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PROPERTIES OWNERS ASSOCIATION
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FIRST RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
GOLD RIDGE FOREST

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**FIRST RESTATED DECLARATION
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Those certain declarations of protective restrictions listed in Exhibit "A" (collectively, the "Original Declarations"), which were executed by the subdivision developer listed in article I, section 12, below the (the "Declarant"), and Recorded in the Official Records of El Dorado County, California, at the book and page numbers of the Official Records identified in Exhibit "A", are hereby consolidated into this single Declaration covering all the Properties and are amended, consolidated and restated in their entirety to read as follows:

RECITALS

A. Declarant was the original owner of that certain real property ("Properties") located in the County of El Dorado, State of California, which is more particularly described in Exhibit "B" attached hereto incorporated herein by reference.

B. Declarant conveyed the Properties, subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in the Original Declaration referred to above, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of Properties and all of which shall run with the Properties and be binding on all parties having or acquiring any right, title or interest in the Properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

C. It was the further intention of the Declarant to sell and convey to the Owners residential Lots, either improved with residence structures or sold as unimproved building sites, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes between Declarant and such Owners which are set forth in this Declaration and which are intended to be in furtherance of a general plan for the subdivision, development, sale and use of the Properties as a "planned development" as that term is defined in section 1351(k) of the California Civil Code.

D. Finally, it was the intention of the Declarant that the "Common Area", owned by owners of Lots within each phased development, further identified as, C-1 through C-20, on individual Deeds, and the "Recreation Area" with its "Common Facilities" and undeveloped common area, Deeded to the "Association/Property Owners" within each phased development, be operated, maintained, repaired and improved by the Association.

E. On or about November 21, 1994, the owners of Lots representing 70% of the voting power of the members of the association voted by written ballot to amend, consolidate and restate the original declarations all in accordance with the procedures for amendment set forth in the original declarations. It was the intention of the owners to consolidate and replace the original recreation and residential declarations in their entirety, with the recordation of this restated declaration. Since the original declaration required the approval of 75% of the lot owners, the Association caused to be filed a petition in the Superior Court of California, County of El Dorado to reduce the voting percentage and approve the Restated Declaration, pursuant to California Civil Code §1356. By order entered December 20, 1994, the court approved the petition, and reduced the voting percentage required to amend the Declaration to those affirmative votes cast by the owners. See Exhibit "E".

ARTICLE I Definitions

Section 1. "Architectural Committee" or "Committee" means the committee created in accordance with article V of this Declaration.

Section 2. "Articles" means the Articles of Incorporation of the Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

Section 3. "Assessment" means any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of article IV of this Declaration.

Section 4. "Association" means the Gold Ridge Forest Property Owners Association, a California nonprofit corporation (formed pursuant to the Nonprofit Mutual Benefit Corporation Law of the State of California), its successors and assigns. The Association is an "association" as defined in section 1351(a) of the California Civil Code.

Section 5. "Association Rules" means the rules, regulations and policies adopted by the Board of Directors pursuant to article III, section 7 of this Declaration, as the same may be in effect from time to time.

Section 6. "Board of Directors" or "Board" means the Board of Directors of the Association.

Section 7. "Bylaws" means the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 8. "Common Area" means all real property within the Properties which is set aside for the use and enjoyment of the Owners. The Common Areas are designated on the Map as the Recreation Area, which is owned by the Association/Property Owners within each phased development and Lots C-1 through C-20 which are owned by the Owners of Lots within the phase of development in which the particular "C" Lot is located as tenants in common. Exhibit "C" sets for the legal descriptions of the Common Area parcels located within each phase of development and Exhibit "D" sets forth the legal description of the Recreation Area. Unless the context clearly indicates a contrary intent, any reference herein to the "Common Areas" shall also include any Common Facilities located thereon. Any reference to the "Recreation Area" shall mean the property described in Exhibit "D". The Common Facilities located within the Recreation Area are referred to herein as Recreation Common Facilities.

Section 9. "Common Expense" means any use of Association funds authorized by article IV hereof and article IX of the Bylaws and includes, without limitation: (a) All expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Facilities; (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors; (c) any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Areas and Common Facilities, and for nonpayment of any Assessments; and (d) the use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

Section 10. "Common Facilities" means the Recreation Common Facilities, as well as plantings, trees, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings,

structures and other facilities constructed or installed, or to be constructed or installed, or currently located within the Recreation property owned by the Association/Property Owners within each phased development and maintained by the Association.

Section 11. "County" means the County of El Dorado, State of California, and its various departments, divisions, employees and representatives. If any portion of the Properties becomes a portion of an incorporated city, then the term "County" shall be deemed to include the city in which that portion of the Properties is located.

Section 12. "Declarant" means the original developer of the Properties, namely American Forest Properties, Inc., a California corporation.

Section 13. "Declaration" means this instrument, as it may be amended from time to time. The "Original Declarations" means and refers to the documents referenced in Exhibit "A" together with all amendments and annexations thereto adopted prior to adoption of this Declaration.

Section 14. "Governing Documents" is a collective term that means and refers to their Declaration and to the Articles, the Bylaws and the Association Rules.

Section 15. "Improvements" shall be defined as set forth in article V, section 1, of this Declaration.

Section 16. "Lot" means any parcel of real property designated by a number on the Subdivision Map, excluding the Common Area. When appropriate within the context of this Declaration, the term "Lot" shall also include the Residence and other Improvements constructed or to be constructed on a Lot.

Section 17. "Majority of a Quorum" means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting in person or by proxy or casting written ballots equals or exceeds the minimum quorum requirement for Member action, as specified in the Bylaws or by statute.

Section 18. "Member" means every person or entity who holds a membership in the Association and whose rights as a Member are not suspended pursuant to article XIII, section 6 hereof.

Section 19. "Mortgage" means any security device encumbering all or any portion of the Properties, including any deed of trust. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

Section 20. "Owner" means any person, firm, corporation or other entity which owns a fee simple interest in any Lot. Except where the context otherwise requires, the term "Owner" shall include the family, guests, tenants and invitees of an Owner.

Section 21. "Owner of Record" includes an Owner and means any person, firm, corporation or other entity in which title to a Lot is vested as shown by the Official Records of the Office of the County Recorder.

Section 22. "Properties" means all parcels of real property (Common Area and Lots) described in Exhibit "B", together with all buildings, structures, utilities, Common Facilities, and other Improvements now located or hereafter constructed or installed thereon, and all appurtenances thereto.

Section 23. "Record" means, with respect to any document, the recordation or filing of such document in the Office of the El Dorado County Recorder.

Section 24. "Recreation Area" means that certain real property more particularly described in Exhibit "D".

Section 25. "Recreation Common Facilities" means the swimming pools, lodge building, cabana, utility sheds, basketball court, lighting, picnic and barbecue areas, parking areas, landscaped areas, and other improvements now located or hereafter constructed within the Recreation Area.

Section 26. "Regular Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with article IV, section 2, hereof.

Section 27. "Residence" means a private, single-family dwelling constructed or to be constructed on a Lot.

Section 28. "Single Family Residential Use" means occupancy and use of a Residence for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single family residential dwellings.

Section 29. "Special Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with article IV, section 3 hereof.

Section 30. "Special Individual Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with article IV, section 4 hereof.

Section 31. "Subdivision Map" means the map for any portion of the Properties.

ARTICLE II Property Rights and Obligations of Owners

Section 1. Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas within the properties, including ingress and egress to and from his or her Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees or to limit the number of guests of Members who may use any Recreation Common Facilities.

(b) The right of the Association to adopt Association Rules as provided in article III, section 7 hereof, regulating the use and enjoyment of the Properties for the benefit and well-being of the Owners in common, and, in the event of the breach of such rules or any provision of any Governing Document by any Owner or tenant, to initiate disciplinary action against the violating Owner or tenant in accordance with article XIII, section 6 of this Declaration. Such action may include the levying of fines and/or the temporary suspension of the voting rights and/or right to use the Common Facilities, other than roads, by any Owner and/or the Owner's tenants and guests.

(c) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and Common Facilities and in aid thereof to Mortgage

the Common Area; provided, however, that the rights of any such Mortgagee in the Common Area shall be subordinate to the rights of the Owners hereunder; and further provided that any such indebtedness shall be considered an expense of the Association for purposes of the Special Assessment provisions of article IV, section 3 hereof. Any action by the Association to mortgage, pledge or otherwise encumber the Common Area pursuant to this subparagraph shall require the prior approval or consent of a Majority of a Quorum of the Members.

(d) The right of the Association to dedicate or transfer all or any part of the Recreation Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least two-thirds of the voting power of the Members, and their first Mortgagees consenting to such dedication or transfer has been Recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot. The instrument approving the dedication may be executed in counterparts so long as each counterpart is in recordable form.

(e) All easements affecting the Common Area which are described in article IX, below.

Section 2. Persons Subject to Governing Documents. All present and future Owners, tenants and occupants of Lots within the Properties shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application to one or more of such classes of persons (i.e. Owners, tenants, invitees, etc.). The acceptance of a deed to any Lot, the entering into a lease, sublease or contract of sale with respect to any Lot, or the occupancy of any Lot shall constitute the consent and agreement of such Owner, tenant or occupant that each and all of the provisions of this Declaration, as the same or any of them may be amended from time to time, shall be binding upon him or her and that he or she will observe and comply with the Governing Documents.

Section 3. Delegation of Use.

(a) Delegation of Use and Leasing of Residences. Any owner may delegate his or her rights to use and enjoy the Common Area and Common Facilities to his or her immediate family members, tenants, lessees or contract purchasers who reside in the Residence. Any rental or lease of a Residence for periods in excess of 15 days may only be to a single family for Single Family Residential Use. The restrictions on multiple family occupancy imposed by this paragraph are intended to protect, enhance and maintain the single family residential atmosphere which exists within the Properties and to avoid an overburdening of Common Areas and Common Facilities.

Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents all of which shall be deemed incorporated by reference in the lease or rental agreement. With the exception of short-term (weekend-type) rentals, each Owner-lessor shall provide any tenant or lessee with a current copy of all Governing Documents or have a copy of Governing Documents readily available at the leased premises. Furthermore, the Owner shall be responsible for compliance by the tenant or lessee with all of the provisions of the Governing Documents during the tenant's/lessee's occupancy and use of the Residence.

(b) Use of Recreational Facilities by Lessees and Short-Term Renters. So long as their right are not suspended for violation of any provision of the Governing Documents, renters, tenants and lessees shall be entitled to use and enjoy the Common Areas and Common Facilities to the same extent as the Lessor-Owner would enjoy if the Owner was residing within the Properties; provided, however, that the Association shall be entitled to impose a user fee as a condition to any person's use and enjoyment of Recreation Common Facilities. Nevertheless, the Association Board shall be entitled to adopt reasonable

rules and regulations of uniform application regulating and restricting the dual use of Common Facilities by non-resident lessor-Owners and their renters, tenants or lessees in order to avoid an overburdening of the Common Facilities.

(c) Discipline of Lessees. Subject to subparagraph (d) below, in the event that any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances which may include initiation of an eviction proceeding in accordance with the following paragraph, suspension of the tenant's privileges to use any recreational Common Facilities or the imposition of fines and penalties against the Owner or tenant.

Whether or not such right is stated in any lease or rental agreement, every Owner who rents his or her Residence automatically grants to the Association the right to determine a tenant's default under the Governing Documents and of terminating the tenancy and evicting the tenant for such default in accordance with the procedures specified in this subparagraph (b). If the Board takes such eviction action, either in its own name or in the Owner's name, the Owner shall be responsible for all costs thereof, including reasonable attorneys' fees, and shall reimburse the Association upon demand for the entire amount of such costs. If the Owner refuses to make such reimbursement, the sums shall constitute a Special Individual Assessment (article IV, section 4) for which a lien may be imposed against the Owner's Lot. The Association's right to maintain an eviction action hereunder is derived from sections 1165 and 374 of the California Code of Civil Procedure and shall only arise if the tenant's or lessee's conduct involves damage to or destruction of Common Areas or Common Facilities, or constitutes a nuisance or unreasonable interference with the quiet enjoyment of other residents.

(d) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to the Properties or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner-lessor (or the Owner's lessee or tenant) on account of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied: (i) the Owner has received written notice from the Board, the Association's property manager or an authorized committee of the Board detailing the nature of the lessee's/tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter in the event the Owner believes that remedial or disciplinary action is unwarranted or unnecessary; (ii) the Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and (iii) the Owner has failed to prevent or correct the tenant's objectionable actions or misconduct. Any hearing requested hereunder shall be conducted in accordance with article XIII, section 6 hereof.

Section 4. Obligations of Owners. Owners of Lots within the Properties shall be subject to the following:

(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the secretary of the Association or the Association's property manager, if any, of the names of any contract purchaser or tenant residing on the Owner's Lot.

(b) Contract Purchasers. A contract seller of a Lot must delegate his or her voting rights as a Member and his or her right to use and enjoy the Common Area and Common Facilities to any contract purchaser in possession of the property subject to the contract of sale. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

(c) Notification Regarding Governing Documents.

(i) As more particularly provided in section 1368 of the California Civil Code, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser:

(A) A copy of the Governing Documents:

(B) The Association's most recent financial statement;

(C) A true statement in writing from an authorized representative of the Association as to: (1) the amount of any delinquent Assessments, together with information relating to late charges, attorneys' fees, interest, and costs of collection which, as of the date the statement is issued, are or may become a lien on the Lot being sold; and (2) the amount of the Association's current Regular and Special Assessments and fees; and

(D) Any change in the Association's current Regular and Special Assessments and fees which have been approved by the Board but have not become due and payable as of the date the information is provided.

(ii) Within 10 days of the mailing or delivery of a request for the information described in subparagraph (c)(i), above, the Association shall provide the Owner with copies of the requested items. The Association shall be entitled to impose a fee for providing the requested items equal to (but not more than) the reasonable cost of preparing and reproducing the requested items.

(d) Payment of Assessment and Compliance With Rules. Each Owner shall pay, when due, each Regular, Special and Special Individual Assessment levied against the Owner and his or her Lot and shall observe, comply with and abide by any and all rules and regulations set forth in, or promulgated by the Association pursuant to, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities.

(e) Discharge of Assessment Liens. Each Owner shall promptly discharge any Assessment lien that may hereafter become a charge against his or her Lot.

(f) Joint Ownership of Lots. In the event of joint ownership of any Lot, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph (f) shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

(g) Prohibition on Avoidance of Obligations. No Owner, by non-use of the Common Area or Common Facilities, abandonment of the Owner's Lot or otherwise may avoid the burdens and obligations imposed on such Owner by the Governing Documents, including, without limitation, the payment of Assessments levied against the Owner and his or her Lot pursuant to article IV of this Declaration.

(h) Termination of Obligations. Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferor-Owner shall not be liable for any Assessments levied with respect to such Lot which become due after the date of Recording of the deed evidencing the transfer and, upon such Recording, all Association membership rights possessed by the transferor by virtue of the ownership of the Lot shall automatically cease.

ARTICLE III
Homeowners Association

Section 1. Association Membership. Every Owner of a Lot shall be a Member of the Association. Each Owner shall hold one membership in the Association for each Lot owned and the membership shall be appurtenant to such Lot. Sole or joint ownership of a Lot shall be the sole qualification for membership in the Association. Each Owner shall remain a Member until his or her ownership in all Lots in the Properties ceases, at which time his or her membership in the Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or deed in lieu thereof.

Section 2. One Class of Membership. The Association shall have one class of membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

Section 3. Voting Rights of Members. Each Member shall be entitled to one vote for each Lot owned by that Member. When more than one person holds an interest in any Lot, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in article XIII, section 6 hereof.

Section 4. Assessments. The Association shall have the power to establish, fix and levy Assessments against the Owners of Lots within the Properties and to enforce payment of such Assessments in accordance with article IV of this Declaration. Any Assessments levied by the Association against its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

Section 5. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale of the Lot to which it is appurtenant and then, only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Lot shall pass automatically to the purchaser upon Recording of a deed evidencing the transfer of title. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to article II, section 3 hereof do not thereby become Members, although the tenant and his or her family and guests shall, at all times, be subject to the provisions of all Governing Documents. Any attempt to make a prohibited transfer is void. If any Owner fails or refuses to transfer the membership registered in his or her name to the purchaser of his or her Lot, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void. It shall be the responsibility of the new Owner to furnish a copy of the Grand Deed Title to the association office for Recording transfer of ownerships in the official Association Records.

Section 6. Powers and Authority of the Association.

(a) Powers, Generally. The Association shall have the responsibility of managing and maintaining the Common Areas, as well as owning, managing and maintaining the Common Facilities and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of its properties and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and its Board of Directors shall have the power to do any and

all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon shall be as set forth in article IX of the Bylaws.

(b) Association's Right of Entry.

(i) Right of Entry, Generally. Without limiting the generality of the foregoing enumeration of corporation powers, the Association is hereby authorized and empowered directly or through its agents to enter any Lot when necessary to perform the Association's obligations under this Declaration, including: (i) obligations to enforce the architectural, minimum construction standards, and land use restrictions of articles V, VI and VIII hereof; (ii) any obligations with respect to construction, maintenance and repair of adjacent Common Facilities; or (iii) to make necessary maintenance or repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, Association property or the Owners in common.

(ii) Limitations on Exercise of Right. The Association's right of entry pursuant to this subparagraph (b) shall be subject to the following:

(A) The right of entry may be exercised immediately and without prior notice to the Owner or resident in case of an emergency originating in or threatening the Lot where entry is required or any adjoining Lots or Common Area. The Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present.

(B) In all nonemergency situations involving routine repair and/or maintenance activities, the Association, or its agents, shall furnish the Owner or his or her lessee with at least 24 hours prior written notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry, and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing on the Lot.

(C) In all nonemergency situations involving access by the Association for purposes of enforcing the Governing Documents against an Owner in default, the Association's entry shall be subject to observance of the notice and hearing requirements imposed in article XIII, section 6, below.

(D) In no event shall the Association's right of entry hereunder be construed to permit the Association or its agents to enter any Residence without the Owner's express permission.

Section 7. Association Rules.

(a) Rule Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners ("Association Rules"). The Association Rules may concern, but need not be limited to: (i) matters pertaining to the maintenance, repair, management and use of the Common Area and Common Facilities by Owners, their tenants, guests and invitees, or any other person(s) who have rights of use and enjoyment of such Common Area and Common Facilities; (ii) architectural control and the rules of the Architectural Committee under article V, section 5, hereof; (iii) the conduct of disciplinary proceedings in accordance with article XIII, section 6 hereof; (iv) regulation of parking, pet ownership and other matters subject to regulation and restriction under article VIII, hereof; (v) collection and disposal of refuse; (vi) minimum standards for the maintenance of landscaping or other Improvements on any Lot; (vii) designating the minimum percentage ownership of a Lot necessary to qualify an Owner as a Member, as more particularly

described in section 1, above; and (viii) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the other Governing Documents or the rights, preferences and privileges of Members thereunder. In the event of any material conflict between any Association Rule and any provision of the other Governing Documents, the conflicting provisions contained in the other Governing Documents shall be deemed to prevail.

(b) Distribution of Rules. A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. A copy of the Association Rules shall also be available and open for inspection during normal business hours at the principal office of the Association.

(c) Adoption and Amendment of Rules. Association Rules may be adopted or amended from time to time by majority vote of the Board, provided, however, that no Association Rule or amendment thereto shall be adopted by the Board until at least 30 days after the proposed rule or rule amendment has been: (i) published in the Association newsletter, if any, or otherwise communicated to the Owners in writing; and (ii) posted in the Association's principal office. The notice describing the proposed rule or amendment shall also set forth the date, time and location of the Board meeting at which action on the proposal is scheduled to be taken.

Any duly adopted rule or amendment to the Association Rules shall become effective immediately following the date of adoption thereof by the Board, or at such later date as the Board may deem appropriate. Any duly adopted rule or rule amendment shall be distributed to the Owners by mail.

Section 8. Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in article XIII hereof.

Section 9. Limitation on Liability of the Association's Directors and Officers.

(a) Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Members or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the Governing Documents; provided that such Released Party has, upon the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damage. No released Party shall be responsible to any Owner or to any member of his or her family or any of his or her tenants, guests, servants, employees, licensees, invitees, or any other person, for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or other item of personal property which may be stored by such Owner or other person on any Lot or within any Residence or for any injury to or death of any

person or loss or damage to the property of any person caused by fire, explosion, the elements or any other Owner or person within the Properties, or by any other cause, unless the same is attributable to his or her own willful or wanton act or gross negligence. It is the intent of this subparagraph to provide volunteer directors and officers with protection from liability to the full extent permitted by California Civil Code section 1365.7, or comparable successor statute, and to the extent this provision is inconsistent with that section, the Civil Code shall prevail.

ARTICLE IV Assessments

Section 1. Assessments Generally.

(a) Covenant to Pay Assessments. Each Owner of one or more Lots, by acceptance of a deed or other conveyance therefor (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association: (i) Regular Assessments; (ii) Special Assessments; and (iii) Special Individual assessments. Each such Assessment shall be established and collected as hereinafter provided.

(b) Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the Person who was the Owner of the Lot at the time the Assessment was levied. Each Owner who acquires title to a Lot (whether at judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot which become due and payable after the date of such sale, and shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. Any unpaid Assessment of a previous Owner shall remain the debt of such previous Owner against whom assessed.

(c) Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this article may be subject to foreclosure as provided in section 10(b) hereof.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself/herself from personal liability for Assessments duly levied by the Association, nor release the Lot or other property owned by him/her from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area or any facilities thereon or by abandonment or non-use of his/her Lot or any other portion of the Properties.

Section 2. Regular Assessments.

(a) Preparation of Annual Budget; Establishment of Regular Assessments. Not less than 45 days nor more than 60 days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities) by preparing and distributing to all Members a budget satisfying the requirements of article XII, section 5 of the Bylaws. If the Board fails to distribute the budget for any fiscal year within the time period provided for in this section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains the Members' approval in accordance with section 8, below.

(b) Establishment of Regular Assessment by Board/Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year; provided, however, that, except as provided in section 5 of this article, the Board of Directors may not impose a Regular Assessment that is more than 20 percent greater than the Regular Assessment for the Association's immediately preceding fiscal year without the Members' prior approval in accordance with section 8, below.

(c) Allocation of Regular Assessment. The total estimated Common Expenses, determined in accordance with subparagraph (a), shall be allocated among, assessed against, and charged to each Owner according to the ratio of the number of Lots within the Properties owned by the assessed Owner to the total number of Lots subject to Assessments so that each Lot bears an equal share of the total Regular Assessment.

(d) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member. The Assessment roll (which may be maintained in the form of a computer printout) shall show, for each Lot, the name and address of the Owner of Record, all Regular, Special and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments which have been paid or remain unpaid. The delinquency statement required by article II, section 4(c) hereof shall be conclusive upon the Association and Owner of such Lot as to the amount of such indebtedness appearing on the Association's Assessment roll as of the date of such statement, in favor of all persons who rely thereon in good faith.

(e) Mailing Notice of Assessment. Within the time requirements specified in subparagraph (a), above, the Board of Directors shall mail to each Owner, at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year.

(f) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to section 3(a)(i) of this article for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Board.

(g) Annual Installment Payment. The Regular Annual Assessment levied against each Owner and his or her Lot shall be due and payable in advance to the Association on January 1st of each year; provided, however, that the Association shall have the discretion to permit Owners to pay their annual assessment in equal quarterly installments. If an Owner pays by installment, the payments are due and payable to the Association on the first day of each calendar quarter or on such other dates as may be established from time to time by the Association's Board of Directors. All Regular Assessment payments shall be delinquent if not paid within 15 days following the due dates as established by the Board.

Section 3. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subparagraph (b) below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Lots for the following purposes:

(i) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for that fiscal year then, except as prohibited by section 2(a) of this article, the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(ii) Capital Improvements. The Board may also levy Special Assessments for additional capital Improvements within the Common Areas or the Recreation Area (i.e., Improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Facilities). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, and replacement repair of the Common Area or existing Common Facilities through Regular Assessments (including the funding of reasonable reserves) and to maintain adequate insurance on the Common Area and existing Common Facilities in accordance with article X hereof.

(b) Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with section 8, below: (i) any Special Assessments which, in the aggregate, exceed 5 percent of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied; and (ii) any Special Assessments imposed pursuant to subparagraph (a)(i) of this section when the Board has failed to distribute a budget to the Members within the time specified in section 2(a) of this article. The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any "emergency situation" as defined in section 5 of this article.

(c) Allocation and Payment of Special Assessments. When levied by the Board of approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to subparagraph 2(d) above. The Special Assessment so levied shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner.

Special Assessments for purposes described in subparagraph (a)(i) of this section shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable to the Association in equal quarterly installments during the remainder of the then current fiscal year. Special Assessments for purposes described in subparagraph (a)(ii) shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable in full to the Association within 30 days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

Section 4. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with section 3, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (v) below; provided, however, that no Special Individual Assessments may be imposed against an Owner pursuant to this section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to article XIII, section 6 hereof, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Common Facility Rental Assessment. Owners who wish to rent any of the Common Facilities that are available for rental may do so at such rental rates as the Association Board may establish from time to time. Any rental charges shall be collected from the Owner as a Special Individual Assessment.

(ii) Damage to Common Area or Common Facilities. In the event that any damage to, or destruction of, any portion of the Common Area or the Common Facilities is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses to: (A) accomplish the payment of delinquent Assessments, (B) perform any repair, maintenance or replacement to any portion of the Properties that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion or (C) otherwise bring the Owner and/or his or her Lot into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable fines and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorneys fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iv) Required Maintenance on Lots. If any Lot is maintained so as to become a nuisance, fire or safety hazard for any reason, including without limitation, the accumulation of trash, junk automobiles, appliances, scrap building materials, downed trees and slash, or improper weed or vegetation control, the Association shall have the right to enter the Lot, correct the condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Association shall be effected in accordance with article III, section 6(b), hereof.

(v) Acts Increasing Insurance Premiums. In the event any act or omission of any Owner, any member of the Owner's family, or any of the Owner's tenants, guests, servants, employees, licensees or invitees, shall in any way be the sole or material cause for any increase in the premiums for any insurance purchased or obtained by the Association in accordance with the provisions of article X hereof, the amount of such increase shall be assessed and charged solely to and against such Owner as a Special Individual Assessment. Before any Special Individual Assessment may be imposed pursuant to this subparagraph (ii), the Association must receive written confirmation from the insurance carrier that the actions of the Owner or his or her tenants or guests were the material cause of the premium increase.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed in subparagraph (a) of this section, such Special Individual Assessment shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable as follows: Special Individual Assessments imposed pursuant to section 4(a)(i) through 4(a)(iv) shall be payable in full to the Association within 30 days after the mailing of notice of the Assessment. Special Individual Assessments imposed pursuant to section 4(a)(v) shall be payable in full to the Association at least 10 days in advance of the date or dates for the payment of the increased insurance premium giving rise to the Special Individual Assessment.

Section 5. Assessments to Address Emergency Situations. The requirement of a membership

vote to approve (a) Regular Assessment increases in excess of 20 percent of the previous year's Regular Assessment, or (b) Special Assessments which, in the aggregate, exceed 5 percent of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied, shall not apply to Assessments which are necessary to address emergency situations. For purposes of this section, an emergency situation is any of the following:

- (i) An extraordinary expense required by an order of the court.
- (ii) An extraordinary expense necessary to repair or maintain the Common Areas and/or Common Facilities where a threat to personal safety is discovered.
- (iii) An extraordinary expense necessary to repair or maintain the Common Areas and/or Common Facilities that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to section 2(a) of this article; provided, however, that prior to the imposition or collection of an assessment under this subparagraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of assessment.

Section 6. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively: (a) to promote the recreation, health, safety and welfare of individuals residing within the Properties; (b) to promote the enjoyment and use of the Properties by the Owners and their families, tenants, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Area and Common Facilities. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns; provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 7. Exemption of Certain of the Properties From Assessments. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

- (a) Any portion of the Properties dedicated and accepted by a local public authority;
- (b) The Common Area and Common Facilities; and
- (c) Any Lot owned by the Association.

Section 8. Notice and Procedure for Member Approval Pursuant to Section 2 and 3. If Member approval is required in connection with any increase or imposition of Assessments pursuant to section 2 and 3 of the article, the affirmative vote required to approve the increase shall be a majority of a Quorum of the Members. The quorum required for such membership action shall be a majority of the Members.

Section 9. Maintenance of Assessment Funds.

- (a) Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured

checking, savings or cash mover accounts, certificates of deposit or money market accounts or similar prudent investments offered by banks or other insured financial institutions selected by the Board of Directors and located within the County. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of the account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association account shall be subject to the minimum signature requirements imposed by California Civil Code section 1365.5 and article XII, section 2 of the Bylaws.

To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b), below.

(b) Separate Accounts; Commingling of Funds. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was levied, such surplus may, in the Board's discretion, be: (i) returned proportionately to the contributors thereof; (ii) reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded; or (iii) credited proportionately on account of the Owners' future Regular Assessment obligations.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate account of all funds received by it in payment of each Assessment and of all disbursements made therefrom; provided, however, that receipts and disbursements of Special Assessments made pursuant to section 3(a)(i) of this article shall be accounted for together with the receipts and disbursements of Regular Assessments, and separate liability accounts shall be maintained for each capital Improvement for which reserve funds for replacement are allocated.

Unless the Association is exempt from Federal or State taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Association.

Section 10. Collection of Assessments; Enforcement of Liens.

(a) Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment assessed to any Owner is not paid within 15 days after the same becomes due, such payment shall be delinquent and the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law commencing 30 days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by California Civil Code sections 1366(c) and 1366.1 or comparable successor statutes.

(b) Effect of Nonpayment of Assessments.

(i) Creation and Imposition of a Lien for Delinquent Assessments. As more particularly provided in section 1367 of the California Civil Code or comparable successor statute, the amount of any delinquent Regular or Special, or Special Individual Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Lot of the Owner so assessed only when the Association Records a Notice of Delinquent Assessment executed by an authorized representative of the Association, setting forth: (A) the amount of the delinquent Assessment(s) and other sums duly imposed pursuant to this article and section 1366 of the California Civil Code; (B) the legal description of the Owner's Lot against which the Assessments and other sums are levied; (C) the name of the Owner of Record of such Lot; (D) the name and address of the Association; and (E) in order for the lien to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. Upon payment in full of the sums specified in the Notice of Delinquent Assessment, the Association shall record a further notice stating the satisfaction and release of the lien thereof.

(ii) Remedies Available to the Association to Collect Assessments. The Association may bring legal action against the Owner personally obligated to pay the delinquent Assessment, foreclose its lien against the Owner's Lot or accept a deed in lieu of foreclosure. Foreclosure by the Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted pursuant to California Civil Code section 2934a. Any sale of a Lot by a trustee acting pursuant to this section shall be conducted in accordance with section 2924, 2924b and 2924c or the California Civil Code applicable to the exercise of powers of sale in mortgages or deeds of trust.

(iii) Nonjudicial Foreclosure. Nonjudicial foreclosure shall be commenced by the Association by Recording a Notice of Default, which notice shall state: (A) all amounts which have become delinquent with respect to the Owner's Lot and the costs (including attorneys' fees), penalties and interest that have accrued thereon; (B) the amount of any Assessment which is due and payable although not delinquent; (C) a legal description of the property with respect to which the delinquent Assessment is owed; and (D) the name of the Owner of Record or reputed Owner thereof. The Notice of Default shall also state the election of the Association to sell the Lot or other property to which the amounts relate and shall otherwise conform with the requirements for a notice of default under section 2924c of the California Civil Code, or comparable successor statute.

The Association shall have the rights conferred by section 2934a of the Civil Code to assign its rights and obligations as trustee in any nonjudicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust, and for purposes of section 2934a, the Association shall be deemed to be the sole beneficiary of the delinquent Assessment obligation. Furthermore, in lieu of an assignment of trusteeship, the Association shall be entitled to employ the services of a title insurance company or other responsible person authorized to serve as a trustee in nonjudicial foreclosure proceedings to act as an agent on behalf of the Association in commencing and prosecuting any nonjudicial foreclosure hereunder.

(iv) Actions for Money Judgment. In the event of a default in payment of any Assessment, the Association, in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid Assessments, costs and attorneys' fees without foreclosure or waiver of the lien securing same.

Section 11. Transfer of Lot by Sale or Foreclosure. Except as otherwise provided herein, the sale or transfer of any Lot shall not affect any Assessment lien duly Recorded with respect to such Lot prior to the sale or transfer. However, the sale or transfer of any Lot pursuant to the foreclosure of any first Mortgage or other mortgage or lien Recorded prior to the Association's Assessment lien (collectively,

"prior encumbrance") shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale or otherwise shall relieve the new Owner of such Lot, whether it be the former beneficiary of the first Mortgage or other prior encumbrance or a third party acquiring an interest in the Lot, from liability for any Assessments thereafter becoming due or from the lien thereof.

Where the first Mortgagee or other purchaser of a Lot obtains title to the same as a result of foreclosure of any such first Mortgage or other prior encumbrance or exercise of a power of sale contained therein, the person acquiring title, his or her successors and assigns, shall not be solely liable for the Assessments chargeable to such Lot which became due prior to the acquisition of title. However, such unpaid Assessments shall be deemed to be a Common Expense collectible from the Owners of all of the Lots, including such acquirer, his or her successors and assigns. In addition, foreclosure shall not affect the Association's right to bring an action against the foreclosed party personally for the collection of delinquent Assessments.

Section 12. Priorities. When a Notice of Delinquent Assessment has been Recorded, such notice shall constitute a lien on the Lot prior and superior to all other liens or encumbrances Recorded subsequent thereto, except: (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (b) the lien or charge of any first Mortgage of record (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or other prior encumbrance.

ARTICLE V Architectural Control

Section 1. Architectural Committee Approval of Improvements.

(a) Approval Generally. Before commencing construction or installation of any Improvement within the Properties (as defined in subparagraph (b), below), the Owner planning such Improvement must submit a written request for approval to the Architectural Committee. The Owner's request shall include structural plans, specifications and plot plans satisfying the requirements of section 5 of this article. Unless the Committee's approval of the proposal is first obtained, no work on the Improvement shall be undertaken. The Architectural Committee shall base its decision to approve, disapprove or conditionally approve the proposed Improvement on the criteria described in section 6 of this article. The Committee's decision shall be deemed a recommendation to the Association Board of Directors which may be ratified or rejected by the Board. The Association Board approval of an improvement does not alleviate the Owner's requirement to comply with all applicable County ordinances, including those pertaining to building permits.

(b) Definition of "Improvement". The term "Improvement" as used herein includes, without limitation, the construction, installation, alteration or remodeling of any buildings, walls, decks, fences, swimming pools, landscaping, landscape structures, solar heating equipment, spas, antennas, television satellite reception dishes, parking pads, driveways, utility lines or any other structure of any kind. In no event shall the term "Improvement" be interpreted to include Improvement projects which are restricted to the interior of any Residence.

(c) Modifications to Approved Plans Must Also Be Approved. Once a proposed work of Improvement has been duly approved by the Architectural Committee and the Board of Directors, no

material modifications shall be made in the approved plans and specifications therefore and no subsequent alteration, relocation, addition or modification shall be made to the work of Improvement, as approved, without a separate submittal to, and review and approval by, the Committee and the Board of Directors. If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the work, the Committee, in its discretion, may order the Owner and his or her contractors and agents to cease working not only on the modified component of the Improvement, but also on any other affected component.

In the event that it comes to the knowledge and attention of the Association, its Architectural Committee, or the agents or employees of either, that a work of Improvement, or any modification thereof, is proceeding without proper approval, the Association shall be entitled to exercise the enforcement remedies specified in section 12 of this article, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement until such time as proper Architectural Committee review and approval is obtained.

Section 2. Composition of the Architectural Committee. The Committee shall be composed of three Members appointed by the Board. In selecting Members for the Committee, the Board shall endeavor to select individuals whose occupations or education will provide technical knowledge and expertise relevant to matters within the Committee's jurisdiction. Committee members shall serve one-year terms subject to the Board's power to remove any Committee member and to appoint his or her successor. Neither the members of the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto. To avoid conflicts of interest, no person under contract to build an Improvement shall serve on the Committee. The Committee shall also be empowered to appoint a subcommittee to assist in the monitoring of architectural compliance within the Properties.

Section 3. Duties of the Committee. The Committee shall have the duty to consider and act upon the proposals and plans for Improvements submitted to it pursuant to this Declaration, to adopt Architectural Rules pursuant to section 5 hereof, to perform other duties delegated to it by the Board of Directors and to carry out all other architectural review duties imposed upon it by this Declaration. The Committee members shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred by them in the performance of any Committee functions. Requests for reimbursement shall be supported by adequate documentation and shall be submitted to, and approved by, the Board.

Section 4. Meetings. The Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the Committee members shall constitute the action of the Committee and the Committee shall keep and maintain a written record of all actions taken .

The Applicant shall be entitled to appear at any meeting of the Committee at which his or her proposal has been scheduled for review and consideration. The Applicant shall be entitled to be heard on the matter and may be accompanied by his or her architect, engineer and/or contractor. Other Owners whose properties may be affected by the proposed Improvement (in terms of the view or solar access of the Applicant's or any adjacent Lot, noise or other considerations) shall also be entitled to attend the meeting. Reasonable notice of the time, place and proposed agenda for Committee meetings shall be communicated before the date of the meeting to any Applicant whose application is scheduled to be heard.

Section 5. Architectural Rules. The Architectural Committee may, from time to time and with approval of the Board of Directors, adopt, amend and repeal rules and regulations to be known as "Architectural Rules." The Architectural Rules shall interpret and implement the provisions hereof by setting forth: (a) the standards and procedures for Architectural Committee review, including the required content of Improvement plans and specifications; (b) guidelines for architectural design, placement of any

work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended or required for use in connection with particular Improvement projects within the Properties; and (c) the criteria and procedures for requesting variances from any property use restrictions or minimum construction standards that would otherwise apply to the proposed Improvement under the Governing Documents (see section 13 below). Notwithstanding the foregoing, no Architectural Rule shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Rules and this Declaration, the provisions of the Declaration shall prevail.

Section 6. Basis for Approval of Improvements. When a proposed Improvement is submitted to the Architectural Committee for review, the Committee shall recommend to the Board of Directors approval only if the Committee, in its sole discretion, finds that all of the following provisions have been satisfied:

(a) The Owner has complied with those provisions of the Architectural Rules pertaining to the content and procedures for submittal of plans and specifications;

(b) The Owners plans and specifications: (i) conform to this Declaration and to the Architectural Rules in effect at the time such plans are submitted to the Committee; (ii) will result in the construction of an Improvement that is in harmony with the external design of other structures and/or landscape within the Properties; and (iii) will not interfere with the reasonable enjoyment of any other Owner of his or her property; and

(c) The proposed Improvement(s), if approved by the Board of Directors, will otherwise be consistent with the architectural and aesthetic standards prevailing within the Properties and with the overall plan and scheme of development and the purposes of this Declaration.

The Committee shall be entitled to determine that a proposed Improvement or component thereof is unacceptable when proposed on a particular Lot, even if the same or a similar Improvement/component has previously been approved for use at another location within the Properties if factors such as drainage, topography or visibility from roads, Common Areas or other Lots or prior adverse experience with the product or components used in construction of the Improvement, design of the Improvement or its use at other locations within the Properties militate against erection of the Improvement or use of a particular component thereof on the Lot involved in the Owner's submittal. It is expressly agreed that the Committee shall be entitled to make subjective judgments and to consider the aesthetics of a proposed Improvement project, so long as the Committee acts reasonably and in good faith.

In approving a request for construction of an Improvement, the Committee and Board of Directors may condition approval upon the adoption of modifications in the plans and specifications or observance of restrictions as to location, noise abatement or similar mitigating conditions.

Section 7. Construction Deposits. The Architectural Rules may provide for a cash deposit procedure to help ensure proper and timely completion of works of Improvement in accordance with approved plans and specifications and to reimburse the Association for damage to roadways and other Common Facilities resulting from the Owner's construction project. No additional deposit shall be required for re-submission of plans which are revised in accordance with the Architectural Committee's recommendations. Upon final inspection and approval of the Owner's project, any required deposit shall be refunded. Information regarding deposits shall be available at the Association office.

Section 8. Time Limits for Approval or Rejection. Within 30 days after submission of plans and specifications satisfying the requirements of the Architectural Rules, the Architectural Committee shall return one set of such plans to the Applicant, with either written notice of approval or disapproval or with

written suggestions of changes required for approval accompanying the returned set of plans. All Committee approvals shall be subject to review, confirmation or rejection by the Board at its next regularly scheduled meeting. If required, the Committee can notify the Owner-applicant that an additional period of time, not to exceed 15 days, is required for the Board's final review and approval.

Upon receipt of the Committee's recommendation, the Board may do any of the following: (i) approve the plans and specifications previously recommended for approval by the Architectural Committee; (ii) reject the Committee's recommendation for approval or (iii) approve the plans and specifications subject to the conditions. If plans and specifications are rejected or approved with conditions, the Owner-applicant shall be advised, in writing, of the reason for the Board's action (including recommendations to facilitate approval of the project upon resubmittal). If no written notice of approval or disapproval is received by the Applicant within 30 days after the Owner's plans and specifications (or revisions thereto) are submitted to the Committee, the plans shall be deemed to have been approved as submitted.

Section 9. Proceeding With Work. Upon Receipt of approval of the Improvement project from the Board, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement of construction and excavation pursuant to the approval. In all cases, work on an Improvement project shall commence within six months from the date of such approval. If the Owner fails to comply with this paragraph, any approval given pursuant to this article shall be deemed revoked unless the Board, upon written request of the Owner prior to the expiration of the initial six month period, extends the time for commencement or completion. No such extension shall be granted except upon a finding by the Board that there has been no change in the circumstances upon which the original approval was granted and that the Owner has a bona fide intention and ability to complete the Improvement project within the time specified in the extension request.

Section 10. Failure to Complete Work. Unless the Owner has been granted an extension of time to complete the project by the Board, construction, reconstruction, refinishing or alteration of any such Improvement must be complete within one year after construction has commenced, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner because of strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his or her agents. In the case of building Improvements the requirements of this section shall be deemed to have been met if, within the six-month construction period, the Owner has completed construction of the building's foundation and all exterior surfaces (including the roof, exterior walls, windows and doors).

If the Owner fails to comply with this section, the Committee shall notify the Board of such failure, and the Board shall proceed in accordance with the provisions of section 11 (c) and (d) below as though the failure to complete the Improvement was a noncompliance with approved plans.

Section 11. Inspection of Work by Architectural Committee. Inspection of the work relating to any approved Improvement and correction of defects therein shall proceed as follows:

(a) During the course of construction, representatives of the Committee shall have the right to inspect the job site to confirm that the Improvement project is proceeding in accordance with the approval plans and specifications.

(b) Upon the completion of any work of Improvement for which Committee approval is required under this article, the Owner shall give the Committee a written notice of completion.

(c) Within 30 days thereafter, the Committee, or its duly authorized representative, may

inspect the Improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approved plans. If the Committee finds that the Improvement was not erected, constructed or installed in substantial compliance with the Owner's approved plans, then within the 30-day inspection period the Committee shall give the Owner written notice of noncompliance detailing those aspects of the Improvement project that must be modified, completed or corrected. If violation or nonconforming work is not corrected, the Association and the Committee shall have the enforcement rights and remedies set forth in section 12 below.

(d) If for any reason the Committee fails to notify the Owner of any noncompliance within 30 days after receipt of the Owner's notice of completion, the Improvement shall be deemed to have been constructed in accordance with the approved plans for the project, unless it can be demonstrated that the Owner knew of the noncompliance and intentionally misled the Committee with respect thereto.

Section 12. Enforcement of Architectural Compliance Matters.

(a) In addition to other enforcement remedies set forth in this Declaration, the Architectural Committee shall have enforcement rights with respect to any matters required to be submitted to and approved by the Board of Directors, and may enforce such architectural control by any proceeding at law or inequity. In addition, the Board shall have the authority to order an abatement of any construction, alteration or other matter for which approval is required, to the extent that it has not been approved by the Committee or if it does not conform to the plans and specifications submitted to and approved by the Committee. No work for which approval is required shall be deemed to be approved simply because it has been completed without complaint, notice of violation, or commencement of a suit to enjoin such work. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to the costs of such proceedings.

(b) If the Owner fails to remedy any noticed noncompliance within 30 days from the date of such notification, the Architectural Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing date shall not be more than 30 days not less than 15 days after the notice of the noncompliance is issued by the Board to the Owner, to the Architectural Committee and, in the discretion of the Board, to any other interested party.

(c) At the hearing, the Owner, a representative(s) of the Architectural Committee and, in the Board's discretion, any other interested person may present information relevant to the question of the alleged noncompliance. After considering all such information, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance is determined to exist, the Board shall require the Owner to remedy or remove the same within such period or within any extension of such period as the Board, at its discretion, may grant. If the Owner fails to take corrective action after having a reasonable opportunity to do so, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance and the Owner shall reimburse the Association for all expenses incurred in connection therewith upon demand. If such expenses are not properly repaid by the Owner to the Association, the Board shall recover such expenses through the levy of a Special Individual Assessment against such Owner.

(d) The approval by the Committee and Board of Directors of any plans, drawings or specifications for any work of Improvement done or proposed, or for any other matter requiring the Committee's approval under this Declaration, or any waiver thereof, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval by the same or some other Owner. Different locations for Improvements, the size of the structure, proximity to their Residences or Common Facilities and other factors may be taken into

consideration by the Committee in reviewing a particular submittal.

Section 13. Variances. The Board of Directors, in its sole discretion, shall be entitled to allow reasonable variances in any procedures specified in this article, the minimum construction standards specified in article VI or in any land use restrictions specified in article VIII to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardship to Applicants, provided all of the following conditions are met:

(a) The variance, if approved, will not violate any applicable law or governmental regulation or ordinance.

(b) If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise be applicable under this Declaration, the Architectural Committee must conduct a hearing on the proposed variance after giving prior written notice to the Board and to all Owners of any adjacent Lot. The notice shall also be posted in the Association's office within the Properties. The notice shall be posted and mailed to the interested Owners at least 15 days prior to the date when the Board is scheduled to act on the requested variances and any Owner may submit written comments or objections with respect to the variance within the 15 day period. No decision shall be made with respect to the proposed variance until the 15-day comment period has elapsed.

(c) The Board of Directors must make a good faith written determination that the variance is consistent with one or more of the following criteria: (i) the request variance will not constitute a material deviation from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or (ii) that the variance relates to a requirement land use restriction or minimum construction standard otherwise applicable hereunder that is unnecessary or burdensome under the circumstances; or (iii) that the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance with respect, to any other Lot or Common Area within the Properties.

Section 14. Nonconforming Use of Properties.

(a) Establishment of Nonconforming Use: Notice Requirements. In addition to its jurisdiction over the review and approval of new Improvements and regulation of the timely and proper completion of such Improvements, the Board of Directors or its duly authorized Architectural Committee shall also be vested with authority and responsibility to regulate continued compliance by Lots with the provisions of this article and articles VI and VIII of this Declaration. To this end, the Board of Directors may appoint a Compliance Officer who shall periodically tour the Properties from time to time and report to the Board any apparent violations of those articles ("architectural/land use violations"). If the Board of Directors agrees that the compliance officer has identified an architectural/land use violation on any Lot, the Board shall so notify the Owner, in writing. The notice shall detail the nature of the alleged violation and advise the Owner of his or her right to be heard on the matter in accordance with article XIII hereof. If the Owner fails to make a timely request for a hearing the Board of Directors shall be entitled to make its own determination of whether a violation exists at the next regularly scheduled Board meeting following expiration of the notice period.

If a violation is determined to exist, the Association may either initiate immediate enforcement action or treat the violation as a nonconforming use subject to regulation and eventual abatement in accordance with subparagraphs (b) and (c), below. If the Association decides that the circumstances warrant classifications of the violation as a nonconforming use, the Association shall be entitled to Record against the subject Lot a Notice of Noncompliance With Recorded Use Restrictions ("Notice of Noncompliance") which shall identify the subject Lot, describe the nonconforming use and specify the

Article and Section number of the Governing Document which is being violated. Following recordation of such a Notice of Noncompliance, the provisions of subparagraphs (b) and (c) shall apply.

(b) Vacant Lots.

(i) Continuation of Use. Except as provided in subparagraph (ii) below, the nonconforming use of any vacant Lot may be continued, provided however:

(A) Such use shall not be expanded or extended in any way either on the same or any adjoining land;

(B) Such use shall not be changed, except to a use which conforms to the governing Documents and the Architectural Rules;

(C) If such use is discontinued for a period of 12 months or more it shall not thereafter be re-established.

(ii) Limitation. The nonconforming use of any vacant Lot shall be discontinued within five years from the effective date the use becomes nonconforming in each of the following cases:

(A) Where no buildings are employed in connection with such use;

(B) Where the only buildings employed are accessory or incidental to the principal use of the land and the replacement cost thereof does not exceed \$1,000.

(C) Where such use is maintained in connection with a conforming building.

(c) Nonconforming Improvements.

(i) Repair and Maintenance. A nonconforming Improvement may be maintained or repaired without the necessity of complying with the Governing Documents, so long as during, any period of 12 consecutive months such repair and maintenance shall not exceed 25 percent of the current replacement cost of the nonconforming Improvement. Any repair or maintenance of the Improvement the cost of which exceeds 25 percent of the current replacement cost thereof shall require conformance to the Governing Documents as then in effect.

(ii) Enlargements. A structure nonconforming as to use, may not be added to or enlarged unless such nonconforming structure, and the additions and enlargements thereto and the use thereof, are all made to conform to the Governing Documents as then in effect.

(iii) Restoration. A nonconforming Improvement which is damaged or partially destroyed by any reason to the extent of not more than 50 percent of its value at that time, may be restored and the occupancy or use of such structure or part thereof, which existed at the time of such partial destruction, may be continued or resumed, provided the total cost of such restoration does not exceed 50 percent of the value of the Improvement at the time of such damage and that such restoration is started within a period of one year and is diligently prosecuted to completion. In the event such damage or destruction exceeds 50 percent of the value of such nonconforming Improvement, no repair or reconstruction shall be made unless every portion of such Improvement is made to conform to all Governing Document regulations for new Improvements of similar nature. The value shall be determined by the Board of Directors in its sole discretion, although the Owner of the affected Lot shall be entitled to submit evidence on the valuation issue.

(d) Certificate of Compliance. Upon the elimination of any nonconforming use, the Association shall Record an estoppel certificate, as described in section 15 of this article, which shall reference any previously recorded Notice of Noncompliance, rescind the Notice of Noncompliance and confirm that the Lot is in compliance with all applicable Governing Document provisions referenced in the Notice of Noncompliance.

Section 15. Estoppel Certificate. Within 30 days after written demand is delivered to the Architectural Committee by any Owner, and upon payment to the Association of a reasonable fee (as established from time to time by the Board), the Architectural Committee shall record an estoppel certificate, executed by any two of its members, certifying (with respect to any Lot owned by the Applicant) that as of the date thereof, either: (a) all Improvements made and other work completed by the Owner comply with this Declaration; or (b) such Improvements or work do not so comply, in which event the certificate shall also identify the noncomplying Improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in the Lot through the Owner, shall be entitled to rely on the Association's estoppel certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, all Owners and any persons deriving any interest through them.

Section 16. Limitation of Liability. Neither the Association, nor the Board or the Architectural Committee or any member thereof, shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings or specifications; (c) the development of any Lot within the Properties; or (d) the execution and filing of a Notice of Noncompliance pursuant to section 14, above, or an estoppel certificate pursuant to section 15, above, whether or not the facts therein are correct; provided; however, that such member has acted in good faith on the basis of such information as he or she possessed.

Section 17. Compliance With Governmental Regulations. Review and approval by the Committee of any proposals, plans or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Owner who desires to construct, install, or modify the Improvement.

ARTICLE VI Minimum Construction Standards

Unless a variance is requested from, and granted by, the Board of Directors in accordance with article V section 13, hereof, Improvements constructed on any Lot shall conform to the following minimum construction standards:

Section 1. Size of Residence. No Residence shall be erected or placed on any Lot which has less than 800 square feet of living area on the main floor. The square footage of living area shall be based on the Residence's interior living space, exclusive of porches, garage, atrium, or patio/deck areas.

Section 2. Minimum Set-Back Requirements. Any Residence placed on a Lot shall comply with all setback lines shown on any applicable Subdivision Map or imposed County zoning regulations. No improvement shall be erected or permitted nearer than 20 feet from the front property boundary line, and 10 feet from the sides and rear boundary lines as shown on any Subdivision Map. Notwithstanding the foregoing, hedges, fences, retaining walls, patios, decks and sheds may be constructed and maintained

outside the applicable building setback lines if prior approval by a majority of the Board of Directors is secured in writing.

Section 3. Prohibition of Individual Water Systems. No individual water supply shall be permitted on any Lot.

Section 4. Limitation on Height of Structures. The maximum height of any building or structure within the properties shall be limited to two stories above natural grade level. Determination of the height shall be made in accordance with Architectural Rules and/or County Zoning ordinances.

Section 5. Application of Minimum Construction Standards to Existing Improvements. The minimum construction standards imposed by article VI shall not apply to any Residences or other improvements in existence on the recordation date of this Declaration if the improvements were properly approved by the Board of Directors at the time of construction. The Board shall be entitled, however, to require compliance with the requirements of this Declaration in the event that any nonconforming structure or improvement is destroyed or is otherwise in need of substantial reconstruction and the Owner submits a request for reconstruction to the Architectural Committee for review and subsequent approval by the Board of Directors. (See article V, section 14: "Nonconforming Use of Properties").

ARTICLE VII Association and Owner Maintenance Responsibilities

Section 1. Common Areas. The Association shall be solely responsible for all maintenance, repair, upkeep and replacement of all portions of the Common Areas. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area. In addition, no person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area without express approval of the Association.

Without limiting the foregoing, the Association shall be responsible for:

- (a) The reconstruction, replacement, or refinishing of any Common Facility or other Improvements within the Common Area as necessary in accordance with the original design, finish or standard of construction of such Improvement.
- (b) The replacement of trees or other vegetation and the planting of trees, shrubs and ground cover upon any portion of Common Area.
- (c) The placement and maintenance of such signs as the Association may deem necessary for the identification of the development and of roads, the regulation of traffic, including parking, the regulation and use of Common Area and Common Facilities.

Section 2. Owner Maintenance Responsibilities.

- (a) Each Owner shall be responsible for the maintenance and repair of his or her Residence and Lot, including, in addition to all portions of the Residence structure, driveways, retaining walls, decks, landscaping and fences. Within three months after completing construction of a Residence on his or her Lot, the Owner shall establish and implement an appropriate landscape maintenance program. Owners who have no current intention to improve their Lot shall establish a weed and brush abatement program within

the three months following acquisition of the Owner's Lot. Landscaping plans for unimproved Lots shall require Architectural Committee review and Board approval prior to implementation.

Section 3. Association Recovery of Costs of Certain Repairs and Maintenance.

(a) Association Maintenance Necessitated by Owner Negligence. If the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder, is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants, or invitees, and is not covered or paid for by insurance policies maintained by the Association or the responsible Owner, the cost of such maintenance or repairs shall be the subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with article IV, section 4 hereof.

(b) Owner Defaults in Maintenance Responsibilities. The Association shall be entitled to perform any exterior maintenance including landscaping maintenance which is the obligation of any Owner hereunder if the neglected maintenance constitutes or is likely to constitute a nuisance, visual distraction or an unreasonable interference with the use and enjoyment of neighboring Lots by the Owners thereof: provided, however, that the offending Owner must first be informed in writing of the necessity for the repair or maintenance, and must have refused or failed to perform the repair or maintenance after having been given a reasonable opportunity to do so. Notice from the Association shall constitute notice for purposes of article XIII, section 6(d)(ii), and the offending Owner shall thereafter have the opportunity to request a hearing before the Board.

Any costs incurred by the Association in performing maintenance or repairs pursuant to the immediately preceding sentence shall be recoverable from the responsible Owner through imposition of a Special Individual Assessment. Entry by the Association to conduct its work may be effected in accordance with article III, section 6(b) of this Declaration and shall not be considered a trespass on the Owner's Lot.

Section 4. Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's maintenance and repair obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

ARTICLE VIII
Use of Properties and Restrictions

In addition to the restrictions established by law or Association Rules promulgated by the Board of Directors (consistent with this Declaration), the following restrictions are hereby imposed upon the use of Lots, Common Areas and other parcels within the Properties.

Section 1. Use of Lots.

(a) All Lots within the Properties shall be used solely for the construction of Residences whose occupancy and use shall be restricted to Single Family Residential Use as defined in article I, section 26, hereof. In no event shall a Residence be occupied by more individuals than permitted by applicable law, zoning or other local governmental regulation.

(b) All Residence and related structures erected on any Lot shall conform to the minimum construction standards set forth in article VI hereof, unless a variance has been granted by the Board of Directors in accordance with article V, section 13 hereof.

(c) Each Lot shall be conveyed as a separately designated and legally described fee simple estate, subject to this Declaration. All Lots and the Residences and other Improvements erected or placed thereon (including, without limitation, landscaping) shall at all times be maintained in such a manner as to prevent their becoming unsightly.

(d) The vegetation and landscaping on any Lot shall be planted or maintained by the Owner or resident in such a manner as to reduce the risk of fire, prevent or retard shifting or erosion of soils, encourage the growth of indigenous ground cover and to cause the proper diversion of water into streets and natural drainage channels.

(e) No camping, whether temporary or permanent, and no temporary structures of any kind shall be permitted on any Lot.

(f) No more than one kitchen facility shall be installed or maintained in any Residence.

(g) No Improvement, including, without limitation, fences, hedges, retaining walls, landscape or privacy structures shall be constructed, erected, or placed on any Lot without the prior approval of the Architectural Committee.

(h) No advertising signs shall be displayed on any Lot or posted within or upon any of the Properties except that an Owner may post on his or her Lot a single "For Rent" or "For Sale" sign of reasonable dimensions and appearance as stated in the Association Rules.

(i) No drilling, refining, quarrying or mining operations of any kind shall be permitted on any Lot.

Section 2. Common Areas. The Common Areas shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for aesthetic and recreational purposes by the Members, their tenants, families and guests, subject to the provisions of the Governing Documents. No Improvement, excavation or work which in any way alters any Common Area or Common Facility from its natural or existing state on the date such Common Area or Common Facility shall be made or done except by the Association and then only in strict compliance with the provision of this Declaration.

Section 3. Prohibition of Noxious Activities. No illegal, noxious or offensive activities shall be carried out or conducted upon any Lot or Common Area nor shall anything be done within the Properties which is or could become an unreasonable annoyance or nuisance to neighboring property Owners. Without limiting the foregoing, no Owner shall permit noise, including, but not limited to barking dogs, the operation of excessive noisy air conditioners, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from an Owner's Lot or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Lot or the Common Area.

Section 4. Temporary Structures. No structure of a temporary character, trailer, mobile home, camper, tent, shack, garage or other outbuilding shall be used on any Lot at any time as a Residence, either temporarily or permanently.

Section 5. Household Pets. The following restrictions shall govern the maintenance and ownership of pets within the Properties:

(a) With the exception of no more than two (2) (in the aggregate) common household pets

such as dogs or cats, no animals, livestock, or poultry of any kind shall be raised, bred or kept on any residential Lot or Lots. No pet permitted hereunder shall be kept, bred, or maintained on any Lot or within any Residence for any commercial purpose.

(b) Caged birds, aquarium-contained fish and similar small animals normally maintained indoors shall not be subject to the limitation contained in subparagraph (a), above, so long as they are not maintained in a manner which becomes a nuisance to neighboring residents.

(c) Dogs shall only be allowed within the Common Areas when they are leashed and otherwise under the supervision and restraint of their Owners.

(d) No household pet shall be left chained or otherwise tethered within the Common Areas.

(e) Pet owners shall be responsible for the prompt disposal of their pet's wastes when deposited on any portion of the Common Areas or any other Owner's Lot.

(f) The Board of Directors shall have the right to establish and enforce additional uniform regulations, as part of the Association Rules, for the reasonable control and maintenance of household pets in, upon and around the Properties, to insure that the same do not interfere with the quiet and peaceful enjoyment of the Properties by the other Owners.

(g) Each Owner shall comply with all applicable governmental licensing requirements for authorized pets and shall be solely responsible for the conduct of, or damage or injury caused by, the Owner's pet(s). The Association, its Board, officers, employees and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owners, their family members, guests, invitees, lessees, or other persons for any damage or injury to persons or property caused by any pet maintained by an Owner.

Section 6. Signs. No signs or billboards of any kind shall be displayed on any Lot or posted within or upon any portion of the Common Area except that Owners may post on their Lots any signs required by legal proceedings and a single "For Rent," "For Lease" or "For Sale" sign of reasonable dimensions. A-frame or other directional signs of real estate brokers advertising Lots for sale or lease shall only be allowed within the Common Area or roadways within the Properties in strict compliance with applicable Association Rules. The Architectural Committee, in its discretion, shall be entitled to regulate or prevent altogether, the erection and maintenance of Owner's, agent or broker's directional signs along roadways or on any Common Areas within the Properties.

Section 7. Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Residence garage or out building or in any portion of any Lot without the prior written approval of the Board; provided, however, the foregoing restriction shall not apply to the activities, signs or activities of the Association in the discharge of its responsibilities under the Governing Documents. Furthermore, no restrictions contained in this section shall be construed in such a manner so as to prohibit any Owner from: (a) maintaining his or her personal library in his or her Residence; (b) keeping his or her personal business records or accounts therein; (c) handling his or her personal or professional telephone calls or correspondence therefrom; (d) leasing or renting his or her Residence in accordance with article II, section 3, hereof; or (e) conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization so long as any such activity does not involve exterior signage or create customer traffic within the Properties. The uses described in (a) through (e), above, are expressly declared to be customarily incidental to the principal residential use and not in violation of this section.

Section 8. Garbage. No rubbish, trash, or garbage shall be allowed to accumulate on Lots. Any trash that is accumulated by an Owner outside the interior walls of a Residence shall be stored entirely within appropriate covered disposal containers and facilities which shall be screened from view from any street, neighboring Lot or Common Area. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and Improvements) shall be removed from the Properties to a public dump or trash collection area by the Owner or tenant at his or her expense. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this section.

Section 9. Storage. Storage of personal property on any Lot shall be entirely within the Owner's Residence, garage or other appropriate enclosed storage areas. The Association shall have the right to establish and maintain within the Common Areas appropriate storage yards and storage buildings for the maintenance of materials and equipment used by the Association in connection with its planting, building, repair, maintenance and preservation of the structures, landscaping and other Improvements within the Common Areas which the Association is obligated to repair and maintain.

Section 10. Clotheslines. No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes on any Lot in a manner which is visible from any neighboring Lot.

Section 11. Antennas and Similar Devices. Owners are entitled to maintain antennas on their Residences which are designed for customary television and radio broadcast reception. Nevertheless, in order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Properties, no Owner, resident or lessee shall, at his or her expense or otherwise, place or maintain any objects, such as masts, towers, poles, television and radio antennas, or television satellite reception dishes on or about the exterior of any building within the Properties unless architectural approval is first obtained in accordance with article V, hereof. Furthermore, no activity shall be conducted on any Lot which causes an unreasonable broadcast interference with television or radio reception on any neighboring Lot.

Section 12. Burning. No Owner or resident shall permit any condition to exist on his or her Lot, including, without limitation, trash piles, or weeds, which create a fire hazard or is in violation of local fire regulations. Burning of debris or vegetation is allowed provided that the Owner/Lessee has a current burn permit from the local fire district and conducted on a "Burn Day".

Section 13. Machinery and Equipment. No power tools, machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance or repair of a private Residence or appurtenant structures within the Properties. This does not preclude the use of a hobby shop in a garage or basement, nor the occasional use of a chainsaw or blower, provided that Article VIII, Section 3, are complied with.

Section 14. Diseases and Pests. No Owner shall permit any thing or condition to exist upon his or her Lot which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

Section 15. Vehicle, Boat, Trailer and Parking Restrictions. The following restrictions shall apply to the use, storage or parking of boats, trailers and vehicles within the Properties:

(a) Recreation vehicles, motorhomes, house trailers, campers, boats, trailers and motorcycles may only be parked or stored within the boundaries of the Residence Lot, except that such vehicles may be parked for periods of short duration for purposes of loading and unloading on the roadways within the Properties. No commercial vehicle exceeding five (5) tons in gross weight may be parked on the

Residence Lots or roadways within the Properties except for short duration in the normal business of loading and unloading of supplies, equipment or household goods. Vehicles requiring repairs may only be permitted to remain in such condition for a period not to exceed thirty (30) days, otherwise they will be considered a nuisance and will be required to be removed from the Owner's Lot.

(b) Garages are not to be converted for any type of living space.

(c) Except as otherwise provided in this Section 15, all vehicles (including 2-wheeled vehicles) are to be parked within designated parking areas, driveways, carports or garages. Any vehicle parked within the Properties shall be in running condition. Except for short duration, visitors or loading/unloading of recreation vehicles, no vehicles shall be parked on the roadways of the Properties. Visiting vacationers will be allowed to occupy recreation vehicles parked on the Owners Lot for a period not to exceed two (2) weeks.

(d) No motor vehicle shall be constructed or reconstructed outside the garage and no dilapidated or inoperable vehicle including vehicles without wheel(s) or an engine, shall be stored on the Properties; provided, however, that the provisions of this subparagraph shall not apply to expeditious vehicle repairs or routine tune-up maintenance performed within the garage.

(e) No parking of any vehicles or trailers shall be allowed on unimproved Lots, unpaved areas or dirt areas, and trailers, motor homes, or mobile homes will not be allowed on a Lot for temporary housing during the construction of any Residence, except as approved by the Board of Directors and authorized in the Association Rules. (See Section 18 below, "Variances")

(f) The Association Board shall be entitled to adopt uniform rules, not inconsistent herewith, to further regulate and define the use and parking of vehicles within the Properties. Without limiting the foregoing, said rules can impose a schedule of fines and a towing policy for vehicles parked in violation of these restrictions or any duly enacted Association Rule.

Section 16. Children. Each Owner and resident shall be accountable to the remaining Owners and residents, their families, visitors, guests and invitees, for the conduct and behavior of their children and any children temporarily residing in or visiting the Owner's/resident and for any property damage caused by such children.

Section 17. Restriction on Further Subdivision and Severability. No Lot shall be further subdivided nor shall less than all of any such Lot be conveyed by an Owner thereof and no Owner of a Lot within the Properties shall be entitled to sever that Lot from the Common Area portion of the Properties.

Section 18. Variances. Upon application by any Owner, the Board of Directors shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this article, if specific application of the restriction will, in the sole discretion of the Board, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Declaration. In considering and acting upon any request for a variance, the Board shall follow the procedures set forth in article V, section 13 for the granting of architectural variances.

Section 20. Cutting of Trees. No tree in excess of 10-inches in diameter shall be removed from any Lot by any person without first obtaining the written consent of the Board of Directors. Removal of dead trees 10-inches or larger in diameter on any Lot require Board approval.

Section 21. Fences. No fences, including, but not limited to fences for the containment of household pets, shall be constructed or erected on any residential Lot without prior written approval of the Board of Directors.

Section 22. Septic Systems.

(a) Systems Generally. Each Lot shall contain a septic waste disposal system consisting of a septic tank and leaching field. The septic system design shall be approved by the El Dorado County Environmental Health Department. The location of any septic system utilizing Common Area shall be approved by the Board of Directors.

(b) Improvement District No. 49. Gold Ridge Forest Unit No. 3, Lots 73-85, 90-110, and 134-146 have a sewer service by a community - collection system to common septic tanks and leaching field which has been constructed and accepted by El Dorado County Irrigation District for operation and maintenance purposes. The cost for this service is paid in monthly installments to El Dorado Irrigation District.

(c) Variance. When the configuration of the Residence and Lot, as well as the percolation tests render the septic system design prohibitive, a variance allowing the leaching field to encroach into the adjoining greenbelt may be requested in accordance with article V, section 13 hereof.

(d) Nonresponsibility. Neither the Association nor the Architectural Committee shall be responsible for the adequacy, design or placement of any on-site sewage disposal system.

Section 23. Tanks. No tanks for the storage of petroleum, oil, lubricants or other similar hazardous materials shall be located above or below ground on any Lot; provided, however, that this restriction shall not be construed to prohibit the storage of a reasonable number of gasoline cans or tanks with a capacity of five gallons or less if such cans or tanks are designed for fuel storage and are stored on the Owner's Lot in accordance with all applicable local fire ordinances or regulations. Propane tanks and diesel fuel storage tanks for home heating systems may be installed on the lot in conformance with all applicable governmental regulations and shall be enclosed by a fence or structure which has been approved by the Architectural Committee and the Board.

Section 24. Enforcement of Property Use Restrictions. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Association becomes aware of an architectural or property use infraction that does not necessitate immediate corrective action under article XIII, section 6 hereof, the Owner or Tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her right to be heard on the matter.

ARTICLE IX Easements

Section 1. Reservation to the Association and Owners. Easements are reserved for the benefit of the Association and the Owners of all Lots within the Properties and their successors and assigns for the purposes incidental to the use, development and maintenance of the real property subject to this Declaration for the following purposes:

(a) For light and air over strips of land lying between the front, rear and/or sidelines of Lots and the lines shown on the Map and designate "setback line" requiring said strips to be kept free from buildings. The usage and maintenance of said strips of land is set forth in section 3 of this article VIII; and

(b) For the purposes and uses designated on the Map, all of the areas identified and designated on the Map as "Drainage Easements";

(c) For the purpose and use of installation and maintenance of public utility facilities, including cluster mail boxes approved by applicable postal regulations and of radio and television transmission cables, strips of land five (5) feet in width along the side and front, and rear property lines of each Lot:

(d) To permit the Association to discharge its maintenance responsibilities as provided in article VII and section 2, below.

Section 2. Maintenance Easements. An easement is hereby granted to the Association and its officers, agents, contractors and employees, to enter in or cross over the Common Areas and any Lot to perform the duties of maintenance and repair of the Common Areas, Lots, imposed upon the Association as provided herein.

Section 3. Rights-of-Way; Public Utilities. The Declarants dedicated to various public utilities and agencies rights-of-way and easement areas for the installation and maintenance of public utilities together with rights of ingress and egress thereto. Such dedications are described on the Subdivision Maps for the Properties.

Section 4. Maintenance of Easement and Rights-of Way Areas. On each Lot to which they are applicable, the right-of-way and easement areas herein reserved by the Declarants are dedicated to public utility purposes shall be maintained continuously by the Lot Owner. No structure or permanent improvement shall be placed or permitted to remain on such areas within any Lot, and no other activities shall be undertaken within any Lot which may damage or interfere with the installation or maintenance of utilities, which may change the direction of flow or drainage channels in the easements, or which damage or interfere with established slope ratios or create erosion or sliding problems. Permitted improvements within such areas shall be maintained by the Lot Owner except for such maintenance or repairs as are the responsibility of the Association hereunder or the responsibility of a public authority or utility company.

Section 5. Septic System Leach Fields or Tanks in Common Areas. The Association shall be entitled to grant approval to Owners to locate, construct, maintain, repair and replace septic tanks, leach fields, leach lines and or other sewage facilities (collectively, "septic facilities") within portions of the Common Areas other than the Recreation Area to service the Residence Lot of any Owner or Owners if each of the following conditions is satisfied and evidence of such satisfaction is evidenced by Board resolution set forth in the minutes of the Association:

(a) The Architectural Committee and the El Dorado County Environmental Health Department make a determination, based on the report of a qualified engineer, that the Owner's Residence Lot is not capable of sustaining its own septic facilities and that there are appropriate Common Area properties in reasonable proximity to the Owner's Residence Lot that have been tested and approved by all responsible government agencies for septic facility use. The determination of the Architectural Committee hereunder must be approved by the Board of Directors;

(b) The maintenance, repair and replacement obligation with respect to any such septic facility will rest solely with the Owner-users and the El Dorado County Environmental Health Department or other responsible agency; and the obligation to monitor the use and performance of any such septic facility shall have been expressly assumed by the El Dorado County Environmental Health Department or other responsible agency;

(c) The proposed septic facility design, location, replacement area and installation satisfy all governmental health, environmental and safety requirements, and evidence of such compliance, in a form acceptable to the Board, has been provided by the Owner; and

(d) The reason for needing to put the septic facility within the Common Area must be related to engineering unfeasibility of locating it on the Residence Lot due to lava caps, granite domes or other similar subsurface conditions.

ARTICLE X Insurance

Section 1. Types of Insurance Coverage. The Association shall purchase, obtain and maintain, with the premiums therefor being paid out of Common Funds, the following types of insurance, if and to the extent such insurance, with the coverages described below, is available at a reasonable premium cost:

(a) Fire and Casualty Insurance. A policy of fire and casualty insurance naming as parties insured the Association and any Mortgagee of the Common Area, and containing the standard extended coverage and replacement cost endorsements and such other or special endorsements as will afford protection and insure, for the full insurable, current replacement cost (excluding foundations and excavation, but without deduction for depreciation) as determined annually by the insurance carrier, all Common Facilities and the personal property of the Association for or against the following:

(i) Loss or damage by fire or other risks covered by the standard extended coverage endorsement.

(ii) Loss or damage from theft, vandalism or malicious mischief.

(iii) Such other risks, perils or coverage as the Board of Directors may determine.

Such policy or the endorsement made a part thereof shall, to the extent available, provide that the insurer issuing the policy agrees to abide by the decision of the Association made in accordance with the provisions of article XI of this Declaration as to whether or not to repair, reconstruct or restore all or any damaged or destroyed portion of the Common Facilities.

(b) Public Liability and Property Damage Insurance. To the extent such insurance is reasonably obtainable, a policy of comprehensive public liability and property damage insurance naming as parties insured the Association, each member of the Board of Directors, any manager, the Owners and occupants of Lots, and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the ownership and use of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than \$1 million covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for nonowned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar

in construction, location and use.

(c) Additional Insurance and Bonds. To the extent such insurance is reasonably obtainable, the Association may also purchase with Common Funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this section, demolition insurance, flood insurance, and workers' compensation insurance. The Board shall also purchase and maintain fidelity bonds or insurance in an amount not less than 100 percent of each year's estimated annual operating expenses and shall contain an endorsement of any person who may serve without compensation. The Board shall purchase and maintain such insurance on personal property owned by the Association and any other insurance, including directors and officers liability insurance, that it deems necessary or desirable.

Section 2. Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by section 1 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 hereinabove described. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage.

Section 3. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

Section 4. Trustee. All insurance proceeds payable under section 1 of this article, may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. The trustee shall be a commercial bank in the County that agrees in writing to accept such trust.

Section 5. Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to section 1 of this article. 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.

Section 6. Insurance on Lots and Residences. An Owner may carry whatever personal liability, property damage liability, fire and casualty insurance with respect to his or her Lot, and Associated Common Area Lots designated on the Grant Deed Title, Residence and personal property as the Owner desires. The Association shall have no responsibility for the adequacy or extent of such insurance coverage.

ARTICLE XI Damage or Destruction

Section 1. Common Facilities; Bids and Determination of Available Insurance Proceeds. In the event any Common Facilities are ever damaged or destroyed, then, and in such event, as soon as practicable thereafter the Board of Directors shall: (a) obtain bids from at least two reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct and restore the damaged or destroyed portions of the Common Facilities to substantially the same condition as they existed prior to the damage and the itemized price asked for such work; and (b) determine that amount of all insurance proceeds available to the Association for the purpose of effecting such repair, reconstruction and restoration.

Section 2. Common Facilities; Sufficient Insurance Proceeds. Subject to the provisions of section 1 hereof, if, in the event of damage to or destruction of any portion of any Common Facility, the insurance proceeds available to the Association are sufficient to cover the costs of repair, reconstruction and restoration, then the Association may cause such facilities to be repaired, reconstruction and restored substantially the same condition in which they existed prior to the loss; provided, however, that in the event of destruction of all or substantially all of a Common Facility, the Association shall not be obligated to restore the damaged Common Facility to its prior appearance and condition if the Board's opinion, architectural or design modifications to the Facilities will result in providing the Members with an improved facility which is suitable for substantially the same use and enjoyment as the destroyed facility.

Section 3. Common Facilities; Insurance Proceeds Insufficient in an Amount Exceeding \$5,000. In the event that any Common Facility is totally or substantially damaged or destroyed or, if, in the event of damage to or destruction of only a portion of the Common Facilities, the insurance proceeds available to the Association are insufficient in an amount exceeding \$5,000 to cover the estimated cost of repair, reconstruction and restoration, then the Owners entitled to vote (and consisting of a majority vote of a quorum of the membership) of the Association shall determine whether: (a) to repair, reconstruct and restore the damaged or destroyed Common Facilities and specially assess all Owners for such additional funds as may be needed for such purpose; or (b) not to repair, reconstruct or restore the damaged or destroyed Common Facilities but rather to utilize the insurance proceeds available for such reconstruction, together with any other sums otherwise available to the Association for such purpose, to demolish and remove the damaged or destroyed Improvements from the Common Area and to level and landscape the sites thereof and apply any balance of such proceeds and/or funds as the Members holding such voting power and their first mortgagees may determine.

Section 4. Damage or Destruction of Residences. In the event of damage or destruction by fire or other casualty affecting a Residence, the Owner thereof shall, within six months thereafter, either:

(a) Diligently commence to rebuild the Residence in accordance with the terms hereof, including, without limitation, the architectural review provisions of article V hereof; or

(b) Clear and level the Lot, removing all wreckage, debris and remains of the Residence therefrom and leaving the same in a level, clean condition.

ARTICLE XII Condemnation

If all or part of the Common Area shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Lots or Parcels, shall be payable to the Association as trustee for all Owners and mortgagees according to the loss or damages to their respective interest in the Common Area. The Association, acting through the Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation, settlement and litigation of the issues with respect to the taking and compensation affecting the Common Area. Each Owner hereby designates and appoints each Association as his or her attorney-in-fact for such purposes.

ARTICLE XIII Breach and Default

Section 1. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is

hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration are inadequate and that the failure of any Owner, tenant, occupant or user of any Lot, or any portion of the Common Area or Common Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors, or by their respective successors in interest.

Section 2. Nuisance. Without limiting the generality of the foregoing section 1, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 3. Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the court may award to any party to such action such attorneys' fees and other costs as it may deem just and reasonable.

Section 4. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 5. Failure Not a Waiver. The failure of any Owner, the Board of Directors, the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Association or the Board, or any of its officers or agents.

Section 6. Rights and Remedies of the Association.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreation Common Facilities or suspension of the Owner's voting rights as a Member; provided, however, the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this section.

The decision of whether it is appropriate or necessary for the Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement as exist by virtue of section 1354 of the California Civil Code or otherwise by law.

(b) Schedule of Fines. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment.

(c) Definition of "Violation". A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance occurring within the Common Area at the cost of the responsible Owner.

(d) Limitations of Disciplinary Rights.

(i) Loss of Rights; Forfeitures. The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Lot due to the failure by the Owner (or his or her family members, tenants, guests or invitees) to comply with any provision of the Governing Documents or of any duly enacted Association Rule except where the loss or forfeiture is the result of the judgment of a court of competent jurisdiction, a decision arising out of arbitration or a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association, or where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member or the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents so long as the Association's actions satisfy the due process requirements of subparagraph (ii) below.

(ii) Hearings. No penalty or temporary suspension of rights shall be imposed pursuant to this article unless the Owner alleged to be in violation is given at least 15 days prior notice of the proposed penalty or temporary suspension and is given an opportunity to be heard before the Board of Directors or appropriate committee established by the Board with respect to the alleged violation(s) at a hearing conducted at least 5 days before the effective date of the proposed disciplinary action.

Notwithstanding the foregoing, under circumstances involving conduct that constitutes: (A) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (B) a traffic or fire hazard; (C) a threat of material damage to, or destruction of, the Common Area or Common Facilities; or (D) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors, or its duly authorized agents, may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Association, in writing, within five days following the Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

If the Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than five days following the date when the fine is levied.

The hearing shall be held no more than 15 days following the date of the disciplinary action or 15 days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

At the hearing the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The Board shall notify the accused Owner, in writing, of the Board's decision within three business days following conclusion of the hearing. In no

event shall the effective date of any disciplinary action commence sooner than five days following conclusion of the hearing unless (i) the hearing merely affirms summary disciplinary action initiated pursuant to the immediately preceding paragraph or (ii) earlier commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to, or destruction of, the Properties or any portion thereof.

(e) Notices. Any notice required by this article shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents and a reference to the specific Governing Document provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice; provided, however, that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Association.

(f) Rules Regarding Disciplinary Proceedings. The Board, or a Covenants Committee appointed by the Board to conduct and administer disciplinary hearings and related proceedings pursuant to section 7, below, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules.

Section 7. Covenants Committee.

(a) Appointment of Committee. Acting pursuant to article X, section 1 of the Bylaws, the Board of Directors may establish a Covenants Committee to hear and decide cases involving alleged violations of the Governing Documents. If no committee is established, the Board shall perform this function.

(b) Jurisdiction and Hearing Procedures of the Committee. The Covenants Committee shall review written complaints from Owners, the General Manager, or the Architectural Committee (for violations other than those relating to specific Improvement projects within the jurisdiction of the Architectural Committee) regarding alleged violations of the Governing Documents or Association Rules, and, when determined appropriate, conduct hearings and make findings regarding the alleged violation(s). The Covenants Committee may levy penalties and/or fines (pursuant to a Board-approved fine schedule) in the event the allegations regarding such violations are found to be true. To perform the foregoing, the Covenants Committee shall adopt rules of procedure for enforcement hearings and shall conduct its hearings in accordance with such rules after they have been approved by the Board. Notwithstanding the foregoing, enforcement of specific violations of architectural requirements relating to Improvement projects submitted to, and reviewed by, the Architectural Committee shall remain the jurisdiction of the Architectural Committee pursuant to article V, section 6.

(c) Appeals. The decisions of the Covenants Committee, if established, shall be appealable to the Board of Directors within 10 calendar days following receipt of the committee's decision. The Board shall have the discretion to hear any appealed matter or decline to take the appeal and thus affirm the decision of the Covenants Committee. Any decision to decline an appeal shall be based on a reasonable determination from the record that the appeal lacks merit. Decisions of the Board shall be final. Procedures for appeal and the hearing of appeals shall be set forth in the Association Rules.

(d) Court Actions. Court actions to enforce the Governing Documents may only be initiated on behalf of the Association upon approval of the Board.

Section 8. Notice of Rights and Obligations Relating to Governing Document Enforcement.

The covenants and restrictions contained in this Declaration of CC&R's for the Gold Ridge Forest Property Owners Association may be enforced by the Association or by any Owner and the prevailing party in such an action is entitled to an award of reasonable attorney fees and costs. However, before most Governing Document enforcement actions may be taken to Court, Civil Code, Section 1354 requires to initiating party to serve on the other party a "REQUEST FOR RESOLUTION". The objective of the Request must be to get any opposing party or parties to agree to resolve the matter through arbitration, mediation or some other form of alternative dispute resolution (known as ADR) agreed upon by the parties. The ADR proceedings can be binding or non binding, as the parties may agree.

If you receive a REQUEST FOR RESOLUTION you must respond to the party issuing the REQUEST within 30 days or you will be deemed to have rejected the request. If the REQUEST is rejected, the other party may file a suit against you in court. On the other hand, if you accept the REQUEST, the ADR process must be completed within 90 days following your acceptance (unless a longer period is mutually agreed upon).

You should be advised that failure by any member of the Association to comply with the requirements of Section 1354 of the Civil Code may result in the loss of your rights to sue the Association or another member of the Association regarding enforcement of the Governing Documents. The Court may also consider a refusal to participate in ADR, when awarding attorney's fees in a CC&R enforcement action.

The Association has adopted its own internal Governing Document enforcement procedures pursuant to Article VIII, Section 7, in order to provide an expeditious and inexpensive forum for a fair hearing and resolution of disputes concerning the Governing Documents without having to take these matters to Court. Please consult those procedures and the complete text of Civil Code, Section 1354, if you wish to initiate a Governing Document enforcement action.

ARTICLE XIV Notices

Section 1. Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner: To the street address of his or her Lot or to such other address as he or she may from time to time designate in writing to the Association.

If to the Association: Gold Ridge Forest Property Owners Association, at the principal office of the Association (or to such other address as the Association may from time to time designate in writing to the Owners

Section 2. Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the co-Owners of any Lot, to any general partner of a partnership which is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner if Record of the Lot, shall be deemed delivered to all such co-Owners, to such partnership, or to such corporation, as the case may be.

Section 3. Deposit in United States Mails. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered four days after deposit

in the United States mail in the County.

ARTICLE XV
No Public Rights in the Properties

Nothing contained in this Declaration shall be deemed to be gift or dedication of all or any portion of the Properties other than streets to the general public or for any public use or purpose whatsoever.

ARTICLE XVI
Amendment of Declaration

Section 1. Amendments in General.

(a) Amendment by the Board of Directors. The Board of Directors shall have the power and authority to amend this Declaration when any provision has been superseded by any statute subsequently adopted by the California Legislature. In exercising its amendment authority hereunder the Board shall be deemed to be the attorney-in-fact for all Association Members for the special limited purpose of preparing and recording the required amendment. The resolution approving the amendment shall make specific reference to the statutory provision which necessitates the amendment and a copy of said resolution shall be furnished to each Owner promptly following its approval by the Board.

(b) Amendment by the Members. This Declaration may be amended or revoked in any respect by the vote or assent by written ballot of a simple majority of the voting power of the Association's membership. Notwithstanding the foregoing, the percentage of affirmative votes necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

Section 2. Effective Date of Amendment. The amendment will be effective upon the Recording a Certificate of Amendment, duly executed and certified by the president and secretary of the Association, setting forth in full the amendment so approved and that the approval requirements of section 1 above have been duly met. If the consent or approval of any governmental authority, Mortgagee, or other entity is required under this Declaration to amend or revoke any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

Section 3. Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE XVII
General Provisions

Section 1. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Lots and the Common Area as herein provided, and shall inure to the benefit of and be bonding upon the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of 30 years from the date of the Recording of this Declaration. After the expiration of the initial term, the same shall be automatically extended for successive periods of 10 years each unless, within 6 months prior to the expiration of the initial 60-year term or any such 10-year extension period, a recordable written instrument, approved by

Owners entitled to vote and holding at least a majority of the voting power of the Association terminating the effectiveness of this Declaration, is Recorded.

Section 2. Construction.

(a) Restrictions Construed Together. All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Properties as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

(b) Restrictions Severable. Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.

(d) Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of any of the substantive terms or provisions of this Declaration.

(e) Exhibits. All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

DATED: December 29, 1994.

GOLD RIDGE FOREST PROPERTY OWNERS ASSOCIATION, a California nonprofit mutual benefit corporation

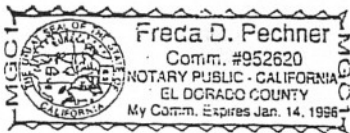
By Gerald C. Hoogins
(President)

By Bill Turner
(Secretary)

STATE OF CALIFORNIA)
) ss.
COUNTY OF EL DORADO)

On December 29, 1994, before me, FRED A. PECHNER, a Notary Public, personally appeared Fred W. Durrer and Gerald C. Gogins, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS MY HAND AND OFFICIAL SEAL.



Freda D. Pechner
FRED A. PECHNER, Notary Public

CAPACITY CLAIMED BY SIGNER

- Individual
 Corporate
 Officer(s) Secretary / President
(Title)
 Partner(s) Limited
 General
 Attorney-in-fact
 Trustee(s)
 Guardian/Conservator
 Other: _____

SIGNER IS REPRESENTING:

Name of person(s) or Entity(ies)
Gold Ridge forest
Property Owners Association

THIS CERTIFICATE MUST BE
ATTACHED TO THE DOCUMENT
DESCRIBED AT RIGHT:

Title or Type of Document First Restated CC & R's
Number of Pages 43 Date of Document 12-20-94
Signer(s) other than Named Above _____

EXHIBIT "A"

Gold Ridge Forest Subdivision Unit No. 1: Book 933, Pages 589-601

Gold Ridge Forest Subdivision Unit No. 2: Book 968, Pages 453-463

Gold Ridge Forest Subdivision Unit No. 3: Book 1082, Pages 581-590

Gold Ridge Forest Recreation Area: Book 933, Pages 603-614

EXHIBIT "A"

EXHIBIT "B"

Lots 1 through 245 and Lots C-1 through C-11, all as shown on that certain Subdivision Map (hereinafter called the "Map") entitled GOLD RIDGE FOREST SUBDIVISION UNIT NO. 1 filed in the Office of the Recorder of the County of El Dorado, State of California, on the 8th day of APRIL, 1969, in Book "E" of Maps, at Page 29

Lots 1 through 224 and Lots C-5 and C-9 through C-19, all as shown on that certain Subdivision Map (hereinafter called the "Map") entitled GOLD RIDGE FOREST SUBDIVISION UNIT NO. 2 filed in the Office of the Recorder of the County of El Dorado, State of California, on the 23rd day of December, 1969, in Book E of Maps, at Page 51

Lots 1 through 158 and Lots C-16 through C-20, all as shown on that certain Subdivision Map (hereinafter called the "Map") entitled GOLD RIDGE FOREST SUBDIVISION UNIT NO. 3 filed in the Office of the Recorder of the County of El Dorado, State of California, on the 14 day of OCTOBER, 1971, in Book E of Maps, at Page 105

All those portions of Sections 31 and 32, Township 11 North, Range 13 East, M.D.B.&M., and Section 5, Township 10 North, Range 13 East, M.D.B.&M., more particularly described as follows:

Beginning at the Southwest corner of aforesaid Section 31, T. 11 N., R. 13 E., M.D.B.&M., thence 1st. along the West line of said Section 31, N. $0^{\circ}04'54''$ W., 2630.22 feet to the W. $\frac{1}{4}$ -corner of said Section 31; thence 2nd, along the North line of the S. $\frac{1}{2}$ of said Section 31, S. $89^{\circ}33'01''$ E. 1521.96 feet to a point on the Northerly line of Sly Park Road, also being the Southerly boundary of Cedar Park Subdivision, recorded in the office of the County Recorder of El Dorado County in Book A of Maps at Page 91; thence 3rd. along said Southerly boundary, S. $32^{\circ}10'07''$ E. 87.36 feet to the South corner of Lot 1, Block 4 of said Subdivision; thence 4th. S. $60^{\circ}22'07''$ E. 97.88 feet; thence 5th. N. $81^{\circ}10'52''$ E. 55.66 feet; thence 6th. N. $61^{\circ}28'53''$ E. 183.48 feet; thence 7th. N. $58^{\circ}08'53''$ E. 43.95 feet to said North line of the S. $\frac{1}{2}$ of Section 31; thence 8th. along said North line, S. $89^{\circ}33'01''$ E., 3448.88 feet to the E. $\frac{1}{4}$ section corner of said Section 31; thence 9th. along the East line of said Section 31, S. $1^{\circ}32'59''$ W. 1259.60 feet to the Northwest corner of the S. $\frac{1}{2}$ of the S.W. $\frac{1}{4}$ of aforesaid Section 32; thence 10th. along the North line of said S. $\frac{1}{2}$ of the S.W. $\frac{1}{4}$ of Section 32, N. $88^{\circ}41'23''$ E. 1449.92 feet to the center line of said Sly Park Road; thence 11th. along said center line, Southerly, along the arc of a curve to the left, with a radius of 600 feet and a central angle of $37^{\circ}34'50''$, a distance of 393.54 feet; thence 12th. tangent to the preceding course, along the arc of a curve to the right, with a radius of 425 feet and a central angle of $68^{\circ}34'$, a distance of 508.60 feet; thence 13th. tangent to the preceding course, S. $59^{\circ}18'$ W. 370.00 feet; thence 14th. along the arc of a curve to the right, with a radius of 475 feet and a central angle of $28^{\circ}16'$, a distance of 234.34 feet; thence 15th. tangent to the preceding course, along the arc of a curve to the left, with a radius of 350 feet and a central angle of $47^{\circ}14'04''$, a distance of 288.54 feet; thence 16th. tangent to the preceding course, S. $40^{\circ}19'56''$ W. 193.68 feet; thence 17th. along the arc of a curve to the left, with a radius of 375 feet and a central angle of $31^{\circ}14'56''$, a distance of 204.52 feet; thence 18th. tangent to the preceding course, along the arc of a curve to the right, with a radius of 850 feet and a central angle of $36^{\circ}03'$, a distance of 536.30 feet; thence 19th. tangent to the preceding

course, along the arc of a curve to the left, with a radius of 1575 feet and a central angle of $8^{\circ}12'$, a distance of 225.41 feet; thence 20th. tangent to the preceding course, S. $37^{\circ}02' W.$ 218.00 feet; thence 21st. along the arc of a curve to the left, with a radius of 825 feet and a central angle of $12^{\circ}02'$, a distance of 173.27 feet; thence 22nd. tangent to the preceding course, S. $25^{\circ}00' W.$ 225.00 feet; thence 23rd. along the arc of a curve to the right, with a radius of 375 feet and a central angle of $31^{\circ}00'$, a distance of 202.90 feet; thence 24th. tangent to the preceding course, along the arc of a curve to the left, with a radius of 375 feet and a central angle of $25^{\circ}20'$, a distance of 165.81 feet; thence 25th. tangent to the preceding course, S. $30^{\circ}40' W.$ 273.00 feet; thence 26th. along the arc of a curve to the right, with a radius of 1350 feet and a central angle of $18^{\circ}57'50''$, a distance of 446.83 feet to the West line of the N.E. $\frac{1}{4}$ of the S.W. $\frac{1}{4}$ of said Section 5; thence 27th. along said West line and the West line of Lot 3 of said Section 5, N. $6^{\circ}57'53'' W.$ 2215.79 feet to the Northwest corner of said Lot 3; thence 28th. along the South line of said Section 31, S. $89^{\circ}05'49'' W.$ 1273.52 feet to the S. $\frac{1}{2}$ -corner of said Section 31; thence 29th. along said South line of Section 31, S. $89^{\circ}18'58'' W.$ 2398.87 feet to the point of beginning, and containing 394.823 acres, more or less.

EXCEPTING THEREFROM all that portion of land described in deed to El Dorado County, recorded January 27, 1954 in Book 337 of Official Records of El Dorado County at page 167, et seq., lying Northwest of the center line of Sly Park Road.

ALSO EXCEPTING THEREFROM all that portion of the South Half of Section 31, Township 11 North, Range 13 East, M.D.B.&M., described as follows:

Beginning at a point on the North line of said S. $\frac{1}{2}$ of Section 31, from which the E. $\frac{1}{4}$ of said Section 31 bears S. $89^{\circ}33'01'' E.$, 1950.00 feet; thence 1st. S. $00^{\circ}29'59'' W.$ 83.86 feet; thence 2nd. S. $86^{\circ}46' W.$ 139.59 feet; thence 3rd. along the arc of a curve to the left, with a radius of 830 feet and a central angle of $14^{\circ}13'$, a distance of 205.95 feet; thence 4th. tangent to the preceding course, S. $72^{\circ}33' W.$ 812.00 feet; thence 5th. along the arc of a curve to the right, with a radius of 770 feet and a central angle of $18^{\circ}07'$, a distance of 243.47 feet; thence 6th., tangent to the preceding curve, N. $89^{\circ}20' W.$ 362.00 feet; thence 7th. along the arc of a curve to the right, with a radius of 195.00 feet and a central angle of $110^{\circ}20'15''$, a distance of 375.52 feet; thence 8th. tangent to the preceding curve, along the arc of a curve to the right, with a radius of 25.00 feet and a central angle of $103^{\circ}54'40''$, a distance of 43.34 feet; thence 9th. tangent to the preceding curve, along the arc of a curve to the left, with a radius of 220 feet and a central angle of $66^{\circ}46'02''$, a distance of 256.37 feet; thence 10th. tangent to the preceding course, N. $58^{\circ}08'53'' E.$ 273.27 feet

to aforesaid North line of the S. $\frac{1}{2}$ of Section 31; thence 11th. along said North line, S. $83^{\circ}33'01'' E.$ 1305.60 feet to the point of beginning, and containing 11.201 acres, more or less.

EXHIBIT "B"

Page Three of Four Pages

All those portions of Sections 31 and 32, Township 11 North, Range 13 East, M.D.B. & M., and all that portion of Section 5, Township 10 North, Range 13 East, M.D.B. & M., El Dorado County, California, more particularly described as follows:

Beginning at a point on the South line of aforesaid Section 32, from which the Southwest corner of said Section 32 bears S. 89° 23' 40" W. 290.84 feet; thence 1st. S. 40° 19' 56" W. 33.87 feet; thence 2nd. along the arc of a curve to the left, with a radius of 415 feet and a central angle of 31° 40' 56", a distance of 226.34 feet; thence 3rd. tangent to the preceding curve, along the arc of a curve to the right, with a radius of 810 feet and a central angle of 36° 09', a distance of 511.06 feet; thence 4th. tangent to the preceding curve, along the arc of a curve to the left, with a radius of 1615 feet and a central angle of 8° 12', a distance of 231.13 feet; thence 5th. tangent to the preceding curve, S. 37° 02' W. 218.00 feet; thence 6th, along the arc of a curve to the left, with a radius of 865 feet and a central angle of 10° 54' 47", a distance of 164.76 feet; thence 7th. along the arc of a curve to the right, tangent to the preceding curve, with a radius of 25 feet and a central angle of 82° 05' 41", a distance of 35.82 feet; thence 8th. tangent to the preceding curve, along the arc of a curve to the left, with a radius of 225 feet and a central angle of 15° 36' 36", a distance of 61.30 feet; thence 9th. tangent to the preceding curve, along the arc of a curve to the right, with a radius of 25 feet and a central angle of 80° 18' 42", a distance of 35.04 feet; thence 10th. tangent to the preceding course, N. 7° 05' W. 614.41 feet; thence 11th. along the arc of a curve to the right, with a radius of 175 feet and a central angle of 44° 38', a distance of 136.33 feet; thence 12th. tangent to the preceding course, N. 37° 33' E. 361.00 feet; thence 13th. along the arc of a curve to the left, with a radius of 375 feet and a central angle of 73° 37' 09", a distance of 481.84 feet; thence 14th tangent to the preceding curve, along the arc of a curve to the left, with a radius of 25 feet and a central angle of 82° 49' 09", a distance of 36.14 feet; thence 15 th. tangent to the preceding course, N. 46° 45' E. 181.03 feet; thence 16th. S. 43° 15' E. 5.00 feet; thence 17th. along the arc of a curve to the right, with a radius of 170 feet and a central angle of 61° 15', a distance of 181.73 feet; thence 18th. tangent to the preceding course, S. 72° 00' E. 198.00 feet; thence 19th. S. 56° 00' E. 439.84 feet; thence 20th. Southwesterly, along the arc of a curve to the left, with a radius of 390 feet and a central angle of 21° 35' 12" a distance of 146.94 feet; thence 21st. tangent to the preceding course S. 40° 19' 56" W. 159.81 feet to the point of beginning, and containing 20.564 acres, more or less.

EXHIBIT "C"

Gold Ridge Forest Subdivision Unit No. 1 Common Areas:

Lots C-1 through C-11, inclusive, as shown on that certain Subdivision Map entitled GOLD RIDGE FOREST SUBDIVISION UNIT NO. 1 filed in the Office of the El Dorado County Recorder, State of California, on the 8th day of April, 1969, in Book "E" of Maps, at Page 29.

Gold Ridge Forest Subdivision Unit No. 2 Common Areas:

Lots C-5 and C-9 through C-19, inclusive, as shown on that certain Subdivision Map entitled GOLD RIDGE FOREST SUBDIVISION UNIT NO. 2 filed in the Office of the El Dorado County Recorder, State of California, on the 23rd day of December, 1969, in Book "E" of Maps, at Page 51.

Gold Ridge Forest Subdivision Unit No. 3 Common Areas:

Lots C-16 through C-20, inclusive, as shown on that certain Subdivision Map entitled GOLD RIDGE FOREST SUBDIVISION UNIT NO. 3 filed in the Office of the El Dorado County Recorder, State of California, on the 14th day of October, 1971, in Book "E" of Maps, at Page 105.

All those portions of Sections 31 and 32, Township 11 North, Range 13 East, M.D.B. & M., and all that portion of Section 5, Township 10 North, Range 13 East, M.D.B. & M., El Dorado County, California, more particularly described as follows:

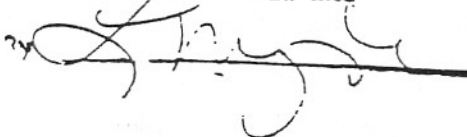
Beginning at a point on the South line of aforesaid Section 32, from which the Southwest corner of said Section 32 bears S. $89^{\circ} 23' 40''$ W. 290.84 feet; thence 1st. S. $40^{\circ} 19' 56''$ W. 33.87 feet; thence 2nd. along the arc of a curve to the left, with a radius of 415 feet and a central angle of $31^{\circ} 40' 56''$, a distance of 226.34 feet; thence 3rd. tangent to the preceding curve, along the arc of a curve to the right, with a radius of 810 feet and a central angle of $36^{\circ} 09'$, a distance of 511.06 feet; thence 4th. tangent to the preceding curve, along the arc of a curve to the left, with a radius of 1615 feet and a central angle of $8^{\circ} 12'$, a distance of 231.13 feet; thence 5th. tangent to the preceding curve, S. $37^{\circ} 02'$ W. 218.00 feet; thence 6th, along the arc of a curve to the left, with a radius of 865 feet and a central angle of $10^{\circ} 54' 47''$, a distance of 164.76 feet; thence 7th. along the arc of a curve to the right, tangent to the preceding curve, with a radius of 25 feet and a central angle of $82^{\circ} 05' 41''$, a distance of 35.82 feet; thence 8th. tangent to the preceding curve, along the arc of a curve to the left, with a radius of 225 feet and a central angle of $15^{\circ} 36' 36''$, a distance of 61.30 feet; thence 9th. tangent to the preceding curve, along the arc of a curve to the right, with a radius of 25 feet and a central angle of $80^{\circ} 18' 42''$, a distance of 35.04 feet; thence 10th. tangent to the preceding course, N. $7^{\circ} 05'$ W. 614.41 feet; thence 11th. along the arc of a curve to the right, with a radius of 175 feet and a central angle of $44^{\circ} 38'$, a distance of 136.33 feet; thence 12th. tangent to the preceding course, N. $37^{\circ} 33'$ E. 361.00 feet; thence 13th. along the arc of a curve to the left, with a radius of 375 feet and a central angle of $73^{\circ} 37' 09''$, a distance of 481.84 feet; thence 14th tangent to the preceding curve, along the arc of a curve to the left, with a radius of 25 feet and a central angle of $82^{\circ} 49' 09''$, a distance of 36.14 feet; thence 15 th. tangent to the preceding course, N. $46^{\circ} 45'$ E. 131.03 feet; thence 16th. S. $43^{\circ} 15'$ E. 5.00 feet; thence 17th. along the arc of a curve to the right, with a radius of 170 feet and a central angle of $61^{\circ} 15'$, a distance of 181.73 feet; thence 18th. tangent to the preceding course, S. $72^{\circ} 00'$ E. 198.00 feet; thence 19th. S. $56^{\circ} 00'$ E. 439.34 feet; thence 20th. Southwesterly, along the arc of a curve to the left, with a radius of 390 feet and a central angle of $21^{\circ} 35' 12''$ a distance of 146.94 feet; thence 21st. tangent to the preceding course S. $40^{\circ} 19' 56''$ W. 159.81 feet to the point of beginning, and containing 20.564 acres, more or less.

1 FRED A D. PECHNER
Attorney at Law
2 State Bar No. 80517
P.O. Box 700
3 4661 Marshall Road
Garden Valley, CA 95633
4 (916) 333-1644 FAX (916) 333-1578
5 Attorney for Petitioner
6
7

EL DORADO CO. SUPERIOR CT.

FILED DEC 20 1994

Sharon D. Lawrence



8 SUPERIOR COURT OF CALIFORNIA, COUNTY OF EL DORADO
9

10
11 In the Matter of:) CASE NO. PV94-0567
12)
13 GOLD RIDGE FOREST PROPERTY OWNERS) ORDER AFTER HEARING ON PETITION
ASSOCIATION, a California Nonprofit) TO REDUCE VOTING PERCENTAGE
14 Mutual Benefit Corporation,)
15) DATE: 12/16/94
Petitioner.) TIME: 10:00 A.M.
DEPT: Two

16 The petition of GOLD RIDGE FOREST PROPERTY OWNERS ASSOCIATION, a
17 California Nonprofit Mutual Benefit Corporation for an order to reduce
18 the percentage of affirmative votes necessary for amending the
19 Declaration of the common interest development known as GOLD RIDGE
20 FOREST came on regularly for hearing by the court on December 16, 1994,
21 before the Honorable EDDIE T. KELLER, Judge presiding. Petitioner
22 appeared by counsel, FRED A D. PECHNER.

23 The court, having considered the petition and its exhibits and
24 other documents in support of the petition, and there being no
25 opposition thereto, and good cause appearing therefor, the court finds
26 as follows:

27 1. The petitioner gave not less than 15 days' written notice of
28 the court hearing to all members of GOLD RIDGE FOREST PROPERTY OWNERS

PS

1 ASSOCIATION who are entitled to notice under the terms of the
2 Declaration.

3 2. Balloting on the proposed amendment was conducted in
4 accordance with all the applicable provisions of the governing documents
5 of GOLD RIDGE FOREST.

6 3. A reasonably diligent effort was made to permit all eligible
7 members to vote on the proposed amendment to the Covenants, Conditions
8 and Restrictions and the By-Laws.

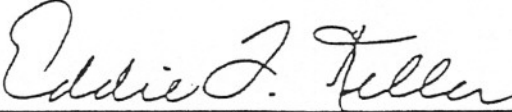
9 4. Owners having more than fifty per cent (50%) of the votes
10 voted in favor of the amendment.

11 5. The amendment is reasonable.

12 6. Granting the petition is not improper for any reason specified
13 in Civil Code §1356(a).

14 IT IS THEREFORE ORDERED that the requirement in the Covenants,
15 Conditions and Restrictions and By-Laws relating to the percentage of
16 votes needed for approval of the amendment is hereby reduced from
17 seventy-five per cent (75%) to seventy per cent (70%), and that the
18 Restated Declaration of Conditions, Covenants and Restrictions and
19 Restated By-Laws is confirmed as being validly approved on the basis of
20 the affirmative votes that were actually received during the balloting
21 period.

22 Dated: December 26, 1994



EDDIE T. KELLER
Judge of the Superior Court

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