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10200 Willow Creek Road, Suite 100
San Diego, California 92131

**2016 DECLARATION OF RESTRICTIONS
FOR
GATEWOOD HILLS UNIT NO. 7**

*(A Portion of the Planned Development known as
Rancho Bernardo Swim and Tennis Club)*

[NOTE TO RECORDER: Please index according to the Declarants' names as listed on the signature pages.]

NOTICE

(Gov. Code §12956.1)

If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income as defined in subdivision (p) of section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

THIS 2016 DECLARATION OF RESTRICTIONS FOR GATEWOOD HILLS UNIT NO. 7 is made on the day and year hereafter written, by the undersigned, as lot owners (herein "Lot Owners" or "Owners") of a fee interest in the property described herein as Gatewood Hills Unit No. 7.

RECITALS

A. The parties executing this Agreement, hereafter collectively referred to as Declarants are some or all of the Owners of the real property in the City of San Diego, County of San Diego, State of California, described as follows:

Lots 2700 through 2768, inclusive, of Gatewood Hills Unit No. 7, according to Map thereof No. 7486 filed in the Office of the County Recorder of San Diego County, California, on November 14, 1972,

which real property dwellings and other improvements on the lots ("Lots") are commonly referred to as Gatewood Hills Unit No. 7 or the "Property" or the "Community."

B. The Property was originally developed and subjected to a certain Declaration of Restrictions ("1973 Declaration") dated February 2, 1973, that was thereafter recorded in the Office of the County Recorder of San Diego County, California, on February 13, 1973, as Document No. 73-038095.

C. The 1973 Declaration was later amended by an "Amendment to Declaration of Restrictions" ("1983 Amendment") that was recorded in the Office of the County Recorder of San Diego County, California, on May 10, 1983, as Document No. 83-153813.

D. The 1973 Declaration and 1983 Amendment are collectively referred to as the "Original Declaration."

E. The Original Declaration contained a termination date and has expired.

F. The Declarants named in Exhibit A now desire to enact this 2016 Declaration of Restrictions ("2016 Declaration") containing substantially the same provisions as were in the expired Original Declaration but adding a new expiration date, clarifications to comply with "Applicable Law" (as defined below), and provisions for voting on amendments that comply with the requirements of the Davis-Stirling Common Interest Development Act.

G. The Declarants collectively are the Owners of the real property legally described in Exhibit B attached hereto and made a part hereof ("Covered Property") who have joined together to subject the Covered Property to this 2016 Declaration.

H. The Declarants' names along with abbreviated legal descriptions and Assessor's Parcel Numbers of their respective Lots are listed in Exhibit A attached hereto and made a part hereof.

I. The Declarants intend to subject the real property described in Exhibit B ("Covered Property") to this 2016 Declaration and eventually intend that the real property legally described in Exhibit C ("Annexable Property") will also become part of the Covered Property and be made subject to this 2016 Declaration, so that ultimately all the "Property," specifically Lots 2700 through 2768, inclusive, of Gatewood Hills Unit No. 7 will be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the declarations, limitations, covenants, conditions, restrictions, reservations, rights, and easements set forth herein, as the same may be amended from time to time, all of which are declared and agreed to be in furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the entire Covered Property, to provide for membership in Rancho Bernardo Swim and Tennis Club, a California nonprofit mutual benefit corporation, and a planned development, that is responsible for review and enforcement of architectural restrictions and "Rules" (as defined below) and for providing swimming, tennis and other recreational facilities for the benefit of Owners of the Covered Property and to provide a mechanism by which Owners of the Annexable Property, who do not join in this 2016 Declaration initially may, by annexation as provided below, make their Lots part of the Covered Property and subject to this 2016 Declaration in the future.

J. The Declarants anticipate that it may take some period of time to obtain the consents of all the Owners in the Property that are necessary to convert all of the Annexable Property into Covered Property subject to this 2016 Declaration. Thus, rather than attempting to wait until the consents of all Owners have been obtained with respect to all of the Annexable Property, the Declarants intend and agree that, Owners of the Lots in the Annexable Property may record one or more Declarations of Annexation to authorize annexation of their Lots into the Covered Property, to authorize membership in the Association (as defined below) and to authorize being subject to all the provisions of this 2016 Declaration, as amended from time to time. Upon the recording of any such Declaration of Annexation, that portion of the Annexable Property shall be annexed to and shall become part of the Covered Property, and such annexations may continue until the entire Annexable Property has become subject to this 2016 Declaration;

NOW THEREFORE, Declarants declare that, based on the consents of the parties holding an interest in the Covered Property that are identified in Exhibits A & Exhibit B hereto, the Covered Property shall be subject to this 2016 Declaration and to the plan for the Covered Property and Annexable Property described above. Declarants further declare that all provisions of this 2016 Declaration, as the same may be amended from time to time, including without limitation the easements, uses, obligations, covenants, conditions and restrictions hereof, are hereby imposed as equitable servitudes on the Covered Property, and shall run with and burden the Covered Property, and shall be binding on and for the benefit of the Covered Property, and on all persons having or acquiring any interest in the Covered Property, including without limitation, successors in interest, lessees, heirs and assigns. If any Annexable Property is later annexed, the same provisions shall be applicable to any such annexed Property as are applicable to the Covered Property.

1. **DEFINITIONS.**

(a) **“Applicable Law”** means statutes, public laws, ordinances, regulations and rulings of administrative agencies, court rulings having value as precedent and any other requirements having the force of law that are in effect at the time a provision of the Governing Documents is applied, and pertaining to the subject matter of the Governing Document provision in question. Statutes and ordinances specifically referenced in the Governing Documents are “Applicable Law” on the date of the Governing Document in question, and are not intended to apply to the Covered Property if they cease to be applicable by operation of law, except to the extent they are replaced or superseded by one or more statutes or ordinances.

(b) **“Club” or “Association,”** as defined in Civil Code § 4080, means Rancho Bernardo Swim and Tennis Club, a California nonprofit mutual benefit corporation that has been created for the purpose of managing a common interest development, specifically including the Covered Property.

(c) **“Governing Documents,”** as defined in Civil Code § 4150, mean this 2016 Declaration and any other documents, such as bylaws, Operating Rules, articles of incorporation or other documents that govern the operation of the Covered Property and the Club.

(d) **“Rules” or “Operating Rules,”** as defined in Civil Code § 4340, mean regulations adopted by the Club’s Board of Directors (“Board”) that apply generally to the management and operation of the Covered Property or the conduct of the business and affairs of the Association.

2. **RESIDENTIAL PURPOSES ONLY.** Each of the Lots in the Covered Property shall be used for residential purposes only, and no building or buildings shall be erected, constructed, altered or maintained on any Lot other than detached single-family dwellings, together with customary outbuildings, as permitted from time to time by applicable Zoning Ordinances.

3. **ARCHITECTURAL CONTROL.**

(a) The Board of Directors of the Club may appoint an architectural committee (“Architectural Committee”) of at least three but no more than five persons. Each Architectural Committee member shall serve until his removal by the Board of Directors of the Club. Any person who is a regular member of the Club may be appointed an Architectural Committee member. The members of the Architectural Committee shall receive no compensation for services rendered, but Architectural Committee members may be reimbursed for their actual out-of-pocket expenditures incurred in performing their duties.

(b) The Architectural Committee shall provide guidelines for the submission of plans and specifications which may be amended by the Board from time to time. Failure to comply with the requirements for the architectural approval shall be deemed sufficient basis for the Architectural Committee to disapprove the submission.

(c) Neither the Architectural Committee, nor any member thereof, nor their duly authorized representatives shall be liable to any Owner for any loss, damage, or injury arising out of or in any way connected with the performance of the Architectural Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Architectural Committee. The Architectural Committee shall review and approve or disapprove all plans submitted to it solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the project generally. The Architectural Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, topography, landscaping, color schemes, exterior finishes and materials and similar features.

(d) The approval by the Architectural Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Architectural Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans or specifications, drawings or matter whatsoever subsequently or additionally submitted for approved, or consent.

(e) Any enforcement action set forth in the 2016 Declaration may be brought by the Owner of a Lot, the Architectural Committee, or by the Club. Any violation of the Architectural Committee's order or directive may be remedied by the Club, the Architectural Committee or any Owner of a Lot through litigation seeking an order to mandate removal and/or prohibit construction of nonconforming improvements.

(f) Any legal action authorized by this 2016 Declaration may also be brought by the Club.

4. **NEW BUILDING ONLY.** No building or structure of any kind shall be moved from any other place onto any of said Lots, or from one Lot to another Lot, without the prior written permission of the Architectural Committee.

5. **HEIGHT LIMIT OF DWELLINGS.** No dwelling of more than two stories in height shall be constructed or maintained on any Lot without the prior written approval of the Architectural Committee.

6. **MINIMUM FLOOR AREA OF DWELLINGS.** The floor square-foot area, exclusive of porches, patios, exterior stairways and garages, of any building located on any of said Lots shall not be less than 1200 square feet on the ground floor of a one-story building.

7. **BALCONIES AND DECKS.** No balcony or deck on any Lot shall be higher above the ground than the second-floor level except with the prior written approval of the Architectural Committee.

8. **ARCHITECTURAL CONTROL.** No building or other structure or improvement shall be erected, maintained or altered upon any of said Lots until the location and the complete plans and specifications, including the color scheme of each building, fence and/or wall to be erected upon the Lot, have been approved in writing by the Architectural Committee, and no building shall be located on any Lot nearer than the setback line as shown on the recorded

plat; provided, however, that in the event the Architectural Committee fails to approve or disapprove such location, plans and specifications within sixty (60) days after the submission thereof to it, then such approval will not be required, provided any building or other structure or improvement so to be erected or altered, conforms to all other conditions and restrictions herein contained and is in harmony with similar structures erected within the Covered Property.

9. **NO SECOND-HAND MATERIALS, PAINTING REQUIRED.** No second-hand material shall be used in the construction of any building or other structure without the prior written approval of the Architectural Committee, and all buildings and fences which are of frame construction shall be painted or stained with at least two coats upon completion unless otherwise approved in writing by the Architectural Committee.

10. **DILIGENCE IN CONSTRUCTION REQUIRED.** The work of constructing and erecting any building or other structure shall be prosecuted diligently from the commencement thereof, and the same shall be completed within a reasonable time in accordance with the requirements herein contained. No outbuilding shall be completed prior to the completion of the dwelling, except that temporary quarters may be erected for workmen engaged in building a dwelling on the premises, but such temporary quarters must be removed as soon as the dwelling is completed.

11. **PLANTING.** Within six (6) months after the completion of a dwelling on a Lot by the purchaser thereof, there shall be expended by the Owner of such Lot for ornamental plants, trees, shrubs, lawns and flowers therein, exclusive of slope-bank planting and care as hereinafter provided, a sum of not less than two percent (2%) of the cost of said dwelling and Lot, exclusive of any cost of grading, walks, driveways and construction features exterior to said building. Size, type and location of materials to be used shall be submitted to the Architectural Committee for approval prior to the installation or planting thereof. Subject to reasonable Rules that may be adopted by the Board, these restrictions shall not prohibit or include conditions that have the effect of prohibiting, the use of artificial turf or any other synthetic surface that resembles grass. (California Civil Code §4735).

12. **LOT MAINTENANCE.** Each Lot Owner must keep, maintain, water, plant and replant all slope banks located on such 'Owner's Lot so as to prevent erosion and to present an attractive appearance, and must keep all drainage systems on slope banks free of debris and in good repair. The Architectural Committee shall be the sole judge in determining compliance with the provisions of this Section 12 and each Lot Owner must promptly perform or conform to all directives of this Section 12. However, an applicant is entitled to reconsideration of the Architectural Committee's decision to deny an application as provided in Section 12 below.

13. **HEIGHT OF TREES, HEDGES AND OTHER PLANT MATERIALS.** All trees, hedges and other plant material shall be trimmed by the Owner of the Lot upon which the same are located so that the same shall not exceed the height of the house on the Lot; provided, however, that where said trees, hedges and other plant materials do not obstruct the view from any other of said Lot they shall not be required to be so trimmed. Before planting any trees, hedges, or other plant materials, the proposed location of such items shall be approved in writing by the Architectural Committee. No trees, hedges and other plant materials shall be so located or allowed to reach a size or height that will interfere with the view of the surrounding Lots.

14. **FENCING.** The original developer constructed a fence of wood and masonry along or parallel to the rear Lot lines of Lots 2714 through 2728, inclusive, of Gatewood Hills Unit No. 7. The Owners of said Lots shall maintain and keep in good condition and repair that part of said fence located on their Lots, respectively, and they shall not remove or deface or in any way change or alter said fence or any part thereof, and if the Owners of any of said Lots, respectively, fail or refuse to fully and faithfully comply with, and conform to, the provisions of this paragraph, then the Club shall have the right to enter upon their said Lots, respectively, and perform such work as may be necessary to fulfill the provisions of this Section 14 and charge the reasonable cost thereof to the Owners of the Lot upon which such work is performed. Except as herein provided, no fence, rail or hedge over 36 inches in height shall be placed in front of the set-back line on a Lot as shown on the recorded map of the Covered Property and in no event shall any fence, wall (except a retaining wall), rail or hedge be over 72 inches in height elsewhere on the Lot except with the prior written consent of the Architectural Committee.

15. **EXTERIOR ALTERATIONS.** No alteration shall be made in the exterior design or color of any structure unless such alterations, including any addition, shall have first been approved in writing by the Architectural Committee. Materials to be used must harmonize, complement and be of similar material used in the construction of existing dwellings. Where higher fences or hedges are allowed, review by the Architectural Committee in relation to normal enjoyment of view by other Lot Owners shall be required.

16. **SATELLITE DISHES AND ANTENNAS.** As provided by the Federal Telecommunications Act, California Civil Code §4725 and other Applicable Laws, satellite dishes of one meter (39.37") or less in diameter, or antennas of one meter (39.37") or less in diagonal measurement, are permitted, but only in strict compliance with all Applicable Laws. Except as permitted by Applicable Law, there shall be no outside television or radio antennae, satellite dishes, masts, poles or flag poles constructed, installed or maintained in the Covered Property for any purpose whatsoever without the prior written consent of the Architectural Committee. The Board may adopt Rules restricting the construction, installation, maintenance or replacement of any such equipment as long as such restrictions do not conflict with Applicable Law.

17. **MAILBOXES.** There shall be no mailboxes detached from the dwelling structure except upon prior Architectural Committee written approval.

18. **DRYING YARDS.** Drying yards shall be screened from exterior view by a fence, hedge or shrubbery. As provided in Civil Code § 4750.10, drying yards are permitted only in backyards that are designated for the exclusive use of the Lot Owner.

19. **NO TENTS, SHACKS, ETC.** No tent, shack, trailer, basement, garage or outbuilding shall at any time be used on any Lot as a residence either temporarily or permanently, nor shall any residence of a temporary character be constructed, placed or erected on any Lot. No truck, camper, trailer, boat of any kind, or other single or multi-purpose, engine-powered vehicle, other than a standard automobile or an approved golf cart shall, be parked on any Lot except temporarily and solely for the purpose of loading or unloading.

20. **NO SIGNS.** No sign other than one sign of customary and reasonable dimensions advertising a Lot for sale shall be erected, posted, pasted, painted or displayed upon any Lot or upon any building or other structure thereon without the prior written permission of the Architectural Committee, except as allowed by the Club, Applicable Law, including California Civil Code §§ 712, 713 & 4710, and Rules that may be adopted by the Board. Posting of "for sale/for lease" signs of customary and reasonable dimensions, as may be used by an Owner advertising a home for sale or lease, shall not be prohibited.

21. **NO WELLS.** No well for the production of, or from which there is produced, water, oil or gas shall be operated upon any Lot, nor shall any machinery, appliance or structure be placed, operated or maintained thereon for use in connection with any trading, manufacturing or repairing business.

22. **NO FARM ANIMALS, ETC.** No turkeys, geese, chickens, ducks, pigeons or fowls of any kind, or goats, rabbits, hares, horses or animals usually termed "farm animals," shall be kept or allowed to be kept on any Lot.

23. **COMMERCIAL ACTIVITIES, RAISING DOGS AND CATS; BEVERAGE SALES, NUISANCES.** No commercial dog-raising or cat-raising or any kind of commercial business shall be conducted on any Lot, and no part of any Lot shall be used for the purpose of vending liquors or beverages of any kind, and nothing shall be done upon any Lot which may become an annoyance or nuisance to the neighborhood.

24. **SLOPE AND DRAINAGE EASEMENTS.** Each Owner of a Lot must permit free access by Owners of adjacent or adjoining Lots to slopes or drainageways located on his Lot which affect said adjacent or adjoining Lots, when such access is essential for the maintenance of permanent stabilization on said slopes, or maintenance of the drainage facilities for the protection and use of property other than the Lot on which the slope or drainageway is located.

Each Owner of a Lot in the Covered Property must not in any way interfere with the established drainage pattern over his Lot from adjoining or other Lots in the Covered Property, and each Owner of a Lot shall make adequate provisions for proper drainage in the event it is necessary to change the established drainage over his Lot. For the purpose hereof, "established" drainage is defined as the drainage which occurred at the time the overall grading of said Lots was completed.

25. **NO SUBDIVISION OF LOTS.** No Lot shall be resubdivided into building sites having a frontage of less than shown on the original recorded map filed for record.

26. **MEMBERSHIP IN RANCHO BERNARDO SWIM AND TENNIS CLUB.** Each Owner of a Lot subject to this 2016 Declaration shall be a regular member of the Club, which said membership shall be appurtenant to such Lot, and the transfer of title to such Lot shall automatically transfer the regular membership appurtenant to such Lot to the transferees. Each such Owner is obligated promptly, fully and faithfully to comply with and conform to the Bylaws of the Club and the Rules from time to time prescribed thereunder by the Board of Directors of said corporation or its officers and promptly to pay in full all dues, fees, or assessments levied by said corporation on its members whether such dues, fees or assessments

were levied prior or subsequent to the date of acquisition of title, except that the purchaser of any Lot at a Trustee's or Sheriff's Sale on foreclosure or a lender who acquires title by deed in lieu of foreclosure shall not be liable for any dues, fees or assessments levied prior to such sale or acquisition of title.

27. **CONSTRUCTION CLEAN-UP AND CONFORMITY OF CONSTRUCTION WITH PLANS.** When plans and specifications for the construction of improvements are submitted to the Architectural Committee pursuant to provisions hereof, said submission shall, at the request of the Architectural Committee, be accompanied by a deposit of \$200,000 to guaranty that the construction site during the course of construction will be maintained reasonably free of debris at the end of each working day and that the construction will be completed and the Lot drainage swales and structures correctly drain surplus water to the street or other approved outlets, all as shown on the plans and specifications submitted to the Architectural Committee for approval. In the event of a violation of this restriction, the Architectural Committee may give written notice thereof to the builder and the Owner of the Lot in question that if such violation is not cured or work commenced to cure the same within forty-eight (48) hours after the mailing of said notice, the Architectural Committee may correct or cause to be corrected said violation and use said deposit, or as much thereof as may be necessary, to cover the cost of such correction work. In the event that the cost of curing said violation shall exceed the amount of said deposit, said excess cost shall be paid by the Owner of the Lot in question to the Architectural Committee. Said deposit or any part thereof remaining in the hands of the Architectural Committee at the completion of the construction work shall be returned by the Architectural Committee to the person who made the deposit.

28. **FAILURE TO COMPLY WITH ORDER OF ARCHITECTURAL COMMITTEE.** In the event of the failure of any Lot Owner to comply with a written directive or order from the Architectural Committee, then in such event the Architectural Committee or the Club shall have the right and authority to perform the subject matter of such directive or order, and the cost of such performance shall be charged to the Owner of the Lot in question and may be recovered by the Architectural Committee or the Club in an action at law against such individual Lot Owner. The Architectural Committee or the Club may also seek equitable or other appropriate relief in court to obtain compliance with any such order.

29. **ENFORCEMENT.** Enforcement shall be by proceeding at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation and/or to recover damages.

30. **LEGAL ACTION IN THE EVENT OF BREACH.** As to the Owner or Owners of any of said Lot or Lots, including any bona fide purchaser under contract, the requirements and other provisions in this 2016 Declaration, as amended from time to time, shall operate as covenants running with the land, and a breach of any of them or a continuance of any such breach may be enjoined, abated or remedied by appropriate proceedings by the Owner or Owners of any Lot or Lots subject to this 2016 Declaration, their successors or assigns or by the Club. In the event legal action is commenced to enforce the terms of this 2016 Declaration, the prevailing party shall be entitled to reasonable attorney's fees as well as costs of suit.

31. **EXTENSION OF COVENANTS, CONDITIONS AND RESTRICTIONS.**

Each and all of the foregoing conditions and restrictions and provisions contained herein shall expire initially twenty years from the date this 2016 Declaration is recorded. Commencing twenty years from the date of recording, this 2016 Declaration shall be extended automatically for consecutive ten (10) year terms, unless the Lot Owners approve and record, at any time, an amendment to this 2016 Declaration agreeing to terminate or otherwise amend this 2016 Declaration. Any such amendment may provide that the terms of this 2016 Declaration, or some of them, shall no longer apply to all Lots or certain Lots. Amendments must be approved as provided in Section 34 below.

32. **INVALIDITY OF ANY PROVISION.** In the event any covenant, conditions or restriction herein contained be held invalid or void by any court of competent jurisdiction, such invalidity or nullity shall in no way affect any other covenant, condition or restriction herein provided.

33. **NO WAIVER.** A waiver of a breach of any of the covenants, conditions and restrictions contained herein shall not be construed as a waiver of any succeeding breach or violation or of any other covenant, condition or restriction.

34. **AMENDMENTS.** This 2016 Declaration may be amended at any time and from time to time using the following procedure:

(a) First, the vote must be conducted by a secret ballot in accordance with the requirements of California Civil Code § 4270 and §§5100 et seq. and any Applicable Law.

(b) Second, the total number of ballots returned must come from at least a quorum of the Lot Owners eligible to vote, and each Lot shall have only one vote. For purposes of this Section 34, a quorum is more than half of Lot Owners eligible to vote.

(c) Third, the voting must remain open for at least thirty (30) days after the date the ballots are mailed, but the initial deadline may be extended periodically after that date, if a quorum of ballots has not been received by the initial deadline, and the deadline may be extended automatically for additional periods of time until a quorum of ballots has been returned.

(d) Fourth, once a quorum is established, the amendment must be approved by the affirmative vote of at least 75% of the Lot Owners' ballots cast. A blank ballot or other action indicating an intention to abstain will be deemed to have a neutral effect, so it will be counted toward the quorum only, but it will not be counted as a ballot cast for purposes of computing majority approval.

(e) An amendment becomes effective after (1) the approval of the required percentage of Lot Owners' ballots has been given, (2) that fact has been certified in the form of a written document executed and acknowledged by an officer designated by the Club for that purpose or, if no such designation is made, by the President of the Club and (3) the document has been recorded in Office of the San Diego County Recorder.

(f) An amendment may change this 2016 Declaration in any manner, including adding or deleting restrictions or increasing or decreasing the burdens on the Lots as long as the amendment is approved as specified in this Section 34 or pursuant to the Civil Code.

35. **INTERPRETATION OF RESTRICTIONS.** All questions of interpretation or construction of any of the terms or conditions herein shall be resolved by the Architectural Committee. Notwithstanding the foregoing, if a proposed architectural change is disapproved, unless the Architectural Committee has the same membership as the Board, the applicant is entitled to reconsideration by the Board, at an open meeting of the Board as provided in California Civil Code §4865(a)(5).

36. **ASSESSMENTS – THE CLUB.**

(a) In addition to any other assessment rights the Club may have, the Club shall have the right to assess Owners on a non-lien basis the cost of the Club's architectural control activities and enforcement activities with respect to enforcement of this 2016 Declaration. Assessments for all such purposes are referred to herein as "Compliance Assessments." The Compliance Assessments may include amounts to establish and maintain reserves to be used for architectural control activities and enforcement of this 2016 Declaration.

(b) Each Owner agrees to pay all Compliance Assessments within thirty (30) days after imposition of the same by the Club. The Club shall have the right to impose Compliance Assessments on yearly or such other basis as the Club deems appropriate and notice shall be given to each Owner as to the due dates of the Compliance Assessments.

(c) Any Compliance Assessment not paid within thirty (30) days of its due date shall be deemed delinquent and the Club shall be entitled to its actual costs and reasonable attorneys' fees incurred with respect to collection of any delinquent Compliance Assessment.

(d) Each Compliance Assessment, together with costs and reasonable attorneys' fees shall be the personal obligation of the person who was the Lot Owner as of the date of the assessment. The personal obligation for delinquent assessment shall not pass to successors in title unless expressly assumed by them.

37. **ANNEXATION OF ANNEXABLE PROPERTY.**

(a) Additional real property that is part of the Annexable Property shown in Exhibit C may be annexed to the Covered Property, and such additional real property may become subject to this 2016 Declaration as set forth in this Section 37. Any Declaration of Annexation shall be signed by the Lot Owners of the parcel or parcels to be annexed and by the President and Secretary or any two officers of the Club, if the President or Secretary is not available.

(b) Each Declaration of Annexation may contain such additions and modifications to the provisions of the 2016 Declaration as may be necessary to reflect the different character, if any, of the annexed Property, and as may be appropriate for the maintenance of the annexed Property and/or the fulfillment of the general plan described in this 2016 Declaration, provided, however such additions and modifications must be consistent with the general plan of this 2016 Declaration. In no event, however, shall a Declaration of Annexation change the provisions established by this 2016 Declaration as they pertain to the

property described in Exhibit B or any other real property previously annexed to the property described in Exhibit B.

(c) Upon the recording of a Declaration of Annexation, the property annexed shall become part of the Covered Property, and all provisions contained in this 2016 Declaration, as amended from time to time, shall apply to the real property added by such Declaration of Annexation in the same manner as if it were originally covered by this 2016 Declaration. Thereafter, the rights, powers and responsibilities of the parties to this 2016 Declaration with respect to the annexed Property shall be the same as with respect to the Covered Property originally covered by this 2016 Declaration. Furthermore, the rights, powers and responsibilities of the Owners, lessees and occupants of Lots within the annexed Property, as well as within the Covered Property originally subject to this 2016 Declaration, shall be the same as if the annexed Property were originally subject to and covered by this 2016 Declaration.

(d) The costs of preparing and recording this 2016 Declaration will be paid by the Club. However, if any Lot Owners fail to sign and consent to the recording of this 2016 Declaration, the Club will no longer automatically accept their signatures to be part of the Club, and those Owners or their successors in interest will be eligible to annex their Lot to the Club only once each year in or about October. If any Owners' Lots are not annexed, the Owners will have to disclose to prospective purchasers and real estate agents that their Lots are not part of the Club, and they are not members of the Club. They will have to petition to join the Club to annex their Lot to the Covered Property. They will be required to have their Lot inspected by the Architectural Committee for any architectural violations or other non-conforming improvements or conditions found, after which the Architectural Committee will make recommendations to the Board about what, if anything, needs to be remedied or corrected before the Owner's petition is accepted. The Architectural Committee will make recommendations to the Board about whether to recommend granting the petition and, if there are any architectural violations or other violations, whether to grant the petition subject to a grace period or temporary grandfathering period for of any nonconforming condition after which any nonconforming condition will be considered a violation, Owners will be required to pay one Lot's pro rata share (i.e., 1/3074) of intervening assessments that were assessed for (1) long-term reserves and (2) the pro rata portion of any special assessment to fund reserves or due to a lack or reserves that was levied during the time the Lot was not annexed to the Club (up to a maximum limit of \$1000.00). The Board's approval will be required to grant each Owner's petition, and the Owners must agree to fulfill any conditions for approval of the annexation petition set by the Board. Finally, any petitioning Lot Owner whose petition is granted will be required to pay any legal and administrative costs and expenses for preparing and recording a Declaration of Annexation to this 2016 Declaration for that Lot Owner to become a member of the Club and for that Owner's Lot to become subject to this 2016 Declaration, as amended from time to time.

IN WITNESS WHEREOF, the undersigned Declarants have executed this 2016 Declaration of Restrictions on the signature pages that follow. This 2016 Declaration is dated for identification purposes on June 22, 2016.

[The Remainder of this Page is Blank.]

[Declarants' Signature Pages follow Exhibit C and may be executed in counterparts.]

Exhibit B
Property Initially Subject to the 2016 Declaration

Below is the legal description of the “Covered Property” subject to this 2016 Declaration.

Lots 2700-2701, inclusive, 2704-2710, inclusive, 2712-2713, inclusive, 2715-2735, inclusive, 2740-2742, inclusive, 2744-2750, inclusive, 2752-2754, inclusive, 2757-2758, inclusive, and 2760-2768, inclusive, of Gatewood Hills Unit No. 7, according to Map thereof No. 7486 filed in the Office of the County Recorder of San Diego County, California, on November 14, 1972 (herein “Covered Property.”

Exhibit C
Annexable Property

The following property may be annexed to the Covered Property and become subject to this 2016 Declaration of Restrictions as provided in Section 37 of this 2016 Declaration.

Lots 2702-2703, inclusive, 2711, 2714, 2736-2739, inclusive, 2743, 2751, 2755-2756, inclusive, and 2759 of Gatewood Hills Unit No. 7, according to Map thereof No. 7486 filed in the Office of the County Recorder of San Diego County, California, on November 14, 1972 (herein "Annexable Property").