken by it at such meetings or otherwise. The Architectural Committee and its members shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred by them in the performance of any Architectural Committee function.
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7.8 Preliminary Consultation with Architectural Committee Prior to Submitting Application. Any Owner considering performing any work requiring the prior approval of the Architectural Committee may apply to the Architectural Committee for preliminary consultation by submitting preliminary plans or drawings of the contemplated work in accordance with the Architectural Rules. The purpose of the preliminary consultation procedure is to allow an Owner considering making substantial improvements an opportunity to obtain guidance concerning design considerations before expending substantial sums for plans and other exhibits required to apply for actual approval. Within forty-five (45) days after receiving a request for a preliminary consultation, the Architectural Committee shall consider the preliminary information submitted and shall respond in writing to the Owner. The Architectural Committee's response shall give the requesting Owner such direction concerning the form and substance of an approval application for the contemplated work as the Architectural Committee deems proper or desirable for the guidance of the Owner. The issuance of a preliminary consultation response by the Architectural Committee shall not under any circumstances be deemed approval of any contemplated work: nor, once an Owner submits a request for approval, shall it preclude the Architectural Committee from requesting additional information about the proposed work based on the actual application.

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7.9 Written Request for Architectural Committee's Approval. Any Owner proposing to perform any work that requires prior approval, pursuant to this Article 7, shall submit to the Architectural Committee a written application, setting forth the nature of the proposed work and furnishing such information and documentation as the Architectural Committee may require depending on the nature and size of the proposed work. Such information and documentation may include but is not limited to: (i) floor plans, (ii) color samples of exterior materials, (iii) specifications, (iv) building plans, (v) wall sections, (vi) exterior elevations, (vii) roof plans, (viii) landscaping plans, (ix) graphics and exterior furnishings, and (x) the Owner's proposed construction schedule.

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7.10 <u>Fees; Professional Consultants</u>. The <u>Architectural Committee</u> may charge a reasonable fee or fees for review of architectural or landscaping applications, drawings, plans, and specifications which may include the cost of retaining

- outside consultants including but not limited to architects, engineers, soils experts, or contractors.
- 7.11 Meetings. An Owner's request for approval shall be considered by the Architectural Committee at an Architectural Committee meeting. The Owner and, in the Architectural Committee's discretion, other interested persons, may present information relevant to the requested approval.
- Basis for Decisions; Good Faith. The Architectural Committee's decisions shall be made in good faith and shall not be unreasonable, arbitrary, or capricious. It is recognized and intended that the Architectural Committee will employ subjective criteria and judgments in its review of and determination concerning plans and proposals submitted to it. The Architectural Committee shall make its decisions from the perspective of the interest of the Development as a whole in the fostering of the coherence, value, attractiveness and aesthetic compatibility of all architectural designs and features in the Development, after consideration of such factors the Architectural Committee reasonably determines to be relevant and after reasonable investigation consistent with the scope and circumstances of the proposal submitted to the Architectural Committee. The vote or written consent of a majority of the Architectural Committee members shall constitute an act by the Architectural Committee. The Architectural Committee shall grant the requested approval only if:
  - (a) The Owner has submitted a complete application;
  - (b) The <u>Architectural Committee</u> finds that the plans and specifications conform to this <u>Declaration</u> and to the Architectural Rules in effect at the time such plans were submitted to the Architectural Committee. The Architectural Committee shall disapprove any application involving a request for or a need for a variance;
  - (c) The <u>Architectural Committee</u> finds that the proposed work will, if approved, be consistent and compatible with the architectural and aesthetic standards prevailing within the <u>Development</u> and will be in harmony with the external design and appearance of other existing structures and improvements within the Development, and as to location with respect to topography and finished grade elevations; and
  - (d) The <u>Architectural Committee</u> determines that the proposed work would be consistent with the standards of the <u>Development</u> and the purposes of this <u>Declaration</u> as to quality of workmanship and materials.
- 7.13 <u>Decisions in Writing; Timely Decision; Reasonable Conditions</u>. All approvals and rejections of requests for approval shall be in writing and shall be issued by the <u>Architectural Committee</u> within forty-five (45) days from the date of submission of

a complete application to the Architectural Committee. Any approval may include such reasonable conditions as the Architectural Committee or the Board may determine. If a request is rejected, the decision shall include an explanation of the Architectural Committee's decision and a notice describing the Owner's right to request consideration by the Board.

7.14 Disapproval by Architectural Committee Due to Variance Issue. An application that has been disapproved by the Architectural Committee due to a variance issue [as provided in clause (b) of Section 7.12 ("Basis for Decisions; Good Faith")] may be re-submitted to the Board by the Owner or upon the Owner's request may be referred by the Architectural Committee to the Board. The Board, but not the Architectural Committee, may, but is not obligated to, grant variances or adjustments in its discretion, if necessary, to overcome practical difficulties due to topography or other conditions unique to a particular Lot, avoid unnecessary expense, or prevent unnecessary hardship in the application of the provisions of the Declaration; provided, however, that such variance or adjustment does not violate the purpose or purposes intended to be served by the standard or criteria being waived in each instance and is in conformity with the intent and purposes of the Declaration; and provided, further, that no such variance shall constitute a waiver of such provision with respect to any future application whether for the same Lot or any other Lot. Any variance granted by the Board shall be noted in the written approval of the proposed work and may be required by the Board to be recorded in the County records.

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- Consideration by Board. If the Architectural Committee rejects a request for approval, the Owner shall be entitled to consideration of the request by the Board of Directors at an open meeting, pursuant to the procedures set forth in Section 13.13 ("Owner's Request for Hearing").
- Failure of Architectural Committee or Board to Make Timely Decision. If the Architectural Committee fails to act on a request for approval within the time specified in Section 7.13 ("Decisions in Writing; Timely Decision; Reasonable Conditions"), or if the Board fails to consider the Owner's request in a timely fashion pursuant to Section 7.15 ("Consideration by Board"), the Owner shall be entitled to invoke internal dispute resolution pursuant to Civil Code section 5910, discussed in Section 13.16 ("Internal Dispute Resolution").

Failure to Obtain Required Approval. If any work that requires prior approval pursuant to this Article 7 is performed without such approval having been obtained, the Board shall be entitled to proceed in accordance with the provisions of Section 7.22 ("Failure to Remedy Non-conformity"), as though the Board had given written notice of non-conformity with approved plans per Section 7.21 ("Notice of Non-conformity").

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7.18 Commencement of Approved Work. Upon receipt of written approval, the Owner shall, as soon as practicable, satisfy all conditions of the approval and diligently proceed with the commencement and completion of all approved work. Commencement of the approved work shall occur, in all cases, within ninety (90) days from the date of such approval. If the Owner fails to comply with this paragraph, any approval previously given shall be deemed revoked unless the Architectural Committee, upon written request of the Owner made prior to the expiration of the time for commencement of the approved work, extends the time for such commencement. The Architectural Committee shall not grant an extension of time for commencement of the work if the Architectural Committee finds that there has been a material change in the circumstances upon which the original approval was granted.

- 7.19 Completion; Extension of Deadline. The Owner shall complete all approved work within one (1) year after commencement thereof; except that in the case of reconstruction after substantially total destruction of the improvements on a Lot, the construction or reconstruction shall be completed within eighteen (18) months after commencement thereof. The date for completion may be extended as long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or his or her agents, provided the Owner notifies the Architectural Committee of such occurrence within a reasonable time after becoming aware of it. If an Owner fails to comply with this Section 7.19, the Architectural Committee shall notify the Board of such failure, and the Board shall be entitled to (or on its own initiative the Board may) proceed in accordance with the provisions of Section 7.22 ("Failure to Remedy Non-conformity"), as though the Board has given written notice of non-conformity with approved plans per Section 7.21 ("Notice of Non-conformity").
- Notice of Completion; Inspection of Completed Work. Upon the completion of any work for which approval is required under this <a href="Article 7">Article 7</a>, the <a href="Owner">Owner</a> shall give written notice of completion to the <a href="Architectural Committee">Architectural Committee</a>. Within sixty (60) days after receiving notice of completion from the Owner, the Architectural Committee or its duly-authorized representative may inspect such work to determine if it substantially complies with the granted approval and Owner shall cooperate with the Architectural Committee to conduct such inspection. If the Architectural Committee fails to notify the Owner of any non-conformity within such sixty (60) day period, the work shall be deemed to be in accordance with the granted approval. If the Owner fails to give notice of completion, the <a href="Board shall">Board shall be entitled to proceed in accordance with the provisions of Section 7.22 ("Failure to Remedy Non-conformity")</a>, as though the Board has given written notice of non-conformity with approved plans per <a href="Section 7.21">Section 7.21</a> ("Notice of Non-conformity").

- 7.21 Notice of Non-conformity. If the Architectural Committee finds that the work was not done in substantial conformity with the granted approval, it shall notify the Owner in writing before the end of such sixty (60) day period set forth in Section 7.20 ("Notice of Completion; Inspection of Completed Work") specifying particulars of non-conformity and requiring the Owner to remedy the same within thirty (30) days from the date of the notice from the Architectural Committee or such longer time as the Architectural Committee may designate in the notice.
- 7.22 Failure to Remedy Non-conformity. If the Owner fails to remedy such non-conformity within the time specified in the notice of non-conformity from the Architectural Committee, the Architectural Committee shall notify the Board in writing of such failure. Pursuant to the procedures set forth in Section 13.12 ("Hearing Called by the Board; Executive Session; Open Meeting"), the Board shall then set a date on which a hearing before the Board shall be held regarding the alleged non-conformity. If the Board finds at such hearing that a substantial non-conformity exists, the Board may, in addition to any other remedy available under the Governing Documents or applicable law, order the Owner to remedy or remove such non-conformity. If the Owner thereafter fails to do so within the time specified by the Board, the Board may, in addition to any other remedy available under the Governing Documents or applicable law, remove or remedy the non-conformity and, in that event, all expenses incurred by the Association in connection therewith shall be assessed against the Owner as a Reimbursement Assessment.
- 7.23 Non-waiver. The approval by the Architectural Committee or the Board of any plans, drawings, or specifications for any work done or proposed, or for any other matter requiring approval under this Article 7, shall not be deemed to constitute a waiver of the right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval with respect to the same Lot or any other Lot.
- 7.24 Estoppel Certificate. Within thirty (30) days after written demand is delivered to the Association by an Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Board shall cause to be recorded an estoppel certificate certifying, with respect to specified improvements and other work performed by the requesting Owner upon a particular Lot owned by such Owner, that as of the date of the estoppel certificate, either: (i) the improvements and other work specified by the Owner and performed by the Owner are not in violation of the architectural approval requirements of this Declaration, or (ii) that certain or all of the specified improvements or other work are in violation of the architectural approval requirements, in which event the estoppel certificate shall identify the noncomplying improvements or work and set forth with particularity the basis of such non-compliance. Any purchaser from the Owner, or from anyone deriving any interest in a Lot through the Owner, shall be entitled to rely on the recorded

40 41 42 estoppel certificate with respect to the matters therein set forth, such matters being conclusive as between the Association and the Owner(s) and any persons deriving any interest through the Owner(s).

- Disclaimer of Liability. Neither the Board, nor any committee, nor any member 7.25 thereof shall be liable to the Association, to any Owner, or to any person deriving an interest through an Owner for any damage, loss, or prejudice suffered or claimed on account of: (i) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (ii) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; (iii) the execution and filing of an estoppel certificate pursuant to Section 7.24 ("Estoppel Certificate") whether or not the facts therein are correct; provided, however, that the Board, committee, or such member has acted in good faith on the basis of such information as may be possessed by it or him or her. Without limiting the generality of the foregoing, the Board or any committee may, but is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted for approval pursuant to this Article 7. Every purchaser, by acquiring title to a Lot or portion thereof agrees not to bring any action or suit against the Board, the committee, or its or their members seeking to recover any such damages.
- 7.26 Compliance with Governmental Requirements. The Owner of the Lot is required to obtain all permits and governmental authorizations, if any, required for any work done upon such Owner's Lot and such Owner must comply with all applicable zoning and building codes as well as other applicable laws and ordinances. The Owner of each Lot is solely responsible for complying with any applicable building permit process or other governmental requirements with respect to any work done upon the Owner's Lot. Submission of a request for approval by the Architectural Committee or the Board and the review and approval of any proposals, plans, or other submittals shall in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements, nor shall it constitute the assumption of any responsibility by or impose any liability on the Association, the Board, the Architectural Committee, or its or their members as to the accuracy, efficacy, or sufficiency thereof. When architectural approval standards of the Association are more stringent than applicable governmental standards, the more stringent standards of the Association shall apply, notwithstanding the fact that governmental approval may have been obtained based on governmental standards that are less stringent than those of the Association.

- 8.1 <u>Covenant of Owner</u>. Each <u>Owner</u> of a <u>Lot</u> within the <u>Development</u>, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, shall be deemed to have covenanted and agreed to pay to the <u>Association</u> all: (i) <u>Annual Assessments</u>, (ii) <u>Special Assessments</u>, (iii) <u>Reimbursement Assessments</u>, and (iv) <u>Enforcement Assessments</u> levied by the Association as hereinafter provided, together with all Additional Charges.
  - 8.1.1 <u>Association's Power to Collect.</u> Such deed or conveyance shall be deemed to vest in the <u>Association</u> the right and power to initiate all actions and procedures as the <u>Board</u> shall deem necessary or appropriate for the collection of such <u>Assessments</u> and <u>Additional Charges</u> and for the enforcement of the liens hereinafter provided for.
  - 8.1.2 <u>Assessments Are a Personal Obligation</u>. <u>Assessments</u> levied by the <u>Association</u> pursuant to this <u>Declaration</u>, together with all Additional Charges, shall be a personal debt and obligation of the <u>Owner</u> against whom they are assessed, and shall bind his or her heirs, devisees, personal representatives, successors, and assigns.
  - 8.1.3 Obligation Runs with the Land. The obligation to pay Assessments and Additional Charges and the right and power of the Association to initiate all actions and procedures for collection shall run with the land, so that each successive Owner or Owners of any Lot shall, in turn, become liable to pay all such Assessments and Additional Charges assessed that become due and payable during the time he or she is Owner of such Lot.
  - 8.1.4 Owner's Liability After Transfer. After an Owner transfers his or her ownership interest in any Lot, he or she shall not be liable for any Assessments levied thereafter with respect to such Lot. Such Owner shall remain personally liable, however, for all unpaid amounts due and owing at the time of transfer, together with Additional Charges accruing until time of collection. No assumption of personal liability by a successor Owner shall relieve any Owner from personal liability for delinquent Assessments. A Contract Seller of any Lot shall continue to be liable for all Assessments and Additional Charges until a conveyance by deed of such Lot is recorded in the Office of the County Recorder.
- 8.2 <u>Creation of Lien</u>. Each <u>Assessment</u> levied by the <u>Association</u> pursuant to this <u>Declaration</u>, together with all <u>Additional Charges</u>, shall be a charge upon the land

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and upon levy shall be secured by a continuing lien upon the property against which such Assessment is levied. The <u>Association</u> shall have a separate lien and a separate lien is hereby created upon each <u>Lot</u> to secure the payment of any such Assessments and Additional Charges as may be levied under this <u>Declaration</u>.

- 8.2.1 <u>Lien Is Continuing</u>. The lien provided for herein shall continue to secure all <u>Assessments</u> and <u>Additional Charges</u> levied upon any <u>Lot</u> notwithstanding the transfer of record title to such Lot, and any such transfer shall be subject to the <u>Association's</u> lien, provided that, prior to such transfer, a notice of delinquent assessment has been recorded as provided in the <u>Declaration</u> and by law.
- 8.2.2 Priority of Association's Assessment Liens. The priority of all such liens on each Lot shall be in inverse order so that upon the foreclosure of the lien for any particular charge on any Lot, any sale of such Lot pursuant to foreclosure of the lien will be made subject to all liens securing Assessments and Additional Charges on such Lot that become due and payable subsequent to the lien being foreclosed upon.
- 8.3 Purpose of Assessments. The Assessments levied by the Board shall be used exclusively to pay for the costs of management and operation of the Development, of conducting the business and affairs of the Association, to promote the recreation, health, safety, welfare, benefit, and interests of the Owners and Residents in the Development, and for the improvement and maintenance, repair, and replacement of the Common Area and, to the extent provided for in the Governing Documents or by law, of the Lots situated within the Development or which, in the opinion of the Board, shall be deemed to be necessary or proper for the management of the Development or of the affairs of the Association, or the benefit of the Owners, or for the enforcement of the Governing Documents.
- 8.4 Funds to be Held in Association's Name. Unless otherwise determined by the Board, the Association shall maintain at least two (2) separate accounts in one (1) or more banks or other depositories selected by the Board, which accounts shall be clearly designated Sunrise Homeowners Association operating account and Sunrise Homeowners Association reserve account. The Assessments collected by the Association shall be properly deposited into such accounts. Withdrawal of funds from Association accounts shall be subject to the requirements of Section 10.4 of the Bylaws ("Checks, Drafts, and Evidences of Indebtedness").
- 8.5 <u>Funds Held in Trust for Owners</u>. The <u>Assessments</u> collected by the <u>Association</u> shall be held in trust by the Association for and on behalf of each <u>Owner</u>. Upon

 not increase the Annual Assessment for any fiscal year above the amount of the Annual Assessment for the preceding fiscal year by more than twenty percent (20%) (or such other limitation on the increase as may be imposed by law), except upon the affirmative vote of a majority of <a href="Members">Members</a> voting on any such increase in the Annual Assessment, provided that a quorum is established. For purposes of the preceding sentence and to the extent required pursuant to <a href="Civil Code section 5605(c)">Civil Code section 5605(c)</a>, a quorum shall mean more than fifty percent (50%) of the Members of the <a href="Association">Association</a>, notwithstanding any lower quorum requirement which may be set forth in the <a href="Bylaws">Bylaws</a>.

- 8.7.6 Revised Annual Assessment. Subject to the provisions of Section 8.7.5 ("Permitted Increase in Annual Assessment") or as otherwise permitted by law, if at any time during the course of any year, the Board determines the amount of the Annual Assessment to be inadequate, by reason of a revision of its estimate of either expenses or income or otherwise, the Board shall have the right, at a regular or special meeting of the Board, to revise the Annual Assessment for the balance of the fiscal year. To the extent required by Civil Code section 5615, notice of any such increase shall be given to the Members by Individual Delivery and such revised Annual Assessment shall become effective on the first day of the next month that is at least thirty (30) days and not more than sixty (60) days after the date of such notice.
- 8.7.7 Failure to Fix Annual Assessment. The failure or omission by the Board to fix or levy any Annual Assessment before the expiration of any fiscal year, for that fiscal year or the next fiscal year, shall not be deemed either a waiver or a modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay Assessments or any installment thereof for that or any subsequent year, but the amount of the Annual Assessment fixed for the preceding fiscal year shall be the amount of the Annual Assessment is levied.

#### 8.8 Special Assessments.

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

1 2 3 4 5 6 7 8 9 10 11		8.8.2	Permitted Amount of Special Assessments. Except in the case of an emergency situation as defined in <i>Civil Code</i> section 5610, in any fiscal year the Board may not levy Special Assessments which, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year (or such other limitation on the amount as may be imposed by law), except upon the affirmative vote of a majority of the Members voting on any such Special Assessment, provided that a quorum is established. For purposes of the preceding sentence and to the extent required pursuant to Civil Code section 5605(c), a quorum shall mean more than fifty percent (50%) of the Members of the Association, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.
13 14 15 16 17		8.8.3	Allocation of Special Assessments. Special Assessments shall be allocated and assessed among the Lots in the same manner as Annual Assessments.
17 18 19 20 21 22 23		8.8.4	Notice of Special Assessment. Upon the imposition of a Special Assessment or an increase in a Special Assessment, in compliance with <u>Civil Code section 5615</u> , notice thereof shall be given to each <u>Owner by Individual Delivery</u> , not less than thirty (30) days and not more than sixty (60) days prior to the due date of the Special Assessment.
25 26 27 28 29 30 31 32 33		8.8.5	Payment of Special Assessments; Cost of Payment Plans. Special Assessments shall be payable in a lump sum or in installments as may be determined by the Board with regard to each Special Assessment when it is imposed. If the Association incurs additional expenses because of a payment method selected by an Owner (for example, but not limited to, paying a Special Assessment in installments instead of in a lump sum), the Association may charge such expense to the Owner as an Additional Charge or as a Reimbursement Assessment. Nothing in this Section 8.8 shall be deemed to obligate the Association to offer or permit alternate payment plans.
35 36 37 38 39	8.9	Reimbursement Assessments. The Board, after notice and a hearing as provided for in Section 13.11 ("Notices: Content, Delivery") and Section 13.12 ("Hearing Called by the Board; Executive Session; Open Meeting"), may levy Reimbursement Assessment against an Owner and his or her Lot:	
40 41 42 43 44		<u>r</u> d	To reimburse the <u>Association</u> for costs incurred to <u>maintain</u> , <u>repair</u> , or <u>eplace</u> property (including property within a <u>Lot</u> ) when such damage is lue to the act or neglect of such <u>Owner</u> , his or her <u>Contract Purchaser</u> , or nember of his or her household, pet, tenant, invitee, or guest, or as

otherwise provided in the **Governing Documents**;

- (b) If the failure of such <u>Owner</u>, his or her <u>Contract Purchaser</u>, or member of his or her household, pet, tenant, invitee, or guest to comply with any provision of the <u>Governing Documents</u> has necessitated or resulted in an expenditure of funds by the <u>Association</u> to deal with such lack of compliance or to bring such person or the <u>Lot</u> into compliance;
- (c) To reimburse the <u>Association</u> for any costs of collecting from an <u>Owner</u> any amount the Owner is obligated to pay the Association.

Without limiting the generality of the foregoing, and to the fullest extent permitted by law, all costs including attorney fees, incurred by the <a href="Association">Association</a> to enforce <a href="Section 5.7">Section 5.7</a> ("Restriction on Businesses"), <a href="Section 5.12">Section 5.12</a> ("Animals"), <a href="Section 6.6">Section 6.6</a> ("Indemnification Regarding Tenant's <a href="Actions">Actions"</a>), and <a href="Section 13.6">Section 13.6</a> ("Injunctions"), or to defend any claim arising or alleged to arise from any of the foregoing sections, shall be reimbursed to the Association as a <a href="Reimbursement Assessment">Reimbursement Assessment</a>. Any <a href="Reimbursement Assessment">Reimbursement Assessment</a> shall be due and payable to the Association when levied.

- 8.10 Enforcement Assessments. Subject to the requirements set forth in Section 13.8 ("Imposing Sanctions"), the Board may levy an Enforcement Assessment (and any fine or monetary penalty imposed by the Board in accordance with the provisions of the Governing Documents shall be deemed to be such an Enforcement Assessment), for violation of any of the provisions of the Governing Documents. Any Enforcement Assessment shall be due and payable to the Association when levied.
- 8.11 No Offsets. All Assessments levied by the Board shall be payable in the full amount specified, including any Additional Charges imposed as provided by the terms of this Declaration, and no offsets against any such amounts shall be permitted for any reason whatsoever, including without limitation a claim that the Association has failed to properly exercise its duties of maintenance or enforcement.
- 8.12 <u>Bad Checks</u>. An <u>Owner</u> who writes a check to the <u>Association</u> on insufficient funds shall be charged a service fee in the amount permitted by <u>Civil Code</u> <u>section 1719</u> and may be liable for damages to the Association in an amount equal to three (3) times the amount of the bad check, as provided by statute.
- 8.13 <u>Delinquent Assessments; Acceleration in the Event of Delinquency</u>. Any installment or other portion of an <u>Assessment</u> not received within fifteen (15) days after its due date shall be delinquent and, to the fullest extent permitted by law including <u>Civil Code section 5650(b)</u>, shall be subject to a late charge and, thirty (30) days after the due date, interest not to exceed the maximum rate

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permitted by law, as well as all other Additional Charges. If any monthly installment of the Regular Assessment or any installment of a Special Assessment that has been levied or is permitted to be paid on an installment basis is delinquent for a period of sixty (60) days, the Association may, but shall not be obligated to, declare the entire balance of the Annual Assessment or the Special Assessment immediately due and payable together with all other delinquent amounts.

- Enforcement by Action at Law or Foreclosure. The Board, on behalf of the Association, may enforce the payment of any delinquent Assessment plus Additional Charges by bringing an action at law against any Owner personally obligated to pay the same, or by foreclosing the lien against the Owner's Lot by judicial or non-judicial foreclosure, to the fullest extent permitted by law. To the extent prohibited by Civil Code section 5725(b), the amount of an Enforcement Assessment may not become a lien that is enforceable by non-judicial foreclosure.
  - 8.14.1 Pre-lien Notice. At least thirty (30) days prior to recording a notice of delinguent assessment against a Lot to collect a debt that is past due, the Association shall provide written notice to the Owner(s) of the Lot, as required by *Civil Code* section 5660 ("Pre-lien Notice").
  - Prior to Recording a Lien. Prior to recording a notice of delinquent 8.14.2 assessment, the Association shall comply with all applicable requirements imposed by law, including offering to participate in internal dispute resolution (Section 13.16 of this Declaration) or alternative dispute resolution (Section 13.17 of this Declaration) to the extent required pursuant to Civil Code section 5670 and making the decision to record a lien for delinquent Assessments at an open meeting of the Board, to the extent required pursuant to Civil Code section 5673.

Owner's Right to Discuss Payment Plan. To the extent provided in Civil 8.14.3 Code section 5665, an Owner may submit to the Board a written request to discuss a payment plan for a debt noticed in a pre-lien notice. If the Owner's written request is mailed to the Board (as evidenced by a postmark or receipt of mailing) within fifteen (15) days after the postmark on the pre-lien notice, the Board shall meet with the Owner within fortyfive (45) days of the postmark date of the Owner's written request, unless there is not a regularly scheduled Board meeting within the period, in which case the Board, in its discretion, may hold a special meeting in executive session to meet with the Owner or may designate a committee of one (1) or more Board members to meet with the Owner.

1 2 3 4 5 6 7 8	8.14.4	Notice of Delinquent Assessment. The amount of the past due debt noticed in the pre-lien notice shall be a lien from and after the recording of a notice of delinquent assessment. No later than ten (10) days after recordation, a copy of the notice of delinquent assessment shall be mailed by certified mail in compliance with <u>Civil Code section</u> 5675 to every person whose name is shown as an <u>Owner</u> of the <u>Lot</u> in the <u>Association</u> records or in such manner and to such persons as may be required by applicable law.
9 10 11 12 13 14 15 16 17 18 19 20	8.14.5	Delinquent Assessments of Less Than \$1,800. To the extent provided in <u>Civil Code section 5720(b)</u> , delinquent <u>Assessments</u> totaling less than Eighteen Hundred Dollars (\$1,800) that are less than twelve (12) months delinquent may not be collected by judicial or non-judicial foreclosure, but may be collected in any other manner provided by law including a civil action in small claims court to the extent provided in <u>Civil Code section 5720(b)(1)</u> or recording a lien as provided in <u>Civil Code section 5720(b)(2)</u> . Prior to recording such a lien, the <u>Association shall offer to participate in internal dispute resolution (Section 13.16 of this Declaration</u> ) to the extent required by <u>Civil Code section 5720(b)(2)</u> .
22 23 24 25 26 27 28 29 30 31	8.14.6	Initiating Foreclosure. As provided in <u>Civil Code section 5700(a)</u> , no procedures shall be initiated to foreclose the lien securing any noticed past due debt under this <u>Article 8</u> until after the expiration of thirty (30) days following the recording of a notice of delinquent assessment. To the extent required pursuant to <u>Civil Code section 5705(b)</u> , the <u>Association</u> shall offer to participate in internal dispute resolution ( <u>Section 13.16 of this Declaration</u> ) or alternative dispute resolution ( <u>Section 13.17 of this Declaration</u> ). To the extent required by <u>Civil Code section 5705(c)</u> , a decision to initiate foreclosure shall be made only by the <u>Board</u> in an executive session meeting.
32 33 34 35 36 37 38 39 40	8.14.7	Amount Due and Payable. Except with respect to the amount of any Enforcement Assessment, upon the recording of the notice of delinquent assessment referred to above, the <u>Association</u> may, at its option, declare the entire balance of all sums then due or to become due from the <u>Owner</u> , immediately due and payable, which total sum may then be included in any suit, action, or other procedure initiated to collect said sums, including all <u>Additional Charges</u> .
40 41 42 43 44 45	8.14.8	Notice of Initiating Foreclosure. To the extent required pursuant to <u>Civil Code section 5705(d)</u> , the <u>Association</u> shall provide written notice of initiating foreclosure to the record <u>Owner</u> of the <u>Lot</u> , including notice by personal service to any resident Owner.

- 8.15 Power of Sale. Each Owner does hereby appoint the Association as trustee to enforce and to foreclose any lien which is established pursuant to the terms of this Declaration, by private power of sale, as provided in Division III, Part 4, Title 14, Chapter 2, Article 1, (Section 2920 and following) of the Civil Code, and does further grant to the Board of Directors, on behalf of the Association, the authority and power to sell the Lot of such Owner in the event of any default in payment of any Assessments or Additional Charges levied against such Lot, for lawful money of the United States, to the highest bidder, to satisfy said lien. The Association, as trustee for the remaining Owners, or any other Owner, may purchase the Lot at said sale.
- 8.16 <u>Right of Redemption</u>. To the extent provided pursuant to <u>Civil Code section 5715(b)</u>, a non-judicial foreclosure to collect delinquent <u>Assessments</u> shall be subject to a right of redemption.
- 8.17 Remedies Are Cumulative. The Board may commence any procedure for the collection of delinquent Assessments upon its own decision. The remedies provided in this Declaration for collection of delinquent Assessments shall be cumulative and not exclusive; that is, the Association may use one (1) or more or all of the available remedies to collect delinquent Assessments to the fullest extent permitted by law.
- Partial Payments. The Association's acceptance of a partial payment, whether involuntary or voluntary, shall not prevent the Association from pursuing any or all of its available collection remedies.
- Certificate of Satisfaction and Release of Lien. Upon payment in full of a delinquent
   8.19 Assessment, including any <u>Additional Charges</u>, or the satisfaction thereof, the <u>Board</u> shall cause to be recorded, in the same manner as the notice of delinquent assessment, a further certificate stating the satisfaction thereof and the release of the lien.
- Subordination to Lien of First Mortgage. Except as otherwise expressly provided by law, the lien securing each of the Assessments provided for under this Declaration shall have priority as of the date of recordation of the notice of delinquent assessment as provided in Section 8.14.4 over all other liens and encumbrances applicable to the Lots; provided, however, that such Assessment lien shall be subordinate to the lien of any First Mortgage recorded against the Lot prior to the date the notice of delinquent assessment was recorded; and provided, further, that such subordination shall apply only to the Assessments which have become due and payable prior to the sale of such property pursuant to a decree of foreclosure of any such First Mortgage, or pursuant to a power of sale contained in any such First Mortgage. Such foreclosure sale shall not relieve such property from liability for any Assessments and Additional Charges becoming due after the sale of such property pursuant to a decree of foreclosure

of any such First Mortgage, or pursuant to a power of sale contained in any such First Mortgage, nor from the lien of any subsequent Assessment, including Assessments levied against all Lots proportionately to compensate for the unpaid Assessments and Additional Charges, which shall constitute a lien upon the purchased Lot in accordance with this Article 8.

- 8.21 <u>Waiver of Exemptions</u>. Each <u>Owner</u>, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this <u>Declaration</u>, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed pursuant to the terms of this Declaration.
- 8.22 <u>Property Exempt from Assessments</u>. The following property subject to this <u>Declaration</u> shall be exempt from the <u>Assessments</u>, <u>Additional Charges</u>, and liens created herein:
  - (a) All property dedicated to and accepted by the <u>City</u> or <u>County</u> or other local public authority and devoted to public use;
  - (b) Any <u>Lot</u> which is owned by the <u>Association</u> as a result of the Association having acquired such Lot through foreclosure; *provided, however*, that such exemption shall apply only during the period in which the Association is record owner of such Lot; and
  - (c) All Common Area.

#### ARTICLE 9 MAINTENANCE OF PROPERTY

- 9.1 <u>Association's Responsibility for Common Area Generally.</u> The <u>Association</u> shall provide <u>maintenance</u>, <u>repair</u>, and <u>replacement</u> of the <u>Common Area</u> and all facilities, improvements, equipment and landscaping thereon, including but not limited to the swimming pool, wading pool, pump house, pool house, cabana and open space and all other real and/or personal property that may be acquired by the Association, keeping such property in good condition and <u>repair</u>. Without limiting the generality of the foregoing:
  - 9.1.1 <u>Landscaping; Janitorial; Painting</u>. The <u>Association</u> shall specifically be responsible for providing lighting, landscaping, irrigation, gardening (including periodic <u>replacement</u>, as the <u>Board</u> deems necessary, of trees, shrubs, vines, hedges, ground cover, grass, vegetation and other plants upon the <u>Common Area</u>), and janitorial services for the Common Area, as needed, and shall cause any and all other acts to be done which may be necessary to assure the <u>maintenance</u> of the Common Area in good condition and <u>repair</u>, including painting of the

1 2 3 4		exterior surfaces of Common Area building(s) and such other portions of the Common Area as the Board, in its discretion, determines to be necessary.	
5 6 7 8 9 10	9.1.2	Common Area Utilities and Services; Utility Laterals. The Association shall procure and pay for water, sewage, garbage, electrical, gas, telephone, fiber optics, cable, and other service for the Common Area. The Association shall maintain all utility installations located in the Common Area, except for those installations maintained by public, private, or municipal utility companies, and those portions of any utility line exclusively servicing a Lot as provided in Section 9.2.4 ("Utility Lateral Lines").	
13 14 15 16 17	9.1.3	<u>Common Area Fences</u> . The <u>Association</u> shall be responsible for the <u>maintenance</u> , <u>repair</u> , and <u>replacement</u> of all fences within the Common Area and any fence situated upon or approximately upon the boundary between any <u>Lot</u> and any portion of the <u>Common Area</u> .	
18 19 20 21 22 23	9.1.4	Employees or Independent Contractors. The Association may perform its obligations and provide such services as the Board shall determine through employees of the Association or through independent contractors. In either case, Residents or Owners shall not interfere with or attempt to instruct any of such persons in the performance of their duties.	
2 <b>5</b> 2 <b>6</b> 9.	.2 <u>Owner</u>	r's Responsibility for Maintenance.	
27 28 29 30 31	9.2.1	Owner's Responsibility for Lots. Each Owner shall be responsible for the maintenance, repair, and replacement of his or her Lot and all improvements thereon, keeping the same in a clean, sanitary, workable, and attractive condition.	
33 34 35 36 37	9.2.2	Maintenance of Utility Easements. The easement area upon any Lot, and all improvements within such easement area, shall be maintained continuously by the Owner of such Lot, except for those improvements for which a public authority or a utility company is responsible. In addition, all sewer pipelines and other sewer facilities located within public roads, streets, and highways, abutting the Lots are reserved.	
39 40 41 <del>12</del> 43	9.2.3	Owner's Responsibility for Party Fences. Owner's responsibility for Party Fences (that is, fences situated on or approximately on the boundary line between two (2) Lots) shall be as set forth in Article 10 ("Party Fences").	

9.2.4 Utility Lateral Lines. Each Owner shall be responsible for the 1 maintenance, repair, and replacement of utility lateral lines that serve 2 the Owner's Lot exclusively, regardless of location. 3 4 9.2.5 Owner's Cooperation, Each Owner and Resident shall cooperate with 5 the Board and its agents in the performance of maintenance, repair, or 6 replacement by the Association of any portion of Common Area that is 7 the Association's responsibility. 8 9 9.2.6 Compliance with Architectural Provisions. An Owner's right and 10 responsibility for maintaining, repairing, or replacing any portions of his 11 or her Lot shall be subject to any applicable provisions of the 12 Governing Documents relating to landscaping and architectural control, 13 including Article 7 ("Architectural Approval"). 14 15 9.3 Wood Destroying Organisms. As provided in Civil Code section 4780(b), each 16 Owner is responsible for and shall perform maintenance and repair of his or her 17 Lot and Dwelling occasioned by the presence of wood destroying pests or 18 organisms, including mold, decay, dry rot, and termites. Without limiting the 19 generality of the foregoing, every Owner and Resident shall be responsible for 20 taking reasonable measures to prevent conditions that may cause such damage, 21 including but not limited to use of proper spacers under planters and other 22 objects that may trap moisture, stacking of firewood on racks, and prompt 23 removal of leaves, dirt, and other debris and may be liable to the Association for 24 the cost of maintenance, repair, or replacement due to damage as provided in 25 Section 9.8 ("Owner's Liability to Association for Negligent Damage"). 26 27 9.4 28 Acceptance of Condition of Lot. Each Owner, by acceptance of a deed to a Lot, accepts responsibility for the condition of the Lot including but not limited to 29 existing defects, unresolved architectural violations of any predecessor Owner, 30 and failure of a predecessor Owner to perform maintenance, repairs, or 31 replacement upon the Lot or any encroachments upon the Common Area that 32 are the responsibility of the Lot Owners, and the Association shall be entitled to 33 exercise all of its enforcement powers with respect to the obligations of Lot 34 35 Owner in connection with such conditions, whether or not such conditions were disclosed to the Owner. 36 37 9.5 Board's Discretion to Require Maintenance. The Board shall have the discretion 38 to determine whether any maintenance, repair, or replacement that is the 39 responsibility of an Owner is necessary to preserve the appearance and value of 40 the property within the Development or any portion thereof and may notify an 41 Owner of the work the Board deems necessary. In the event an Owner fails to 42 perform such work within sixty (60) days after notification by the Board to the 43 Owner, the Board may, after written notice to the Owner and the right of a 44

hearing before the Board pursuant to Section 13.12 ("Hearing Called by the

- <u>Board; Executive Session; Open Meeting"</u>), cause such work to be done and charge the cost thereof to the Owner as a <u>Reimbursement Assessment</u>.
- 9.6 <u>Authority for Entry of Lot</u>. The <u>Association</u> or its agents shall have the right to enter any <u>Lot</u> whenever such entry is necessary, in the <u>Board's</u> discretion, for purposes of inspection and/or in connection with the performance of any <u>maintenance</u>, <u>repair</u>, construction, or <u>replacement</u> for which the Association is responsible or which it is authorized to perform. Such entry shall be made with as little inconvenience to the <u>Residents</u> as practicable and only upon reasonable advance written notice of not less than twenty-four (24) hours, except that in emergency situations notice shall be given as the situation reasonably permits.
- 9.7 <u>Limitation of Association Liability</u>. In the case of damage to a <u>Lot</u>, any <u>Dwelling</u> or improvement thereon, or the contents thereof, arising or allegedly arising from the <u>Association's</u> performance of its <u>maintenance</u>, <u>repair</u>, or <u>replacement</u> obligations, the Association shall not be responsible or liable for such damage, except to the extent arising from the willful misconduct or gross negligence of the Association, its employees, contractors, or agents.
- 9.8 Owner's Liability to Association for Negligent Damage. In the event the need for any maintenance, repair, or replacement performed by the Association is caused by the willful or negligent act or omission of an Owner or a Resident, a member of his or her household, pets, tenants, invitees, or guests, the cost of such maintenance, repair, or replacement not covered by insurance, including any applicable insurance deductible and the cost of materials, labor, supplies, and services shall be charged to, and paid by, the Owner of the Lot in the form of a Reimbursement Assessment.

## ARTICLE 10 PARTY FENCES

- 10.1 <u>Party Fence Defined</u>. Party Fence shall mean each fence built as part of the original construction of the <u>Dwellings</u> within the <u>Development</u> and placed on or approximately on the boundary line between the <u>Lots</u>.
- 10.2 <u>General Rules of Law to Apply</u>. Unless and to the extent they conflict with the provisions of the <u>Declaration</u>, the general rules of law regarding party walls and boundary fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto, as provided in this <u>Article 10</u>.
- 10.3 <u>Sharing of Maintenance, Repair, and Replacement Costs.</u> The cost of <u>maintenance, repair,</u> and <u>replacement</u> of a <u>Party Fence</u> shall be shared by the <u>Owners</u> pursuant to the terms of any written agreement entered into between the Owners thereof for that purpose. In the absence of such a written agreement, such costs shall be shared by the Owners who make use of the Party Fence in

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

- 10.4 <u>Right to Contribution Runs with Land</u>. The right of any <u>Owner</u> to contribution from any other Owner under this <u>Article 10</u> shall be appurtenant to and run with the land and shall pass to such Owner's successors in title.
- 10.5 <u>Party Fence Disputes.</u> <u>Party Fences</u> are not <u>Common Area</u> and are not the responsibility of the <u>Association</u>. Any dispute concerning a Party Fence, or otherwise under the provisions of this <u>Article 10</u>, shall be subject to the alternative dispute resolution provisions in <u>Section 13.17</u> ("Alternative Dispute Resolution Before Initiating Lawsuit").

# ARTICLE 11 INSURANCE

- 11.1 Insurance Coverage to Be Maintained by Association. The Association shall procure and maintain, as a common expense of all Owners, the types of insurance described in Section 11.2 ("Common Area Hazard Insurance to Be Maintained by Association"), Section 11.3 ("General Liability Insurance to Be Maintained by Association"), and Section 11.4 ("Other Insurance to Be Maintained by Association"), if and to the extent such insurance, with the coverages described below, is available at a reasonable premium cost.
- 11.2 Common Area Hazard Insurance to Be Maintained by Association. The Association shall maintain a policy of fire and extended coverage insurance covering all of the Common Area and all furnishings, equipment, and personal property owned by the Association or owned in common by all of the Owners, with limits equal to one hundred percent (100%) of the full insurable replacement costs of the Common Area improvements exclusive of land, foundation, excavations, and other items normally excluded from coverage. The policy may contain a reasonable deductible and the amount of the deductible shall be added to the face amount of the policy in determining whether the insurance equals the replacement cost.
  - 11.2.1 <u>Policy Endorsements</u>. The policy may include such endorsements as the <u>Board</u>, in its discretion, shall determine based on the character and replacement cost of the <u>Common Area</u> improvements from time to time, such as:

- (i) an agreed amount endorsement or its equivalent,
- (ii) an increased cost of construction endorsement or a contingent liability from operation of building laws endorsement or their equivalent,
- (iii) an extended coverage endorsement,
- (iv) coverage for costs of demolition,
- (v) glass coverage,
- (vi) coverage for loss or damage as a result of theft, vandalism, malicious mischief; coverage for equipment breakdown of any equipment required to run and operate the <u>Development</u>; and for sprinkler leakage; windstorm, or water damage,
- (vii) coverage to permit cash settlement covering full value of the improvements in case of partial destruction and a decision not to rebuild.
- (viii) coverage for demolition in the event of total or partial destruction and a decision not to rebuild, and
- (ix) maintenance fees receivable coverage in case of damage to a Lot by a covered peril and the Board is unable, after reasonable effort to collect Assessments from the Owner of the affected Lot.
- 11.3 <u>General Liability Insurance to Be Maintained by Association</u>. The <u>Association</u> shall maintain commercial general liability insurance insuring the Association, its officers and directors, and the <u>Owners</u> against any liability incident to ownership, <u>maintenance</u>, and <u>repair</u> of the <u>Common Area</u>, but excluding the liability of an Owner incident to personal bodily injury and property damage occurring within that Owner's <u>Lot</u> or in any other Lot or upon the Common Area resulting from the negligence of that Owner. Limits of liability shall be set by the <u>Board</u> but shall in no event be less than Three Million Dollars (\$3,000,000).
  - 11.3.1 <u>Scope of Coverage</u>. Such liability insurance policy shall insure against bodily injury, death, or property damage occurring in, on or about any portion of the <u>Common Area</u> and if available and at a reasonable cost as determined by the <u>Board</u> shall include:
    - (i) water damage liability,

- (ii) hired and non-owned vehicle coverage, theft and collision coverage,
- (iii) liability for property of others,
- (iv) off-premises employee coverage, and
- (v) such other risks as are customarily covered in similar developments.
- 11.3.2 <u>Other Provisions</u>. If available and at a reasonable cost as determined by the <u>Board</u>, such liability insurance policy shall:
  - (i) name the <u>Association</u> as a first-named insured and <u>Owners</u> as named insureds, with policy benefits payable to the Association as trustee for the Owners or any of them;
  - (ii) contain a waiver of subrogation as to claims against the <u>Association</u>, the <u>Board</u> members, the <u>Owners</u> and members of the Owner's family who reside with such Owner, except in cases of arson or fraud;
  - (iii) contain a waiver of the defense of invalidity on account of the conduct of any <u>Owner</u> over which the <u>Board</u> has "no control;"
  - (iv) require that at least thirty (30) days' prior written notice be given to the <u>Association</u> by the insurer before cancellation except that in the case of cancellation for nonpayment of premiums or for fraud, the notice shall be given no less than ten (10) days prior to the effective date of the cancellation;
  - (v) provide that in no event shall the insurance be brought into contribution with insurance purchased individually by <u>Owners</u> or their <u>Mortgagees</u>;
  - (vi) exclude policies obtained by the individual <u>Owners</u> from consideration under any "other insurance" clause; and
  - (vii) contain a provision requiring the insurer to defend lawsuits for which there is coverage under the policy even if the allegations are fraudulent, but authorizing the insurer to make such investigation and settlement of any claim or suit within the policy limit as it deems expedient.

- 11.4 Other Insurance to Be Maintained by Association.
  - 11.4.1 <u>Directors' and Officers' Insurance</u>. The <u>Association</u> shall maintain directors' and officers' liability insurance with limits to be set by the <u>Board</u> but in no event less than One Million Dollars (\$1,000,000) or any higher applicable limit set forth in <u>Civil Code section 5800</u>, and containing a cross-liability endorsement and waiver of subrogation as to the Association, the officers, and the directors, and the agents and employees of any of them. Coverage for prior acts, to the extent obtainable, shall be included.
  - 11.4.2 <u>Workers' Compensation Insurance</u>. The <u>Association</u> shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws and may carry such insurance at any time as determined by the <u>Board</u>.
  - 11.4.3 Fidelity Bond. In accordance with <u>Civil Code section 5806</u>, the <u>Association</u> shall maintain a standard fidelity bond covering dishonest acts on the part of officers and directors of the Association, the manager, and any employees or volunteers who are responsible to handle funds of the Association, including computer fraud and funds transferred fraud. Such bond shall name the Association as obligee, shall be written in an amount which shall be determined by the <u>Board</u> but in no event less than the combined amount of the Association's reserves and total <u>Assessments</u> for three (3) months, and shall contain a waiver of any defense based on the exclusion of persons serving without compensation.
  - 11.4.4 Other Insurance. The <u>Association</u> may maintain at any time and from time to time any other insurance, including but not limited to earthquake and/or flood insurance, and bonds as the <u>Board</u> may from time to time deem necessary or desirable.
- 11.5 Insurance to Be Maintained by Owner. The insurance policies to be carried by the Association pursuant to Section 11.1 ("Insurance Coverage to Be Maintained by Association") are not intended to cover the Lots or the Dwellings, or liability of an Owner incident to ownership or use of his or her Lot or Dwelling or liability incident to an Owner's negligence upon the Common Area. Each Owner shall be responsible for procuring and maintaining hazard insurance on the Owner's Lot and Dwelling improvements, insurance against Owner liability incident to ownership or use of the Owner's Lot or Dwelling, liability incident to an Owner's negligence upon the Common Area, insurance on the contents of the Dwelling, and such other insurance as the Owner shall determine is adequate to cover such other risks as the Owner shall determine, including but not limited to loss of

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use, additional living expenses, loss of rental income, and loss assessment coverage. If an Owner fails to obtain any insurance he or she is obligated or permitted to obtain pursuant to this <u>Declaration</u>, nothing in this <u>Declaration</u> shall be construed to impose any obligation whatsoever on the <u>Association</u> to insure that which the Owner does not insure.

- 11.5.1 No Overlapping Coverage. No Owner shall obtain or maintain any policy of insurance that reduces the amount of coverage under any policy obtained or maintained by the Association pursuant to Section 11.2 ("Common Area Hazard Insurance to Be Maintained by Association"). Section 11.3 ("General Liability Insurance to Be Maintained by Association"), or Section 11.4 ("Other Insurance to Be Maintained by Association"). If any Owner violates the provisions of this Section 11.5.1, any diminution in insurance proceeds otherwise payable to the Association that results from the existence of such other insurance will be chargeable to the Owner who acquired such other insurance and each Owner hereby assigns to the Association the proceeds of any such policy to the extent any such decrease in proceeds in fact occurs (such proceeds to be applied pursuant to the Declaration as if produced by the Association's coverage). Such Owner will be liable to the Association to the extent of any diminution and the Association shall levy a Reimbursement Assessment against such Owner in the amount of such diminution.
- 11.5.2 Other Owner-maintained Insurance. Each Owner shall be responsible, at his or her sole cost and expense, to obtain such other insurance as the Owner shall determine is adequate to cover such other risks as the Owner shall determine, including but not limited to loss of use or loss of rental income.
- 11.5.3 Evidence of Insurance; No Obligation of Association. Upon request from the Board, each Owner shall provide evidence of such insurance annually. If an Owner fails to obtain any insurance he or she is obligated or permitted to obtain pursuant to this **Declaration**, nothing in this Declaration shall be construed to impose any obligation whatsoever on the Association to ensure that which the Owner does not insure. The right of the Board to request evidence of insurance that an Owner is obligated to carry pursuant to this Declaration shall not be deemed to impose a duty on the Board or the Association to request such evidence of insurance or impose on the Association any liability to any person arising or claimed to arise out of any action or inaction by the Board, the Association or anyone acting on the Association's or the Board's behalf with respect to verifying any Owner's compliance with the Owner's obligation to carry insurance.

11.6 <u>Insurance Proceeds</u>. Proceeds of all insurance policies owned by the <u>Association</u> shall be received by the Association and shall be distributed to the Association, the <u>Owners</u>, and their <u>Mortgagees</u> subject to the provisions of the <u>Declaration</u> as their interest may appear; *provided*, *however*, that whenever repair or reconstruction is required, the proceeds of any insurance received by the Association as a result of any loss shall be applied to such repair or reconstruction except to the extent of any excess insurance proceeds as provided in <u>Section 12.2.4</u> ("Excess Insurance Proceeds").

- 11.7 Responsibility for Payment of Deductible. Subject to the provisions of Section 9.8 ("Owner's Liability to Association for Negligent Damage"), the amount of the deductible under any insurance obtained by the Association shall be borne solely by the Association. If an Owner is responsible for the payment of such deductible, the failure or refusal of the Owner's insurance carrier to pay or reimburse the deductible shall not relieve the Owner of his or her responsibility for the deductible.
- 11.8 Owner's Liability for Conditions Affecting Insurance. As provided in Section 5.10 ("Conditions Affecting Insurance"), the responsible Lot Owner shall be liable to the Association if anything is done, placed, or kept within the Development that increases the rate of insurance or results in the cancellation of insurance under any insurance policy maintained by the Association.
- 11.9 <u>Insurance Carriers</u>. All insurance policies carried by the <u>Association</u> shall be written by companies that are not prohibited from doing business in the State of California.
- 11.10 <u>Annual Review of Policies</u>. The limits and coverage of all insurance policies carried by the <u>Association</u> shall be reviewed at least annually by the <u>Board</u> and increased or decreased in its discretion.
- 11.11 Coverage Not Available; Disclaimer. In the event any insurance policy or any endorsement listed in in Section 11.2 ("Common Area Hazard Insurance to Be Maintained by Association"), Section 11.3 ("General Liability Insurance to Be Maintained by Association"), and Section 11.4 ("Other Insurance to Be Maintained by Association"), is for any reason not available, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage described above. The Association, and its directors and officers, shall have no liability to any Lot Owner or Mortgagee if, after good faith effort, it is unable to obtain or maintain the insurance required pursuant to Section 11.2, Section 11.3, and Section 11.4 because the insurance is no longer available or, if available, can be obtained or maintained only at a cost that the Board in its sole discretion determines is unreasonable under the circumstances, or the Members fail to approve any Special Assessment or increase in the Annual Assessment needed to fund the

insurance premiums. In accordance with Civil Code section 5810, as soon as reasonably practicable, the Association shall notify the Members by Individual Notice if any of the policies described in Section 7.5.8 of the Bylaws ("Summary of Association's Insurance Policies") have lapsed or been canceled, and are not immediately renewed, restored, or replaced, or if there is a significant change. such as a reduction in coverage or limits or an increase in the deductible for any of those policies. If the Association receives any notice of non-renewal of a policy described in Section 7.5.8 of the Bylaws and replacement coverage will not be in effect by the date the existing coverage will lapse, the Association shall immediately notify the Members by Individual Notice.

- 11.12 <u>Copies of Policies</u>. Copies of all insurance policies (or certificates of insurance) and paid invoices showing that premiums have been paid shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.
- 11.13 Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to file all claims and to negotiate and agree on the value and extent of any loss under any policy carried by the Association pursuant to Section 11.2 ("Common Area Hazard Insurance to Be Maintained by Association"), Section 11.3 ("General Liability Insurance to Be Maintained by Association"), and Section 11.4 ("Other Insurance to Be Maintained by Association"). The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.
- 11.14 Premiums. The costs of insurance obtained by the Association shall be a common expense of the Association, shall be included in the Annual Assessment, and shall be paid for out of the operating fund of the Association.

#### **ARTICLE 12** DAMAGE OR DESTRUCTION; CONDEMNATION

- 12.1 Emergency Repairs. Without waiting to obtain insurance settlements or bids, the Board may undertake such emergency repair work after a casualty to the Common Area or Common Area improvements as it may deem necessary or desirable under the circumstances including but not limited to mitigating or removing dangerous conditions and other actions that may be necessary to comply with applicable laws, ordinances, and regulations; and the Board may charge the operating account for the costs thereof.
- 12.2 Damage to Common Area. In the event of damage to or destruction of the Common Area or other property of the Association or any part thereof, then the following provisions shall apply:

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1 2 3	12.2.1	Amount of Insurance Proceeds. The Board shall obtain a determination of the amount of available insurance proceeds that will be recovered from the Association's insurance carrier(s).
4 5 6 7 8 9 10	12.2.2	<u>Bids</u> . The <u>Board</u> shall obtain such bids from responsible licensed contractors as the Board deems appropriate to restore the damaged or destroyed property to its condition immediately prior to such damage or destruction (including compliance with current building code and ordinance requirements and any modifications approved by the Board), including provision for a completion bond.
12 13 14 15	12.2.3	<u>Sufficient Proceeds</u> . If the insurance proceeds paid to the <u>Association</u> are sufficient to cover the costs of restoration, the <u>Board</u> shall contract with such contractor as the Board in its discretion shall determine and proceed to perform the restoration.
16 17 18 19	12.2.4	Excess Insurance Proceeds. Any excess insurance funds shall be deposited in the operating account of the <u>Association</u> .
20 21 22 23 24 25 26 27 28 29	12.2.5	Insufficient Proceeds; Decision Not to Repair. If the insurance proceeds, together with reserve funds, if any, allocated for replacement of the damaged or destroyed improvement, are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may levy a Special Assessment against the Members of the Association up to the maximum amount permitted without a Member approval vote as provided in Section 8.8.2 ("Permitted Amount of Special Assessments") to cover the cost of the repair or replacement not covered by the insurance proceeds. If the sum of insurance proceeds, allocated reserve funds, and Special Assessment
30 31 32 33 34 35 36 37 38 39 40 41		funds equal less than eighty-five percent (85%) of the cost of repair or replacement, the Members may elect not to cause such replacement or repair by the vote of two-thirds (2/3) of the <a href="Total Voting Power">Total Voting Power</a> of the Association. In that event, the damaged <a href="Common Area">Common Area</a> shall be cleared and landscaped; <a href="provided">provided</a> , <a href="however">however</a> , that there shall exist in such Common Area adequate vehicular and pedestrian rights-of-way for <a href="Owners">Owners</a> to ensure legal access to each Owner's <a href="Lot">Lot</a> and the costs thereof shall be paid from the insurance proceeds, any allocated reserve funds and, if necessary, the other funds of the Association. Any remaining insurance proceeds shall be distributed by the Association to the Members pro rata or otherwise made use of as determined by the vote of the Members.
43 44 45	12.2.6	Alternative Repair Plan. If a decision not to rebuild is not approved pursuant to Section 12.2.5 ("Insufficient Proceeds; Decision Not to Repair") the Board shall use such funds as are available to repair or

stabilize the damaged <u>Common Area</u> according to such alternative plan as the Board shall deem appropriate under the circumstances.

## 12.3 Rebuilding or Repair of Improvements on a Lot.

- Owner to Repair. If any Lot or any improvement on a Lot is damaged or destroyed by fire or other casualty, the Owner(s) of such Lot shall repair or rebuild the structures upon such Lot and restore such Lot to its condition prior to the damage or destruction, or to such other condition as shall have been approved in advance by the Architectural Committee pursuant to Article 7 ("Architectural Approval").
- 12.3.2 Commencement and Completion of Repair. Repair or rebuilding shall be commenced and completed within the times specified in Section

  7.18 ("Commencement of Approved Work") and Section 7.19 ("Completion; Extension of Deadline").
- 12.3.3 <u>Insufficient Insurance Proceeds</u>. In the event the insurance proceeds are insufficient to complete such work, the <u>Lot Owner</u> shall pay such additional sums as may be necessary to complete such rebuilding and repair.
- 12.3.4 <u>Destruction; Failure to Timely Repair</u>. In the case of total or substantially total destruction of a <u>Dwelling</u>, if restoration is not commenced within one (1) year after the occurrence of the destruction, the <u>Board</u> may require that the foundation and other installations be removed and the <u>Lot</u> restored to a safe, orderly, and natural condition. Nothing in the preceding sentence shall be deemed to limit the right of the <u>Association</u> to otherwise enforce the obligation of an <u>Owner</u> to restore or rebuild the damaged structures and restore the Lot as provided in the first sentence of <u>Section 12.3.1</u> ("Owner to Repair").

## 12.4 Condemnation of Common Area.

- Association to Represent Owners. If at any time all or any portion of any Common Area, or any interest therein, shall be taken for any public or quasi-public use under any statute, by right of eminent domain, or by private purchase in lieu of eminent domain, the Association shall represent the interests of all Owners in any proceedings relating to such condemnation to the extent such Owners have any interest in the Common Area.
- 12.4.2 <u>Condemnation Award</u>. The entire compensation or award in condemnation, to the extent such award is not apportioned among the Owners by court judgment or by agreement between the condemning

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authority and each of the affected Owners in the <u>Development</u>, shall be paid to the <u>Association</u> and shall be used in the manner determined by the <u>Board</u>, provided that such use shall not be inconsistent with the purposes of the Association.

## 12.5 Condemnation of Lots.

- 12.5.1 Total Condemnation of Lot. If an entire <u>Dwelling</u> or <u>Lot</u>, or so much thereof as to render the remainder unfit for use as a Dwelling, is condemned or taken for a public or quasi-public use pursuant to any statute, by right of eminent domain, or by private purchase in lieu of eminent domain, the <u>Owner's</u> membership in the <u>Association</u> shall terminate as of the last day of the month in which the condemner obtains the right to possession, or upon the Owner vacating the Lot, whichever occurs last.
- 12.5.2 <u>Partial Condemnation of Lot</u>. If only a portion of a <u>Dwelling</u> or <u>Lot</u> is taken and the remainder is fit for use as a Dwelling, the <u>Owner</u> shall continue to be a <u>Member</u> of the <u>Association</u>.
- 12.5.3 Rights of Association. In any condemnation action involving an Owner's Dwelling or Lot, the Association shall have the right to seek compensation for any damages incurred by the Association.
- 12.6 Revision of Documents. In the event of (i) a partial or complete condemnation of the Common Area or the taking of all or a portion of the Common Area by right of eminent domain or by private purchase in lieu of eminent domain, (ii) condemnation or taking of one (1) or more Lots, or (iii) a decision by the Association by affirmative act or failure to act, not to repair damaged Common Area, the Association shall have the power and authority to resurvey the remaining portion of the Development and to execute and record, on behalf of itself and the individual Owners, all necessary documents to show the altered status of the Development, including but not limited to a revised Subdivision Map and an amended Declaration and readjustment of the percentages of undivided interest of the remaining Owners in the Development, if applicable.

## ARTICLE 13 ENFORCEMENT; NOTICE; HEARINGS

13.1 <u>Violations as Nuisance</u>. Every act or omission constituting or resulting in a violation of any of the provisions of the <u>Governing Documents</u> shall be deemed to constitute a nuisance and, in addition to any other remedies which may be available, such nuisance may be abated or enjoined by the <u>Association</u> or its officers or <u>Board of Directors</u> or by any <u>Owner</u>; *provided, however*, that the Board shall not be obligated to take action to abate or enjoin a particular violation if, in

the exercise of its discretion, the Board determines that acting to abate or enjoin such violation is not likely to foster or protect the interests of the Association and its Members as a whole. Notwithstanding the preceding sentence and without limiting the generality of the proviso therein, nothing in the Governing Documents shall be deemed to impose upon the Association, the Board, or the officers. employees, or agents of the Association a duty to intervene in any physical dispute or altercation or any criminal or alleged criminal activity other than to notify law enforcement officials.

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

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Owner's Responsibility for Conduct and Damages. Each Owner shall be fully 13.3 responsible for informing members of his or her household, Contract Purchasers, tenants, invitees, and guests of the provisions of the Governing Documents, and shall be fully responsible for the conduct, activities, and any Governing Document violation of any of them, and for any damage to the Development or the Association resulting from the negligent or intentional conduct of any of them or the conduct of any pet belonging to any of them. If a Lot is owned jointly by two (2) or more persons, the liability of each Owner in connection with the obligations imposed by the Governing Documents shall be joint and several; that is, each co-Owner individually shall be fully liable and responsible and all co-Owners collectively shall be fully liable and responsible. The foregoing provisions of this Section 13.3 are in addition to and shall not limit the generality of the provisions of Section 5.7.2 ("Indemnification Regarding Business Activity"), Section 5.12 ("Animals"), Section 6.6 ("Indemnification Regarding Tenant's Actions"), and Section 7.25 ("Disclaimer of Liability").

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No Avoidance. No Owner may avoid the burdens or obligations imposed by the 13.4 Governing Documents through non-use of any Common Area facilities or by abandonment of his or her Lot.

Enforcement Rights Are Cumulative. To the fullest extent permitted by law, including Civil Code section 5975, the Association, its directors, officers, or agents, and any Owner shall have the right to enforce any and all provisions of the Governing Documents by any proceeding at law or in equity, or, with respect to action by the Association, through the use of such other remedies (including self-help remedies that do not breach the peace or otherwise violate applicable law or this Declaration) as are available and deemed appropriate by the Board. Each remedy provided is cumulative and not exclusive.

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**DECLARATION** 

- 13.6 <u>Injunctions</u>. Except for the nonpayment of any <u>Assessment</u> levied pursuant to the provisions of this <u>Declaration</u>, it is hereby declared that a remedy at law to recover damages for a default in the performance of any of the terms and provisions of any of the <u>Governing Documents</u> or for the breach or violation of any such provisions are inadequate and that the failure of any <u>Owner</u>, <u>Contract Purchaser</u>, member of his or her household, tenant, invitee, guest, or household pets or any other occupant or user of any of the property within the <u>Development</u> to comply with any provision of the Governing Documents may be enjoined in any judicial proceedings initiated by the <u>Association</u>, its officers or <u>Board</u> of Directors, or by any Owner or by their respective successors in interest.
- 13.7 <u>Limitation on Association's Disciplinary Rights</u>. To the extent provided in <u>Civil Code section 4510</u>, the <u>Association</u> shall not have the power and authority to cause a forfeiture or abridgment of an <u>Owner's</u> right to the full use and occupancy of his or her <u>Lot</u> as the result of the failure by such Owner, members of his or her household, <u>Contract Purchaser</u>, tenants, invitees, guests or pets to comply with any provision of the <u>Governing Documents</u>, except where such forfeiture or abridgement is the result of the judgment of a court of competent jurisdiction, a decision arising out of an arbitration proceeding, or a foreclosure or sale under private power of sale for failure of such Owner to pay <u>Assessments</u> levied by the Association pursuant to this <u>Declaration</u> and except to the extent of the Association's rights pursuant to. The provisions of this <u>Section 13.7</u> shall not affect the Association's right to impose other sanctions including imposing <u>Enforcement Assessments</u> as provided in <u>Section 13.8</u> ("Imposing Sanctions").
- 13.8 Imposing Sanctions. Upon an explicit finding and for reasons specified by the Board following a hearing called by the Board and conducted in accordance with this Article 13, the Board shall have the power to impose sanctions on a Member who is in default in the payment of any Assessment or Additional Charge levied by the Board or is found to be in violation of any provision of the Governing Documents. Sanctions may include loss of good standing, suspension of other rights, and/or monetary penalties (fines), as described below.
  - 13.8.1 Loss of Good Standing. The Board may suspend a Member's Good Standing for so long as the Member remains in default of such payment or until the violation is remedied. When a Member is not in Good Standing, his or her Association voting rights shall be suspended and the Member shall be disqualified from serving on the Board.
  - 13.8.2 <u>Suspension of Other Rights</u>. The <u>Board</u> may suspend a <u>Member's</u> or a <u>Resident's</u> right to use <u>Common Area</u> recreational facilities for so long as a Member remains in default of such payment, or for such period as may be specified by the Board if the violation involves misbehavior related to Common Area recreational facilities.

- 13.8.3 Monetary Penalties (Fines). The Board may adopt a policy imposing monetary penalties or fines (which shall constitute Enforcement Assessments) pursuant to Civil Code section 5850. Such policy, if adopted, shall be distributed to the Member in the annual policy statement pursuant to Civil Code section 5310. Multiple fines may be imposed for multiple violations. The schedule of fines may be changed by the Board by a Rule change pursuant to Civil Code section 4360 and following.
- 13.8.4 Monthly Sanctions for Continuing Violations. In the case of a continuing violation, such as an uncorrected architectural violation, where an Owner fails to remedy the violation after notice from the Board to do so, the Board may impose sanctions, including monetary penalties: such sanctions to remain in effect for a period of one (1) month or until the continuing violation is remedied, whichever occurs sooner. (By way of example and not limitation, a violation in the nature of parking every day in a prohibited parking space would *not* constitute a "continuing violation" but each instance would constitute a separate violation.) If the continuing violation has not been remedied within the one-month period, the Board may impose separate and successive sanctions for the continuing violation, provided the Board conducts a separate hearing, not more frequently than once a month, before imposing each successive sanction. The Board may limit the scope of such hearing to facts and circumstances occurring subsequent to the previous hearing relating to the subject continuing violation.
- Reimbursement Assessment Not a Sanction. The imposition of a 13.8.5 Reimbursement Assessment pursuant to the Declaration does not constitute and shall not be deemed to be a sanction.
- 13.9 Investigation of Complaints. Upon receipt of a written complaint from an Owner or a Resident, the Board shall conduct an investigation of the allegations in the complaint and shall make relevant findings upon which the Board shall base a decision to pursue or not pursue the matter. If the Board decides not to pursue a matter, it shall notify the complaining party in writing stating the reason(s) for its decision.
- 13.10 Written Notice of Violation. If the Board determines, whether on its own initiative or pursuant to a written complaint, that a violation of the Governing Documents exists or has occurred, it shall notify the responsible Owner(s) by written notice in compliance with Section 13.11 ("Notices: Content, Delivery").
- 13.11 Notices: Content, Delivery. Any notice of violation required or given under this Article 13 shall be in writing and shall comply with Civil Code section 5855 as to

content and time of service and with <u>Civil Code section 4040</u> as to method of service.

- 13.11.1 Content of Notice of Violation. Any notice given by the Association to a Member shall comply with Civil Code section 5855 and shall, at a minimum, set forth a brief description of the act or omission constituting the alleged violation of the Governing Documents; a reference to the specific Governing Document provision or provisions alleged to have been violated; if applicable, a statement that the Member may request a hearing by the Board; the date, time, and location of any hearing called by the Board; and any sanction, disciplinary action, or other enforcement action being contemplated by the Board.
- 13.11.2 <u>Delivery of Notice</u>. Any notice may be given by any method provided for in <u>Civil Code section 4040</u>; provided, however, that (i) if notice is given by mail, it shall be sent postage prepaid by United States first-class mail and/or by certified mail, return-receipt requested; and (ii) if given by the <u>Association</u> to a <u>Member</u>, it shall be sent to the most recent address for the affected Member as shown on the records of the Association. Pursuant to <u>Civil Code section 4050(b)</u>, if sent by United States mail, delivery of such is deemed complete upon deposit in the United States mail, postage prepaid. Pursuant to <u>Civil Code section 4050(c)</u>, if such notice is sent by electronic means, delivery is deemed complete at the time of transmission.
- 13.11.3 Owner's Address for Notice. It shall be each Owner's responsibility to notify the Association in writing of any change in the Owner's address for the purpose of receiving notices from the Association. The fact that a different address appears on correspondence to the Association from an Owner shall not constitute such written notice, unless it is expressly stated that such address is a change of address for the purpose of receiving notice from the Association. Upon transfer of title to a Lot, the transferee shall be responsible for notifying the Association of such transfer. The notification shall set forth the address of the Lot, the names of the transferee and the transferor, and the date of sale or other transfer. Prior to receipt of such notification, any and all communications required or permitted to be given by the Association or the Board to the Lot Owner shall be deemed to be duly made and given to the transferee if duly and timely made and given to the person shown as the Owner of the Lot and at the address in the Association's records.
- 13.11.4 <u>Notice to Co-Owners or Residents</u>. Unless otherwise provided by law, when a <u>Lot</u> is owned by two (2) or more co-<u>Owners</u> or is occupied by

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two or more <u>Residents</u>, notice to one (1) <u>Owner</u> or to one Resident shall be deemed notice to all Owners or to all Residents, as the case may be.

- 13.12 Hearing Called by the Board: Executive Session: Open Meeting. To the extent required by Civil Code section 5855, whenever the Board determines to conduct a hearing, it shall notify the affected Owner(s) and/or Resident(s) in writing by Individual Delivery, at least ten (10) days before the Board meeting at which the matter will be considered. If the matter concerns Member discipline or the imposition of sanctions, the Board shall meet in executive session if requested by the Member, unless (and then only to the extent) applicable law requires that certain actions by the Board be conducted at an open meeting of the Board, such as Civil Code section 5673 concerning a decision to record a lien for delinquent Assessments. If the matter concerns compliance with architectural approval requirements, the hearing shall be conducted in open meeting pursuant to Civil Code section 4765. In the Board's discretion, other interested person(s) may attend a hearing and may present information relevant to the subject matter of the hearing. If a notified Owner or Resident fails to attend a noticed hearing, the Board may nevertheless conduct its deliberations and make a determination based on its own investigation and any other information supplied to it that the Board deems reasonably reliable.
- 13.13 Owner's Request for Hearing. An Owner who has received a notice of violation sent pursuant to Section 13.10 ("Written Notice of Violation") or a notice of corrective action sent pursuant to Section 13.15 ("Enforcement by Association in Emergency Situations") or as otherwise provided in the Governing Documents, may request a hearing before the Board by submitting a written request to the Board. If an Owner requests a meeting to discuss a payment plan for a past due debt owed to the Association, the meeting shall be scheduled and conducted as provided in Section 8.14.3 ("Owner's Right to Discuss Payment Plan"). Owner is requesting a hearing concerning a notice of violation sent pursuant to Section 13.10 or a notice of corrective action sent pursuant to Section 13.15, the request for hearing must be submitted within ten (10) days after the date of such notice. The Board shall schedule a hearing at its next regular meeting that is at least five (5) days after its receipt of an Owner's request for hearing or, in the Board's discretion, at another time agreed by the Board and the Owner. Hearings shall be conducted in executive session or at an open meeting as provided in Section 13.12 ("Hearing Called by the Board; Executive Session; Open Meeting").
- 13.14 Notice of Hearing Decisions. Within fifteen (15) days after a hearing is conducted, the Board shall notify the Owner or Resident in writing as to its decision. If the Board decides to impose sanctions, the notice shall describe the sanctions imposed and, if applicable, their effective dates.

- 13.15 Enforcement by Association in Emergency Situations.
  - 13.15.1 <u>Definition of Emergency Situation</u>. For purposes of this <u>Section 13.15</u>, the following shall constitute emergency situations:
    - (i) an immediate and unreasonable infringement of or threat to the safety or peaceful enjoyment of <u>Residents</u> of the <u>Development</u>,
    - (ii) a traffic or fire hazard,
    - (iii) a threat of material damage to or destruction of the <u>Development</u> or any portion thereof,
    - (iv) a violation of any provision of the <u>Governing Documents</u> that is of such a nature that there is no material question regarding the identity of the violator or whether the violation has occurred (such as parking violations).
  - 13.15.2 Immediate Corrective Action. Notwithstanding any other provisions of the Governing Documents, under circumstances that constitute an emergency, the Board or its duly-authorized agents may undertake immediate corrective action. The Board shall promptly thereafter send written notice of the corrective action to the affected Owner including notice of any Reimbursement Assessment assessed to the Owner for costs incurred by the Association in connection therewith. If the Owner requests a hearing pursuant to Section 13.13 ("Owner's Request for Hearing"), enforcement of any Reimbursement Assessment imposed by the Board shall be held in abeyance and shall be pursued only if affirmed by the Board at the hearing.

## 13.16 Internal Dispute Resolution.

Fair, Reasonable, and Expeditious Procedure. The provisions of Article 7 ("Architectural Approval") and of Section 13.9 ("Investigation of Complaints") through Section 13.15 ("Enforcement by Association in Emergency Situations") are intended to provide a fair, reasonable, and expeditious procedure for resolving disputes between the Association and any Member that are subject to Civil Code sections 5900 through 5920 (which apply to, among other things, enforcement of applicable provisions of the Corporations Code and enforcement of the Governing Documents). The above-referenced provisions of the Declaration shall constitute the Association's "internal dispute resolution" process as required by Civil Code section 5905.

- 13.16.2 <u>Statutory Default Procedures</u>. If the <u>Association</u> fails to comply with The Association's internal dispute resolution process, then the Association and the affected <u>Member</u> shall abide by the statutory default procedures provided in <u>Civil Code section 5915</u>, or successor statute. Any resolution so agreed upon by the parties thereto, that is not in conflict with the law or the <u>Governing Documents</u>, shall bind the parties and shall be judicially enforceable as provided in <u>Civil Code</u> section 5910.
- Alternative Dispute Resolution May Also Apply. If (a) the subject 13.16.3 matter of the dispute (including, among other things, enforcement of applicable provisions of the Corporations Code and enforcement of the Governing Documents) and the remedy sought (including certain kinds of declaratory, injunctive, or writ relief, which may be in conjunction with certain limited monetary relief, but excluding small claims actions and excluding Assessment disputes) are subject to Civil Code sections 5925 through 5965 and (b) the Association and the affected Member do not agree on a resolution through the foregoing internal dispute resolution process provided for in Section 13.16.1 ("Fair, Reasonable, and Expeditious Procedure"), then no party to the dispute may pursue a civil remedy that is subject to Civil Code sections 5925 through 5965, without first complying with the "alternative dispute resolution" (hereinafter, "ADR") procedures set forth in that statute and referenced in Section 13.17 ("Alternative Dispute Resolution Before Initiating Lawsuit").
- Annual Description of Internal Dispute Resolution Process. The

  Association shall annually provide the Members with a description of
  the internal dispute resolution process required by Civil Code section
  5920 as part of the annual policy statement prepared pursuant to Civil
  Code section 5310. Such description may consist of a copy of Article 7
  ("Architectural Approval") and Section 13.9 ("Investigation of
  Complaints") through this Section 13.16 ("Internal Dispute Resolution").
- 13.17 Alternative Dispute Resolution Before Initiating Lawsuit.
  - 13.17.1 Annual Summary of ADR Process. As provided in <u>Civil Code section</u> 5965, the <u>Association</u> shall annually provide to its <u>Members</u> a summary of the provisions concerning ADR contained in <u>Civil Code sections 5925 through 5965</u> as part of the annual policy statement prepared pursuant to <u>Civil Code section 5310</u>. Such summary may consist of a copy of this <u>Section 13.17</u>. Such summary shall include the following language:

SUNRISE HOMEOWNERS 58 AMENDED AND RESTATED
ASSOCIATION MEMBER DRAFT 9/26/2019 DECLARATION

"Failure of a member of the association to comply with the alternative dispute resolution requirements of <u>Section 5930 of the Civil Code</u> may result in the loss of the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

- 13.17.2 When ADR Applies. The requirements of this Section 13.17 apply to civil action or proceedings as defined in Civil Code section 5925(b) when the remedy sought is solely for declaratory, injunctive, or writ relief or if for the foregoing relief in conjunction with monetary damages not in excess of the jurisdictional amount for a small claims action as stated in California Code of Civil Procedure sections 116.220 and 116.221, all as provided in Civil Code section 5930(b). Civil Code sections 5925 through 5965 apply to disputes between Members as well as to disputes between the Association and a Member. The ADR requirements of this Section 13.17 do not apply to Assessment disputes or to an action in small claims court.
- 13.17.3 <u>Statutory ADR Process</u>. In accordance with <u>Civil Code sections 5925</u> through 5965, the <u>Association</u> or a <u>Member</u> may not file an "enforcement action" as defined in the statute unless the parties have endeavored to submit their dispute to "alternative dispute resolution" as the term is defined in <u>Civil Code section 5925(a)</u> and as the process is specified in <u>Civil Code sections 5935, 5940, and 5945.</u>
- 13.18 Non-waiver of Enforcement. Failure to enforce any provision of the Governing Documents at any time shall not be deemed a waiver of the right to do so thereafter with respect to the same or any other violation of any provision of the Governing Documents.
- 13.19 Costs and Attorney Fees. In an action to enforce the Governing Documents, the prevailing party shall, to the fullest extent permitted by law, including Civil Code section 5975, be entitled to recover the full amount of all costs including attorney fees incurred in responding to and/or in enforcing any Governing Document provision. Without limiting the generality of the foregoing, in the event an Owner pursuant to Civil Code section 4605 brings a civil action for violation of Civil Code section 4600 (concerning the granting of exclusive use of a portion of the Common Area to a Member) or pursuant to Civil Code section 4955, a civil action for violation of the Common Interest Open Meeting Act (Civil Code sections 4900 through 4955) if the Association shall prevail in any such action, the Association shall be entitled to recover reasonable attorney fees except to the extent prohibited by law. The remedies of the prevailing party to recover the amount of such costs, expenses, and attorney fees shall include, but shall not necessarily be limited to, the imposition of a Reimbursement Assessment.

- 14.1 Required Approval. This Declaration may be amended by the affirmative vote of Members representing at least a Majority of a Quorum of the Owners, with the quorum for such vote set forth in Section 4.6 of the Bylaws ("Quorum Requirements"); provided that, upon advice of legal counsel licensed to practice law in the State of California including the drafting by legal counsel of appropriate amendatory provisions, the Board shall have the authority without the requirement of the Members' approval to amend any provision of the Declaration (i) to resolve any conflict between the Declaration and applicable law which may arise due to the enactment or amendment of a statute or due to a development in applicable case law or (ii) to conform the provisions of the Declaration to changes in applicable statutory law that impose requirements that are non-discretionary in nature.
- 14.2 <u>Amendment Must Be Recorded</u>. Any amendment of the <u>Declaration</u> shall be signed and acknowledged by the duly-authorized officer(s) of the <u>Association</u> and recorded in the Office of the <u>County</u> Recorder.
- 14.3 Presumption of Validity. There will be a presumption subsequent to the recording of an amendment to this <u>Declaration</u> pursuant to <u>Section 14.2</u> ("Amendment Must Be Recorded") that all votes and consents required to pass the same pursuant to <u>Section 14.1</u> ("Required Approval") were duly obtained in accordance with the <u>Governing Documents</u> and applicable law. Such presumption may be rebutted by an action commenced within one (1) year from the date the amendment is recorded. In the absence of any such action, such presumption shall thereafter become conclusive.

#### ARTICLE 15 GENERAL PROVISIONS

- 15.1 <u>Headings</u>. The headings used in this <u>Declaration</u> are for convenience only and are not to be used in interpreting the meaning of any of the provisions of this Declaration, or otherwise.
- 15.2 <u>Severability</u>. The provisions of this <u>Declaration</u> shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision hereof shall not invalidate any other provisions hereof.
- 15.3 <u>Liberal Construction</u>. The provisions of this <u>Declaration</u> shall be liberally construed to effectuate its purpose of fostering a plan of community ownership and occupancy and of management of the <u>Development</u> for the benefit of the community.

15.4 Amendment to Referenced Statutes; Time for Performance. References in the 1 Declaration to particular statutes, including sections of the Civil Code or the 2 Corporations Code, shall be deemed to include any successor statute and any 3 amendments to existing or successor statutes. Whenever this Declaration states 4 a time for the performance of any act by the Association which by law (as it may 5 exist from time to time) must be performed at or within a specified time, the time 6 for the performance of such act shall be deemed to be the widest timeframe 7 permitted under then-applicable law. 8 9 15.5 Number; Gender. The singular shall include the plural and the plural the singular 10 unless the context requires the contrary, and the masculine, feminine, and neuter 11 shall each include the masculine, feminine, or neuter, as the context requires. 12 13 All exhibits attached to this **Declaration** are incorporated by this 15.6 14 Exhibits. reference as though fully set forth herein. 15 16 15.7 <u>Power of Attorney</u>. To the extent necessary to carry out and enforce the 17 provisions of this Declaration, an irrevocable power of attorney coupled with an 18 interest is granted to the Association by the Owners and each of them. 19 20 Term. The covenants, conditions, restrictions, limitations, reservations, grants of 21 15.8 easement, rights, rights-of-way, liens, charges, and equitable servitudes 22 contained in this Declaration shall run with and shall benefit and burden all of the 23 real property subject to this Declaration, including without limitation the Lots and 24 Common Areas, and shall inure to the benefit of and be binding upon the 25 Owners, the Association, its Board of Directors and officers, and their respective 26 agents and successors in interest, for a term of thirty (30) years from the date of 27 recordation of this Declaration. Thereafter the term shall be automatically 28 extended for successive periods of ten (10) years each, unless within the six (6) 29

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State of California.

months prior to the expiration of the initial thirty-year term or within six months

Voting Power of the Association, terminating the effectiveness of this Declaration

prior to the expiration of any ten-year extension period a written instrument,

approved by Owners entitled to vote and holding at least a majority of the Total

shall be recorded in the Office of the County Recorder of Sacramento County,

1 2 3 4 5 6 7 8 9	ASSOCIATION, pursuant to the requisignatures of the President and the adopt the foregoing Amended and R Conditions and Restrictions of Sunright Amended and Restated Declaration	e Secretary, do hereby affirm, approve, and lestated Declaration of Covenants,
10 11 12 13 14 15 16	DATED:	SUNRISE HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation
18 19 20 21 22		President's Name
23 24 25		Secretary's Name