

Recording Requested By:

Gold Ridge Forest Property Owners
Association

When Recorded, Mail To:

Gold Ridge Forest Property Owners
Association
c/o Adams Stirling PLC
2566 Overland Avenue, Suite 730
Los Angeles, CA 90064

Space above this line for recorder's use

FINAL DRAFT

**SECOND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS**

**GOLD RIDGE FOREST PROPERTY OWNERS
ASSOCIATION
a California nonprofit corporation**

If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code by submitting a “Restrictive Covenant Modification” form, together with a copy of the attached document with the unlawful provision redacted to the county recorder’s office. The “Restrictive Covenant Modification” form can be obtained from the county recorder’s office and may be available on its internet website. The form may also be available from the party that provided you with this document. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

TABLE OF CONTENTS

Article 1: Definitions.....	1
1.1 “Annual Meeting”	1
1.2 “Articles”	1
1.3 “Assessment”	2
1.4 “Association”	2
1.5 “Board” or “Board of Directors”	2
1.6 “Budget”	2
1.7 “Building”	2
1.8 “Bylaws”	2
1.9 “CC&Rs”	2
1.10 “Committee”	2
1.11 “Common Area”	2
1.12 “Common Area Lots”	2
1.13 “Common Expenses”	2
1.14 “Common Facilities”	2
1.15 “Davis-Stirling Act”	3
1.16 “Director”	3
1.17 “Governing Documents”	3
1.18 “Improvements”	3
1.19 “Lender”	3
1.20 “Lot” or “Residential Lot”	3
1.21 “Manager”	3
1.22 “Map”	3
1.23 “Member”	4
1.24 “Membership Approval” or “Approval of the Membership”	4
1.25 “Mortgage”	4
1.26 “Mortgagee”	4
1.27 “Officer”	4
1.28 “Operating Accounts”	4
1.29 “Owner”	4
1.30 “Parking Areas”	4
1.31 “Percentage Interest”	4
1.32 “Person”	4
1.33 “Properties”	4
1.34 “Quorum”	4

1.35	“Recreation Area”	4
1.36	“Recreation Common Facilities”	5
1.37	“Regular Assessments”	5
1.38	“Reimbursement Special Assessments” or “Reimbursement Assessments”.....	5
1.39	“Renovation”	5
1.40	“Reserves” or “Reserve Accounts”	5
1.41	“Residence”	5
1.42	“Resident”	5
1.43	“Rules and Regulations” or “Rules”	5
1.44	“Separate Interest”	5
1.45	“Special Assessments”	5
1.46	“Subdivision Unit”	5
1.47	“Tenant” or “Lessee”	6
1.48	“Utility Lines”	6
1.49	“Voting Power”	6
1.50	Definitions of Other Terms	6
Article 2: Membership Rights and Privileges.....		6
2.1	Membership	6
a.	Membership Appurtenant to Lots	6
b.	No Membership for Security Interests	6
c.	No Membership for Tenants	6
d.	No Separate Transfer of Membership	6
e.	Trusts	6
f.	Impersonal Entities	6
2.2	Proof of Ownership.....	7
2.3	Voting Rights.....	7
2.4	Inspection of Records.....	7
2.5	Ingress, Egress and Support	7
2.6	Easement for Use and Enjoyment	7
2.7	Encroachment Easement.....	7
Article 3: Membership Obligations		7
3.1	Obligation to Follow Governing Documents	7
3.2	Security	7
3.3	Purchase Subject to Violations	7
3.4	Obligation to Provide Telephone Number and Email Address	8
3.5	Duty to Maintain, Repair and Replace	8
a.	Lot.....	8
b.	Improvements	8
c.	Utility Lines	8

d.	Landscaping	8
e.	Defensible Space.....	8
f.	Debris and Rubbish.....	8
g.	Fences.....	8
h.	Trash.....	8
i.	Paint.....	9
j.	Street Encroachments.....	9
k.	Trees.....	9
l.	Fireplaces.....	9
m.	Drainage Structures.....	9
3.6	<i>Easement for Maintenance</i>	9
3.7	<i>Liability for Damage</i>	10
3.8	<i>Liability for Mitigation</i>	10
3.9	<i>Guests</i>	10
Article 4: Duties of the Association		10
4.1	<i>Board of Directors</i>	10
a.	Membership Meetings	10
b.	Director Qualifications and Meetings	10
4.2	<i>Powers of a Nonprofit Corporation</i>	10
4.3	<i>Maintain Common Areas</i>	11
a.	Common Area Fences.....	11
b.	Buildings and Equipment.....	11
c.	Exceptions.....	11
4.4	<i>Termites and Pests</i>	11
a.	Association Rights and Obligations.....	11
b.	Member Obligations	11
4.5	<i>Incur and Pay Expenses</i>	12
4.6	<i>Rules and Regulations</i>	12
4.7	<i>Foreclose, Hold Title and Make Conveyances</i>	12
4.8	<i>Fee Limitation</i>	12
4.9	<i>Commercial Concessions</i>	12
4.10	<i>Borrow Money</i>	12
4.11	<i>No Power to Encumber Real Property</i>	12
4.12	<i>Represent Association in Litigation</i>	12
4.13	<i>Receive and Dispose of Property</i>	13
4.14	<i>Limitations on Disposition of Personal Property</i>	13
4.15	<i>Limitations on Transfer of Real Property</i>	13
4.16	<i>Capital Improvements</i>	13
a.	Authority.....	13
b.	Defined	13
c.	5% Limitation	14
d.	Obsolescence	14

4.17	<i>Vendor Contract Limitations</i>	14
a.	Fire and Burglary	14
b.	Insurance	14
c.	Reserve Studies	14
4.18	<i>Delegation to Manager</i>	14
a.	Non-Delegable Duties	14
b.	Additional Approval for Hiring of Management Company	14
4.19	<i>Nonprofit Character of Association</i>	14
4.20	<i>Discharge of Liens</i>	14
Article 5: Architectural Control		15
5.1	<i>Improvements or Alterations</i>	15
5.2	<i>Engineering and Code Requirements</i>	15
5.3	<i>Architectural Approval</i>	15
a.	Exterior Paint	15
b.	Fencing	15
c.	Cementing and other Hardscaping	15
d.	Trees	15
e.	Combining and Dividing of Lots	15
f.	Drainage Patterns	15
5.4	<i>Obtaining Approval</i>	15
5.5	<i>Variances</i>	15
5.6	<i>Mechanics' Liens</i>	16
5.7	<i>Conflicts of Interest</i>	16
5.8	<i>Hold Harmless and Indemnify</i>	16
5.9	<i>Combining Lots</i>	16
5.10	<i>No Right to Divide Lots</i>	16
5.11	<i>Square Footage and Setbacks</i>	16
5.12	<i>Drainage</i>	16
5.13	<i>Occupancy of Unfinished, Temporary or Mobile Structures Prohibited</i>	16
5.14	<i>Removal of Temporary Buildings</i>	17
5.15	<i>Diligent Construction</i>	17
5.16	<i>Waiver of Liability</i>	17
Article 6: Minimum Construction Standards		17
6.1	<i>Size of Residence</i>	17
6.2	<i>Minimum Set-Back Requirements</i>	17
6.3	<i>Prohibition of Individual Water Systems</i>	17
6.4	<i>Limitation on Height of Structures</i>	17
6.5	<i>Application of Minimum Construction Standards to Existing Improvements</i>	17

Article 7: Easements	18
7.1 <i>Rights-of-Way and Public Utilities</i>	18
7.2 <i>Septic System Leach Fields or Tanks in Common Areas</i>	18
Article 8: General Restrictions	18
8.1 <i>Barbecues</i>	18
8.2 <i>Burning</i>	18
8.3 <i>Drains</i>	19
8.4 <i>Drilling and Exploration.....</i>	19
8.5 <i>Fences.....</i>	19
8.6 <i>Health/Safety Hazards.....</i>	19
8.7 <i>Hiring of Association Employees.....</i>	19
8.8 <i>Nuisance</i>	19
8.9 <i>Obstruction of Common Areas.....</i>	19
8.10 <i>Quiet Enjoyment</i>	19
8.11 <i>Residential Use</i>	20
8.12 <i>Sanitary Conditions</i>	20
8.13 <i>Septic Systems.....</i>	20
a. <i>Systems Generally</i>	20
b. <i>Improvement District No. 49</i>	20
c. <i>Variance.....</i>	20
d. <i>Non-Responsibility</i>	20
e. <i>Maintenance.....</i>	20
8.14 <i>Signs, Posters and Flags.....</i>	20
8.15 <i>Solar Energy Systems.....</i>	20
8.16 <i>Storage.....</i>	21
8.17 <i>Tanks and Receptacles.....</i>	21
Article 9: Leasing and Rental Limitations.....	21
9.1 <i>Lease and Rental Agreements.....</i>	21
a. <i>Leases and Rental Agreements in Writing.....</i>	21
b. <i>Required Lease and Rental Agreement Provisions</i>	21
9.2 <i>Short Term Rentals</i>	21
9.3 <i>Governing Documents</i>	21
9.4 <i>Transfer of Common Area Privileges</i>	21
9.5 <i>Repairing Damage.....</i>	21
Article 10: Pets	22
10.1 <i>Pet Limitation</i>	22
10.2 <i>Licensing.....</i>	22
10.3 <i>Assistance Animals</i>	22

10.4	<i>Liability</i>	22
10.5	<i>Control and Care</i>	22
Article 11: Vehicles and Parking		22
11.1	<i>Management of Parking</i>	22
11.2	<i>Street Parking</i>	22
11.3	<i>Recreational Vehicle Parking</i>	22
11.4	<i>Commercial Vehicles</i>	22
11.5	<i>Electric Vehicle Charging Stations</i>	23
11.6	<i>Repair of Vehicles</i>	23
11.7	<i>Fluid Leaks</i>	23
11.8	<i>Theft or Damage</i>	23
11.9	<i>Impeding Access</i>	23
Article 12: Enforcement of Governing Documents		23
12.1	<i>Association Enforcement Rights</i>	23
a.	Monetary Penalties (Fines).....	23
b.	Suspend Common Area Privileges.....	23
c.	Dispute Resolution.....	24
d.	Judicial Enforcement.....	24
12.2	<i>Cumulative Remedies</i>	24
12.3	<i>Failure to Enforce Not a Waiver</i>	24
12.4	<i>Remedy at Law Inadequate</i>	24
12.5	<i>Right of Action Against Buyer</i>	24
12.6	<i>Attorneys' Fees</i>	24
Article 13: Right of Entry		24
13.1	<i>Limited Right of Entry</i>	24
13.2	<i>Notice of Entry</i>	25
13.3	<i>Avoid Unreasonable Interference</i>	25
13.4	<i>Damage Repaired by Association</i>	25
Article 14: Assessments		25
14.1	<i>Purpose of Assessments</i>	25
14.2	<i>Regular Assessment</i>	25
a.	20% Limitation.....	25
b.	Uniform Rate of Assessment.....	25
c.	Payable Annually/Quarterly.....	25
d.	Written Notice.....	26
e.	Modification of Assessment.....	26
14.3	<i>Special Assessment</i>	26
a.	5% Limitation.....	26
b.	Uniform Rate of Assessment.....	26

c.	Reimbursement Assessments	26
d.	Payment Schedule	26
e.	Written Notice.....	26
14.4	<i>Emergency Assessment</i>	27
14.5	<i>Deposit of Assessments</i>	27
a.	Commingling	27
b.	Interest	27
14.6	<i>Reserves</i>	27
a.	Be Segregated	27
b.	Be Invested	27
c.	Require Two Signatures.....	27
d.	Not Be Reimbursed.....	27
e.	Reserve Funding Requirement.....	27
Article 15: Enforcement of Assessments		28
15.1	<i>Liability for Assessments</i>	28
15.2	<i>Enforcement Rights</i>	28
a.	Late Fees and Interest	28
b.	File Suit.....	28
c.	Lien and Foreclose.....	29
d.	Continuing Lien	29
e.	Suspend Privileges	29
f.	Additional Remedies.....	29
15.3	<i>No Offsets</i>	29
15.4	<i>No Exemption by Waiver of Use</i>	29
15.5	<i>Attorneys' Fees</i>	29
15.6	<i>Non -Waiver of Assessments</i>	30
Article 16: Insurance		30
16.1	<i>Association Insurance</i>	30
a.	Automobile Liability Insurance	30
b.	Boiler and Machinery Insurance	30
c.	Commercial General Liability (“CGL”)	30
d.	Direct Physical Loss	30
e.	Directors and Officers.....	31
f.	Earthquake Insurance.....	31
g.	Employment Practices Liability.....	31
h.	Crime Insurance and Fidelity Bond	31
i.	Flood Insurance.....	31
j.	Umbrella Policy	32
k.	Workers' Compensation	32
16.2	<i>Members Recommended to Carry Insurance</i>	32
a.	Waiver of Claims	32
b.	Assignment of Proceeds.....	32
16.3	<i>Responsibility for Deductible and Uncovered Losses</i>	32
a.	Intentional or Negligent Acts.....	32
b.	Non-Negligent, Unintentional Acts	33
c.	Uncovered Losses	33

16.4	<i>Liability for Increased Insurance Rates</i>	33
16.5	<i>Choice of Contractor</i>	33
16.6	<i>Insurance Company Rating</i>	33
Article 17: Protection of Lenders		33
17.1	<i>Furnishing of Information</i>	33
17.2	<i>No Priority Over Rights of First Mortgagees</i>	33
17.3	<i>Relationship with Assessment Liens</i>	33
17.4	<i>Foreclosure</i>	34
17.5	<i>Priority of Mortgage Lien</i>	34
17.6	<i>Payment of Taxes and Charges</i>	34
Article 18: Limitations of Liability		34
18.1	<i>Standard for Liability</i>	34
18.2	<i>Limited Personal Liability</i>	34
18.3	<i>Association Not a Security Provider</i>	34
18.4	<i>Duty to Defend</i>	35
18.5	<i>Duty to Protect</i>	35
18.6	<i>Personal Injury or Property Damage Sustained Within a Lot</i>	35
18.7	<i>Actions Against Directors</i>	35
Article 19: Damage/Destruction to Improvements		35
19.1	<i>Generally</i>	35
19.2	<i>Partial Destruction</i>	35
a.	<i>Cost of Reconstruction</i>	35
b.	<i>Automatic Reconstruction</i>	36
c.	<i>Membership Approval</i>	36
19.3	<i>Total Destruction of the Properties</i>	36
19.4	<i>Distribution of Insurance Proceeds</i>	36
a.	<i>No Partition Action Promptly Filed</i>	36
b.	<i>Partition Action Promptly Filed</i>	37
19.5	<i>Association's Duties</i>	37
19.6	<i>Member's Duties</i>	37
19.7	<i>Duties of Board During Reconstruction</i>	37
19.8	<i>Special Assessment for Reconstruction</i>	37
19.9	<i>Encroachment</i>	37
Article 20: Condemnation		38
20.1	<i>Notice</i>	38
20.2	<i>Payment for Common Area</i>	38
20.3	<i>Payment for Lot</i>	38

20.4	<i>Revision of Documents</i>	38
20.5	<i>Status of Membership</i>	38
Article 21: Miscellaneous		38
21.1	<i>Amendment</i>	38
21.2	<i>Lender Approval</i>	38
21.3	<i>Amendment to Conform to Statute</i>	39
21.4	<i>Term of CC&Rs</i>	39
a.	Termination Within Six (6) Months of the Renewal Date	39
b.	Termination Following Total Destruction of the Properties	39
21.5	<i>Attorneys' Fees</i>	39
21.6	<i>Notices</i>	39
a.	To the Association	40
b.	To the Members	40
c.	When Notice Deemed Delivered.	40
21.7	<i>Headings</i>	40
21.8	<i>Liberal Construction</i>	41
21.9	<i>Number and Gender</i>	41
21.10	<i>Severability</i>	41
21.11	<i>No Public Rights</i>	41
21.12	<i>Successor Association</i>	41
21.13	<i>Conflicting Provisions</i>	41
CERTIFICATION		42
EXHIBIT "A" Legal Description		1

SECOND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

GOLD RIDGE FOREST PROPERTY OWNERS ASSOCIATION a California nonprofit corporation

THIS SECOND RESTATED Declaration of Covenants, Conditions and Restrictions (“CC&Rs”) is made by all persons who own Lots in that certain real property planned residential development known as Gold Ridge Forest located in El Dorado County, California. These CC&Rs apply to and bind all properties previously covered by covenants, conditions and restrictions. Without reducing the number of properties covered by these CC&Rs, these CC&Rs apply to the properties as listed on Exhibit “A”.

By this instrument, except for any recorded covenants affecting only a single Lot in the properties covered by these CC&Rs, the Members of the Association hereby fully amend and restate, in their entirety, all previous declarations of covenants, conditions and restrictions recorded on January 3, 1995 as Recorder’s Document No. 98 in Book 4401, Page 260, as well as all amendments to such CC&Rs and substitute in their place these CC&Rs, including that recorded April 18, 2002 as Recorder’s Document No. 2002-0028145-00, which:

1. *Benefit Members.* Are for the benefit of Members of the Association;
2. *Benefit the Properties.* Are for the benefit, enhancement and protection of the desirability, value and attractiveness of the Properties and each Lot therein;
3. *Bind Successors in Interest.* Inure to the benefit of and be binding upon each successor in interest of the Association, each Member, Tenant, Resident, and occupant of any portion of the Properties, as well as their respective heirs, personal representatives, grantees, Tenants, licensees, successors and assigns; and
4. *Run with the Land.* Run with the land and are binding upon all parties having or acquiring any right, title or interest in the Properties or any portion of the Properties, whether as sole owners, joint owners, Tenants, Residents, occupants or otherwise.

NOW THEREFORE, all Lots in the Properties, as well as any conveyance, transfer, sale, assignment, rental, lease or sublease of a Lot, are deemed to incorporate the provisions of these CC&Rs. Each successor in interest is subject to all of the covenants, conditions and restrictions contained in these CC&Rs.

ARTICLE 1: DEFINITIONS

- 1.1 “Annual Meeting” means the annual meeting of the Members of the Association.
- 1.2 “Articles” means the Association’s Articles of Incorporation.

1.3 “Assessment” means any Regular Assessment, Special Assessment, Reimbursement Special Assessment, or any other assessment levied, imposed, or assessed against a Member’s Lot in accordance with the provisions of the Governing Documents or applicable law.

1.4 “Association” means the Gold Ridge Forest Property Owners Association, a California nonprofit corporation. The Association includes, when the context requires, its Officers, Directors, employees and agents.

1.5 “Board” or “Board of Directors” means the Board of Directors of the Association.

1.6 “Budget” means a pro forma operating budget, showing the Association’s estimated revenue and expenses on an accrual basis, for a twelve (12) month period.

1.7 “Building” means any building or structure which is part of the Improvements of the Properties.

1.8 “Bylaws” means the duly adopted Bylaws of the Association, including any amendments.

1.9 “CC&Rs” means this Second Restated Declaration of Covenants, Conditions and Restrictions and any amendments to these CC&Rs.

1.10 “Committee” means any committee appointed by the Board to assist in the management and administration of the affairs of the Association.

1.11 “Common Area” means all of the Properties, except the Separate Interests owned by Members, set aside for the use and enjoyment of the Members. The Common Area includes the Common Area Lots throughout each Subdivision Unit and the Recreation Area. Unless the context clearly indicates a contrary intent, any reference to the Common Area also includes any Common Facilities/Recreation Common Facilities located thereon.

1.12 “Common Area Lots” mean, collectively: (i) Lots C-1 through C-11, as shown on the Map for Subdivision I; (ii) Lots C-5, and C-9 through C-11, as shown on the Map for Subdivision II; and (iii) Lots C-16 through C-20, as shown on the Map for Subdivision III. The Common Area Lots shown on each respective Map are owned by the Owners of the Lots in that corresponding Subdivision Unit.

1.13 “Common Expenses” means any use of Association funds as authorized by these CC&Rs, the Association’s Bylaws, and by law, including without limitation, the costs, expenses and charges in connection with maintaining, managing, insuring, operating, repairing, improving or replacing the Common Areas or managing the affairs of the Association. Common Expenses include, but are not limited to, those amounts reasonably necessary for Reserves.

1.14 “Common Facilities” means the Recreation Common Facilities, as well as Common Area Improvements, including but not limited to greenbelt areas, plantings, trees, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, signs, Buildings,

structures and other facilities, each constructed or installed, or to be constructed or installed, or currently located within the Common Area, including the Recreation Area.

1.15 “Davis-Stirling Act” means and refers to the Davis-Stirling Common Interest Development Act which is the portion of the California Civil Code beginning with Section 4000 that governs common interest developments.

1.16 “Director” means any member of the Association’s Board of Directors.

1.17 “Governing Documents” means these CC&Rs and any other documents which govern the operation of the Association, including, but not limited to, the Articles of Incorporation, Bylaws, Rules and Regulations, and Election Rules, as may be amended from time to time.

1.18 “Improvements” means all buildings and other structures located within the Properties, including, but not limited to, streets, sidewalks, and utilities.

1.19 “Lender” means the holder of a first mortgage or deed of trust given by a Member (or their predecessor in interest), the lien of which mortgage or deed of trust is superior to all other monetary encumbrances, except real property taxes and assessments.

1.20 “Lot” or “Residential Lot” means any real property which is a Separate Interest such as lots, sublots, or parcels in the Properties subject to these CC&Rs. Real property includes the improvements affixed to the Separate Interest.

1.21 “Manager” means any Person or company employed or retained by the Association to oversee the operation, maintenance and management of the Association.

1.22 “Map” refers to the maps for all three (3) Subdivision Units collectively, or for a particular Subdivision Unit, if specified or if the context indicates otherwise. Such maps are as follows:

- a. Map for Subdivision Unit I, 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.
- b. Map for Subdivision Unit II, 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.
- c. Map for Subdivision Unit III, 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 14th day of October 1971, in Book “E” of Maps, at Page 105.

1.23 “Member” means the Owner, whether one or more Persons, of a Lot within the Properties as evidenced by a publicly-recorded deed to the Lot, but excluding any Person or Persons having such an interest in the Lot merely as security for the performance of an obligation. Membership is appurtenant to and may not be separated from the record fee ownership of a Lot and may not be transferred, encumbered, pledged, alienated, or otherwise separated in any way, except in connection with the record sale of a fee interest of the Lot to which it is appurtenant. Where the CC&Rs impose restrictions on Member, the restriction also applies to Member’s Tenants, and Member’s and Tenant’s family, guests and invitees.

1.24 “Membership Approval” or “Approval of the Membership” means approved or ratified by an affirmative vote of a majority of the votes represented and voting in a duly held election in which a Quorum is represented, which affirmative votes also constitute a majority of the required Quorum, unless otherwise provided in the Governing Documents.

1.25 “Mortgage” means a deed of trust.

1.26 “Mortgagee” means a beneficiary (or its assignee) under a deed of trust to a Lot and the term “First Mortgagee” refers to a beneficiary (or its assignee) under a deed of trust to a Lot with priority over all other Mortgagees and deeds of trust.

1.27 “Officer” means the president, vice-president, secretary, treasurer or finance director, and any other officer of the Association, as defined in the Bylaws.

1.28 “Operating Accounts” means any account into which the Association’s Assessments are deposited and out of which the Association’s operational expenses are paid.

1.29 “Owner” means the owner, whether one or more Persons, of the publicly-recorded fee title to any Lot within the Properties, but excluding any Person or Persons having such an interest in the Lot merely as security for the performance of an obligation.

1.30 “Parking Areas” include those portions of the Properties used for the parking of vehicles.

1.31 “Percentage Interest” means that undivided percentage ownership of the Common Area assigned to each Lot.

1.32 “Person” means a natural person, corporation, partnership, trust, association, or other entity, as recognized by law.

1.33 “Properties” means the residential development known as “Gold Ridge Forest” and located at 4101 Opal Trail, Pollock Pines, CA 95726.

1.34 “Quorum” is as provided in the Association’s Bylaws.

1.35 “Recreation Area” means that certain real property more particularly described in Exhibit “A” and owned by the Association.

1.36 “Recreation Common Facilities” means the swimming pools, lodge building, cabana, utility sheds, tennis/pickleball courts, basketball court, bocce ball court, disc golf course, recreation gym, playground, horseshoes and shuffleboard areas, lighting fixtures in the Common Area, picnic and barbecue areas, parking areas, landscaped areas, and other Improvements now located or hereafter constructed within the Recreation Area.

1.37 “Regular Assessments” means Assessments other than Special Assessments and Reimbursement Assessments, levied or imposed against Members in order to perform the Association’s obligations under the Governing Documents or the law.

1.38 “Reimbursement Special Assessments” or “Reimbursement Assessments” means those Special Assessments levied against Members for expenses incurred by the Association arising out of: (i) actions or omissions of Members, Tenants or their respective family, guests, invitees, vendors, or pets; (ii) materials or services provided to Members, Tenants or their respective family, guests, invitees, or pets; or (iii) conditions originating on a Lot.

1.39 “Renovation” means any improvements, additions, alterations, or modifications made by a Member in or to any Lot, Residence, or Common Area.

1.40 “Reserves” or “Reserve Accounts” means those monies set aside in a separate account for anticipated long-term maintenance, repair, replacement and restoration of major Common Area components of the Properties or Improvements upon the Common Areas, and any other obligations of the Association that are authorized by either the Governing Documents or law.

1.41 “Residence” means a Person’s home; the place where someone lives.

1.42 “Resident” means any Person in actual possession of all or any portion of a Lot.

1.43 “Rules and Regulations” or “Rules” means the rules and regulations adopted by the Board to interpret and implement the Governing Documents and for the orderly conduct of the business of the Association.

1.44 “Separate Interest” means a lot, parcel, area, or space separately owned by a Member.

1.45 “Special Assessments” means Assessments levied from time to time against Members if at any time during the fiscal year the Regular Assessments are inadequate to perform the Association’s obligations under the Governing Documents or the law, including, but not limited to, Common Area maintenance and repairs, replacements, unexpected expenses, capital improvements, and emergency repairs.

1.46 “Subdivision Unit” means the area of the Properties, including the Residential Lots and Common Area Lots, described on the Map corresponding to each subdivision unit. There are three Subdivision Units in total.

1.47 “Tenant” or “Lessee” means a Person who has been given the right to temporary use and occupancy of a Unit owned by a Member, whether such right to occupy and use is granted by a lease, rental agreement, license, or any other writing and whether consideration is paid in the form of money or any other tangible or intangible thing of value.

1.48 “Utility Lines” means sewer lines, storm drains, water pipes, electricity lines, gas lines, telephone lines or cables, television cables, satellite dish cables, heating and air conditioning conduits, heating and air conditioning ducts, heating and air conditioning flues, fiber optic cables, data lines, community security systems, and other similar lines, pipes, cables, ducts, flues, and conduit pipes.

1.49 “Voting Power” means the total number of Lots entitled to vote.

1.50 Definitions of Other Terms. Unless the context clearly requires otherwise, all other terms are defined in the Davis-Stirling Act.

ARTICLE 2: MEMBERSHIP RIGHTS AND PRIVILEGES

2.1 Membership. Each Person is automatically a Member of the Association upon obtaining a publicly-recorded fee title ownership interest in a Lot and remains a Member until they cease to have such recorded fee ownership interest in a Lot.

- a. *Membership Appurtenant to Lots*. Membership in the Association is for the benefit of and appurtenant to the Lot to which it relates and may not be separated from the ownership of the Lot.
- b. *No Membership for Security Interests*. Membership does not include Persons who hold an interest in a Lot merely as security for the performance of an obligation.
- c. *No Membership for Tenants*. Tenants have the same rights to use the Common Areas as Members and have the same duties to follow the Association’s Governing Documents but are not Members and have no right to vote.
- d. *No Separate Transfer of Membership*. No Member may transfer, pledge, or alienate in any way their membership in the Association, except upon the recorded transfer of the fee interest in the Lot to which it is appurtenant and then only to the transferee of such fee interest.
- e. *Trusts*. If title to a Separate Interest is held in the name of one or more trustees, subject to a trust, a sole trustee or one of several trustees is authorized to exercise the rights and privileges of Association membership. The designation of one of several trustees must be in writing with documentation confirming both the designation and the authority of the designator to do so.
- f. *Impersonal Entities*. If title to a Separate Interest is held by a legal entity that is not a natural Person, the governing authority of that legal entity shall have

the power to appoint a natural Person who is authorized to exercise the rights and privileges of Association membership. The designation by the impersonal legal entity must be in writing with documentation confirming both the designation and its authority to do so.

2.2 Proof of Ownership. Proof of membership must be in the form of a recorded deed showing fee ownership of a Lot.

2.3 Voting Rights. In all matters submitted for a membership vote, Members are entitled to one (1) vote per Lot (regardless of the number of Members having an interest in the Lot).

2.4 Inspection of Records. Members have the right to inspect records of the Association as provided for in the Bylaws and by law.

2.5 Ingress, Egress and Support. Members have a nonexclusive easement appurtenant to and for the benefit of their Lots for ingress, egress, and support over, across and through the Common Area.

2.6 Easement for Use and Enjoyment. Members have a nonexclusive easement of use and enjoyment of the Common Areas, subject to the rights of the Association to establish reasonable Rules regulating the use of the Common Areas, including establishing fees for admission or other limitations involving the use of the Recreation Common Facilities, and any other rights described in the Governing Documents.

2.7 Encroachment Easement. Members agree that minor encroachments of the Common Area on Lots or of Lots on the Common Area or on other Lots are permitted and that valid easements for the encroachments exist. Such minor encroachments are not encumbrances either on the Lots or the Common Area.

ARTICLE 3: MEMBERSHIP OBLIGATIONS

3.1 Obligation to Follow Governing Documents. Members, Tenants and Residents must follow the Association's Governing Documents and ensure that their respective family, guests, and invitees abide by the Governing Documents.

3.2 Security. Neither the Association nor any Officer, Director, Committee member, employee or agent of the Association are insurers or guarantors of any level of security within the Properties. Members are responsible for their own security and must take appropriate measures to ensure their own security and that of their family, guests, invitees and Tenants. Members agree not to rely on any security measures provided by the Association. The Association, its Officers, Directors, Committee members, employees and agents are not liable for any loss or damage from failure to provide adequate or effective security measures.

3.3 Purchase Subject to Violations. Buyers take ownership of Lots subject to any violations by prior Members, Tenants or their respective family, guests, invitees, or pets, of the Governing Documents concerning the Lot, whether such violations were disclosed by the seller

of the Lot and whether the Association knew of the violations at the time of sale. Such buyers are liable for correcting such violations upon demand by the Association. Assessments, fines, and other charges not secured by a lien on the Lot prior to transfer of title are exempt from this provision.

3.4 Obligation to Provide Telephone Number and Email Address. Members must provide the Association with the current telephone numbers and current, valid email addresses, at which they can be reached in an emergency.

3.5 Duty to Maintain, Repair and Replace. Except for those duties specifically assigned to the Association by these CC&Rs, Members must, at their sole expense, maintain and repair their Lots, maintain, repair and replace Improvements to their Lots. Members' obligations include the following, without limitation.

- a. *Lot.* Members are responsible for all maintenance, repair and replacement involving or relating to the Lot, including the Residence and any other Buildings or Improvements thereon.
- b. *Improvements.* Members must maintain, repair and replace all Improvements or alterations to the Lot or appurtenant areas by any current or prior Owner of the Lot, or by any party other than the Association, as part of any Improvement or alteration to the Lot.
- c. *Utility Lines.* Members are responsible for any maintenance, repair and replacement costs not otherwise covered by a utility service, for all Utility Lines that exclusively service the Lot.
- d. *Landscaping.* Members are responsible for maintaining and, if necessary, replacing, landscaping on their respective Lots, in such a manner as to reduce the risk of fire, prevent 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. *Defensible Space.* Members are responsible for maintaining defensible space around Residences and other Buildings upon the Lot, as required by the El Dorado County and/or State regulations on fire safety.
- f. *Debris and Rubbish.* Members must keep their Lots free and clear of all debris and rubbish (including rubbish dumped by others).
- g. *Fences.* Members are responsible for the maintenance, repair, and replacement of any fences upon their Lot.
- h. *Trash.* Members must not keep trash on or in any portion of the Lot or the Properties except as provided for in the Rules and Regulations. Members must use only permitted trash receptacles.

- i. *Paint.* Members must prevent their Lots from becoming unsightly by reason of deterioration of paint or other materials and, in general, must do all other things necessary or desirable to keep their property neat, clean, attractive and in good order.
- j. *Street Encroachments.* Members must ensure that no tree, shrub or planting of any kind be allowed to protrude from their Lot onto a street. Trees which overhang a street must be kept free of limbs from the street to a height of ten (10) feet above the street.
- k. *Trees.* No living tree having a height of forty-eight inches (48") or more, or a diameter of ten inches (10") or more is permitted to be destroyed or removed from any Lot without the express written consent of the Board. Individual Members and not the Association are responsible for any damage caused by the trees and shrubs on their Lots.
- l. *Fireplaces.* All components of the fireplace located inside and outside the Residence, including flues, fireboxes, fireplace mantles, the chimney, the chimney cap and the chase cover.
- m. *Drainage Structures.* Members must keep all drainage courses, ditches and swales on their Lots free and clear of all obstructions, and must maintain all such slopes, drainage contours, drainage ditches, drainage devices, swales and culverts in good order.
 - i. *No Alteration or Obstruction.* Members must not alter or obstruct a natural drainage course, or materially add to the natural water volume of a drainage course without making adequate provisions with respect to neighboring Lots and Common Areas. Any such alterations, obstructions or additions to water volume must have the prior written approval of the Board.
 - ii. *Association.* All drainage structures, culverts and canals improved by the Association for the major collection of storm runoff and any natural drainage courses within Common Areas must be maintained, repaired and replaced by the Association.

3.6 Easement for Maintenance. Each Member has easements across Lots and Common Areas as may be necessary for installing, maintaining, repairing, or replacing Utility Lines which cannot reasonably be serviced from their Lots. Access to Lots and Common Areas is limited to a reasonable work area and for a reasonable time. Except in emergencies, reasonable notice and consent to perform such work, which may not be unreasonably withheld, must be obtained from the affected Lot Owner and/or the Association, as applicable. Immediately after the work is completed, Members must restore affected Lots and/or the Common Areas to the same or better condition than they were in prior to the commencement of such work. Such restoration work on affected Lots and Common Areas must be done promptly at the sole expense of the Member performing the installation, repair, or maintenance work.

3.7 Liability for Damage.

- a. Members are liable for any and all damage to the Lots, Common Areas, and any personal property negligently caused by the Member, Member's Tenant, Occupants, or their respective family, guests, invitees, vendors, or pets.
- b. The Association and all Members must repair, restore, remediate or replace any damaged portion of the Properties as required by these CC&Rs. However, the Association may impose a Reimbursement Special Assessment against any liable Member for all costs, incurred by the Association in connection with any such repairs, restoration or replacement. The Reimbursement Special Assessment may become a lien against the liable Member's Separate Interest enforceable by the sale of the Member's Lot under Civil Code sections 2924, 2924b, and 2924c.

3.8 Liability for Mitigation. Members are liable for expenses incurred by the Association in mitigating or repairing damage to Lots, Common Areas, and Improvements due to damage: (i) originating from Member's Lot, including, but not limited to, flood, fire, mold, insect, or rodent infestation; or (ii) from the negligence or willful misconduct of such Member, Member's Tenant, or their respective family, guests, invitees, vendors, or pets. If not repaid, the Association may impose Reimbursement Special Assessments against liable Members.

3.9 Guests. Each Member is liable to all other Members and the Association for the conduct, behavior, and violations of Persons visiting the Member or Member's Tenant in the Properties.

ARTICLE 4: DUTIES OF THE ASSOCIATION

4.1 Board of Directors. The management, maintenance and care of the Common Areas, management of the Association, enforcement of the Governing Documents, and all other acts of the Association are performed by its Board of Directors, unless provided otherwise in the Governing Documents.

- a. *Membership Meetings.* The Association must have at least one (1) meeting of its Members each year, as provided for in the Bylaws. Annual and Special Meetings of the membership must be held at the dates, times, and locations provided for in the Bylaws.
- b. *Director Qualifications and Meetings.* The qualifications of Directors and candidates to be elected to the Board are provided for in the Bylaws. Meetings of the Board must be held as provided for in the Bylaws and as required by law.

4.2 Powers of a Nonprofit Corporation. The Association has all of the powers of a nonprofit mutual-benefit corporation organized under the laws of the State of California, operating for the benefit of its Members as provided for in Corporations Code §7140.

4.3 Maintain Common Areas. Unless otherwise provided in these CC&Rs, the Association must maintain, repair, and replace the Common Areas, including, but not limited to the Recreation Area, Common Facilities, Recreation Common Facilities, and all other Buildings and Improvements located in the Common Area.

- a. *Common Area Fences.* The Association must maintain, repair, and replace all Common Area fences.
- b. *Buildings and Equipment.* All portions of buildings and equipment owned by the Association must be maintained and repaired by the Association. The Association may discontinue the use of or dispose of equipment or Association buildings as it deems appropriate.
- c. *Exceptions.* The Association is not responsible for maintenance, repair or replacement of any roadways or other such Improvements constructed upon any easements for ingress, egress, and support appurtenant to any Lot, as shown on any Map in the Properties. Instead, such responsibility is shared by the Lot Owners who use the roadways for ingress, egress or support of their Lots.

4.4 Termites and Pests.

- a. *Association Rights and Obligations.* The Association may exercise any rights and authority provided for in the Davis-Stirling Act. In addition, the Association has the authority and duty to do the following:
 - i. Treat, repair and/or replace, at its own cost, Common Areas, and any other areas which the Association must maintain, repair or replace, infested or damaged by insects, rodents, and wood-destroying pests or organisms (including microorganisms);
 - ii. Impose a Special Assessment against the membership for the cost of the treatment and/or repairs; and
- b. *Member Obligations.* Each Member is obligated to do the following with respect to the Member's Lot and Residence:
 - i. Treat, at Member's expense, the portions of Member's Lot and Residence infested or damaged by wood-destroying pests or organisms (including microorganisms);
 - ii. Treat Member Lot and Residence infested by insects (such as ants, cockroaches, silverfish, etc., other than wood-destroying pests) and rodents.

- iii. Repair and replace, at Member's expense, any damage to Member's Lot and Residence caused by the presence of wood-destroying pests or organisms (including microorganisms), other insects and rodents.
- iv. Comply with all legal requirements necessary to effect any fumigation by tenting requested by any fumigator, including the execution of any paperwork mandated by law.

4.5 Incur and Pay Expenses. The Association is empowered to incur and pay the operational expenses of the Association, which include, but are not limited to, legal and accounting services; utilities; insurance; management services, if any; vendor services, such as security, landscaping, garbage collection, pest control, swimming pool maintenance, tennis court maintenance, cleaning, painting, and other such services; maintenance, repair, reconstruction, and replacement of all or any portion of the Common Areas or the personal property acquired by the Association; supplies and materials; and such other services for the use, enjoyment and protection of the Properties and its Residents as the Board may determine from time to time are reasonable, proper, or desirable.

4.6 Rules and Regulations. The Board may adopt, amend, and repeal Rules and Regulations regarding any matter set forth in the Governing Documents, including, but not limited to: (i) the use, occupancy, and maintenance of the Properties; (ii) the general health, welfare, peace, comfort, safety and security of Residents in the Properties; and (iii) the interpretation and implementation of the Governing Documents.

4.7 Foreclose, Hold Title and Make Conveyances. The Association is authorized to lien and foreclose upon any Lot for non-payment of Assessments, to take title to the Lot, to assume or otherwise pay off encumbrances, and to acquire, hold title to, lease and convey, with or without consideration, real and personal property and interests.

4.8 Fee Limitation. The Association may not impose fees that exceed the amount necessary to defray the costs for which the fee is levied.

4.9 Commercial Concessions. The Board may negotiate contracts and grant commercial concessions over portions of the Common Area, subject to Membership Approval.

4.10 Borrow Money. The Association may borrow and repay monies, as needed to discharge its duties, and pledge or assign Special Assessment rights, as security for repayment of such borrowed money. Except for emergencies, the aggregate total of all loans made by the Association in a given fiscal year may not exceed five percent (5%) of the budgeted gross expenses for the same fiscal year, without Membership Approval.

4.11 No Power to Encumber Real Property. The Common Area of the Association may not be encumbered as a security for debt.

4.12 Represent Association in Litigation. The Association, by its Board, may institute, defend, settle, or intervene in litigation, arbitration, mediation, administrative proceedings, or any other legal proceeding in any capacity necessary to represent the interests of the Association.

4.13 Receive and Dispose of Property. Subject to the Section of these CC&Rs entitled “Limitation on Transfer of Real Property”, the Association may acquire, hold, lease, encumber, convey, or otherwise dispose of real and personal property and to take real and personal property by will, gift, bequest or any other legal transfer. Any funds or property so received must be used consistently with the purposes for which the Association was formed.

4.14 Limitations on Disposition of Personal Property. The Board may not, without Membership Approval, dispose of during any fiscal year personal property owned by the Association having an aggregate market value in excess of five percent (5%) of the Association’s budgeted gross expenses for that year.

4.15 Limitations on Transfer of Real Property. The Board may exchange, sell, dedicate, or otherwise transfer real property, including Common Area, owned by the Association only on the following conditions:

- a. Approval by two-thirds (2/3) of the Voting Power of the Association must first be obtained, except for the sale or other transfer of property acquired by the Association in foreclosure proceedings.
- b. No exchange, sale, dedication or other transfer may include real property to which a Member has an exclusive right to occupy or use.
- c. Any exchange, sale, dedication or other transfer that would impede the ingress and egress to any Lot is not permitted.
- d. For any exchange of real property, the property received by the Association must be of equal or greater value than the property given.
- e. Any dedication of property must only be to a public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association.
- f. If the exchange, sale, dedication or other transfer of real property requires an amendment to the Governing Documents, any approval of such exchange, sale, dedication or other transfer by the Board must be conditioned upon approval of such amendment.

4.16 Capital Improvements. The following applies to Common Area Capital Improvements:

- a. *Authority.* The Board may alter, remove or replace Common Area improvements as-needed to carry out their duties.
- b. *Defined.* “Capital Improvement” means any substantial discretionary addition to the Common Areas or significant alterations to the appearance of the Properties. A Capital Improvement is not defined to mean additions or upgrades to Common Area materials which are necessary or prudent to comply with

building or safety codes, or to prevent property damage or personal injury, or to reduce operating or maintenance costs for the Common Areas or to comply with Reserve component repairs or replacements.

- c. *5% Limitation.* If a loan or special assessment will be utilized as a means for payment, Capital Improvements may not be made to the Common Areas in any fiscal year in excess of five percent (5%) of the Association's budgeted gross expenses for that year, without Membership Approval.
- d. *Obsolescence.* If the Board determines that any Common Area Improvement is obsolete and/or no longer brings sufficient value to the Association to justify its upkeep, the cost to remove the amenity is more than 5% of the budgeted gross expenses for that fiscal year, and there is insufficient reserves to cover the cost, the Board must obtain Membership Approval to remove the amenity.

4.17 Vendor Contract Limitations. Except for the contracts listed below, the Association is prohibited from entering into any contract for services which binds the Association for a period for more than two (2) years, without Membership Approval.

- a. *Fire and Burglary.* Contracts for terms up to three (3) years to lease or service burglar and/or fire alarm equipment or provide protective services.
- b. *Insurance.* Contracts for insurance, if the policies do not exceed three (3) years duration.
- c. *Reserve Studies.* Contracts for up to three (3) years for reserve studies.

4.18 Delegation to Manager. The Board may delegate certain duties, powers, or functions to any qualified Person or its office manager, if any, to act as Manager.

- a. *Non-Delegable Duties.* Duties that cannot be delegated to a Manager include: (i) attending Board meetings and voting on motions; (ii) electing officers; (iii) filling vacancies on the Board; (iv) appointment of executive committees; and (v) approving settlement agreements. Notwithstanding any delegation of duties, however, the Manager's actions are subject to the direction and supervision of the Board.
- b. *Additional Approval for Hiring of Management Company.* Before a management company can be hired, approval from two-thirds (2/3) of the membership must first be obtained.

4.19 Nonprofit Character of Association. Notwithstanding anything contained in these CC&Rs to the contrary, the Association may not engage in any activity which may jeopardize the nonprofit character of the Association.

4.20 Discharge of Liens. When necessary, the Association is empowered to discharge, by payment, any lien against the Common Area and assess the cost thereof to the Member or

Members responsible for the existence of the lien. Prior to any Board decision to discharge a lien, the Member or Members responsible for the existence of the lien must be given written notice and an opportunity to be heard by the Board and present any defenses which may exist.

ARTICLE 5: ARCHITECTURAL CONTROL

5.1 Improvements or Alterations. Any Improvements or Renovations by or on behalf of a Member which alter the exterior appearance of any Lot or its Improvements must conform to these CC&Rs and any relevant County and other governmental regulations. Renovations in violation of this provision are automatically deemed disapproved and the Member must promptly remove or correct the disapproved Renovations or Improvements to comply with the requirements of this provision.

5.2 Engineering and Code Requirements. Members must ensure compliance with applicable Building, Safety and Fire codes, El Dorado County or other ordinances, regulations, and specifications. If required, proper permits must be obtained from the relevant authority. Approval by the Board does not constitute approval in terms of engineering design, Building, Safety or Fire codes, or other safety specifications. Approval by the Board does not absolve Members of the responsibility of obtaining any necessary governmental approvals or permits.

5.3 Architectural Approval. The Renovations and/or Improvements provided in this Section must be submitted to the Board for approval, prior to any work beginning.

- a. *Exterior Paint*. Any exterior paint other than with a neutral earth tone color, as determined by the Board of Directors.
- b. *Fencing*. Construction or placement of any fencing.
- c. *Cementing and other Hardscaping*. Any cementing or other alterations that would result hardscaping of more than twenty-five percent (25%) of the Lot.
- d. *Trees*. Any removal of trees having a height of forty-eight inches (48") or more, or a diameter of ten inches (10") or more.
- e. *Combining and Dividing of Lots*. Any combining or division of Lots.
- f. *Drainage Patterns*. Any established drainage patterns over a Lot.

5.4 Obtaining Approval. For Renovations or Improvements requiring Board approval, Members must submit an application in person or via email to the Association's office manager prior to work beginning. Applications properly submitted to the Association are deemed approved if there is no response by the Association within thirty (30) days of submission.

5.5 Variances. The Board is permitted to grant variances, provided the same will not (i) constitute a material deviation from the overall plan and scheme of the Properties, (ii) result in a material detriment to the Association or any Member, or (iii) create a nuisance in the Common Area or affecting any other Member. The granting of a variance by the Board is not a variance or

waiver as to any other Lot, nor does any variance affect the applicability or enforceability of any provision of this Article in respect to any other Lot.

5.6 Mechanics' Liens. Members must ensure that no lien is placed against any other Lot, or against the Common Areas, for labor or material furnished to their Lots. If a lien is placed against the Common Areas and/or another Member's Lot, and the responsible Member does not immediately cause the removal of the lien, the Association may, after written notice to the responsible Member, pay the amounts necessary to have the lien removed and levy a Reimbursement Special Assessment against the responsible Member for the monies advanced and any fees and costs incurred by the Association.

5.7 Conflicts of Interest. A Director is not permitted to participate in the decision-making process of any architectural submittal made by that Director or members of their family. Further, a Director is not permitted to participate in the decision-making process of any other architectural submittal if the approval would result in a monetary benefit to the Director or any company in which the Director or members of their family have a financial interest.

5.8 Hold Harmless and Indemnify. Approval of plans by the Association signifies only a general conformance with its CC&Rs and not with Building, Safety, or Fire code compliance, lot lines, easements, or best construction practices. The Association and its Members, Officers, Directors, employees, and agents are not liable and must be held harmless, defended and indemnified for mistakes in judgment or negligence arising out of or in connection with the Association's approval or disapproval of plans.

5.9 Combining Lots. The combining of Lots is not permitted without prior written Board approval. Once combined: (i) the Percentage Interest in the Common Area allotted to the combined Lots will equal the sum of the Percentage Interests in the Common Area of each of the combined Lots; (ii) the Assessments due and owing on the combined Lots will equal the sum of the Assessments levied against each of the respective Lots so combined; and (iii) the Owner of the combined Lots will continue to have the same number of votes assigned to the Lots before they were combined.

5.10 No Right to Divide Lots. No Member is permitted to divide any Lot; provided, however, that once two or more Lots have been combined, the Members owning such combined Lots are permitted to restore them to their original dimensions and footprint only after receiving prior written Board approval.

5.11 Square Footage and Setbacks. The minimum and maximum square footage of structures and their setback requirements from lot lines must comply with the Association's CC&Rs, El Dorado County requirements, and any other governmental requirements.

5.12 Drainage. Any changes to the established drainage patterns over a Lot (i) must comply with applicable Building Codes (ii) must not adversely affect the property of others, and (iii) must be approved in writing by the Board in advance of any changes.

5.13 Occupancy of Unfinished, Temporary or Mobile Structures Prohibited. No trailer, RV, bus, mobile home, tent, shack, garage, temporary building or structure of any kind is

permitted to be occupied or lived in at any time. Permanent residential dwellings must not be occupied or lived in until they have been completed and any required governmental occupancy permit has been issued.

5.14 Removal of Temporary Buildings. Temporary buildings or structures used during construction or remodeling must be removed immediately after the completion of construction.

5.15 Diligent Construction. The construction of any building or structure must be prosecuted diligently and continuously from the time of commencement until fully completed, and all structures, once the foundations are erected, must be completed in eighteen (18) months, unless otherwise allowed by the Board.

5.16 Waiver of Liability. Neither the Association or its Officers, Directors, employees or agents, are liable for any damage, loss or prejudice suffered or claimed on account of the review, approval, or disapproval of any plans, drawings or specifications, or the conformance of the construction with the approved plans and any such claims are expressly waived.

ARTICLE 6: MINIMUM CONSTRUCTION STANDARDS

6.1 Size of Residence. No Residence is permitted to be erected or placed on any Lot which has less than eight-hundred (800) square feet of living area on the main floor. The square footage of living area must be based on the Residence's interior living space, exclusive of porches, garage, atrium, or patio/deck areas.

6.2 Minimum Set-Back Requirements. Any Residence placed on a Lot must comply with all setback lines shown on any applicable Subdivision Map or imposed County zoning regulations. No Improvement may be erected or permitted nearer than twenty (20) feet from the front property boundary line, and ten (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.

6.3 Prohibition of Individual Water Systems. No individual water supply is permitted on any Lot.

6.4 Limitation on Height of Structures. The maximum height of any Building or structure within the Properties must be measured by and conform with any relevant County or other governmental laws or ordinances.

6.5 Application of Minimum Construction Standards to Existing Improvements. The minimum construction standards imposed by this Article do not apply to any Residences or other Improvements in existence on the recordation date of these CC&Rs if the Improvements were properly approved by the Board of Directors at the time of construction. The Board is entitled, however, to require compliance with the requirements of the Association's Governing Documents 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 Board for review and subsequent approval.

ARTICLE 7: EASEMENTS

7.1 Rights-of-Way and Public Utilities. Rights of way and easement areas for the installation and maintenance of public utilities were granted by the original developer to various public utilities and agencies, along with rights of ingress and egress thereto. Such dedications are described on the Map.

7.2 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 Lot of any Owner(s) 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 Board and the El Dorado County Environmental Health Department make a determination, based on the report of a qualified engineer, that the Owner's 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 Lot that have been tested and approved by all responsible government agencies for septic facility use. The determination 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 Lot due to lava caps, granite domes or other similar subsurface conditions.

ARTICLE 8: GENERAL RESTRICTIONS

8.1 Barbecues. Charcoal burners and other open-flame cooking devices shall not be operated on combustible balconies or within 10 feet of combustible construction, except LP-gas cooking devices having LP-gas container with a water capacity not greater than 2-1/2 pounds [nominal 1 pound (0.454 kg) LP-gas capacity].

8.2 Burning. Burning of debris or vegetation is allowed provided that the Member or Resident has a current burn permit from the local fire district, if required, and the burning is

conducted on a “burn day.” No Member or Resident shall permit any condition to exist on the Lot, including, without limitation, trash piles or weeds, which create a fire hazard or is in violation of local fire regulations.

8.3 Drains. Members are not permitted to interference with established drainage patterns in the Properties unless an alternative provision is made and approved in advance in writing by the Board.

8.4 Drilling and Exploration. No Lot is permitted to be used in any manner to explore for, remove, refine, or store any quantities of water, gasoline, oil, hydrocarbons, minerals, gravel, earth, or earth substances of any kind in excess of usual and customary amounts necessary for residential use.

8.5 Fences. Fences are allowed only with the written approval of the Board.

8.6 Health/Safety Hazards. Members must not permit conditions which constitute a health, safety, or other hazard to exist on their Lots.

8.7 Hiring of Association Employees. Members are permitted to hire off-duty Association employees to perform work. However, any use of off-duty employees is at the employing Member’s expense and the Association is not liable for the acts or omissions of such off-duty employees while in the course and scope of employment by the Member.

8.8 Nuisance. Members are prohibited from causing or permitting any act or condition which constitutes a nuisance. Because a nuisance is largely subjective, the Association is not obligated to become involved in disputes where, in the opinion of the Board, the alleged disturbance does not constitute a nuisance. Despite the Board’s determination, the parties retain the right to take appropriate legal action against each other without involving the Association.

8.9 Obstruction of Common Areas. Obstruction or misuse of the Common Area, for other than its intended purpose, is prohibited, unless expressly permitted in writing by the Board for good cause.

8.10 Quiet Enjoyment. No one should engage in any behavior, whether verbal or physical, including, but not limited to, the posting or distributing of documents, openly or anonymously, anywhere in the Properties, where such behavior is abusive, harassing, threatening, intimidating, defaming, slanderous, unlawfully aggressive, and/or otherwise legally actionable against other Members, Residents, guests, invitees, Directors, or the Association’s management, employees, agents, or vendors. Because such breaches of quiet enjoyment are largely subjective, the Board may choose to act only against egregious breaches. When the Association chooses not to act on a complaint of breach of quiet enjoyment, or the complaining party believes the Association’s action is not sufficient, such party may take legal action to enforce this provision against other Members and/or Residents, but is not permitted and expressly waives their right to take any action, legal or otherwise, including commencing or maintaining a lawsuit against the Association and/or its Officers, Directors, employees, and/or agents for their failure to act on the party’s complaint and/or for the manner in which they handled it.

8.11 Residential Use. Using a Lot, or permitting a Lot or any portion of it, to be occupied or used for any purpose other than a private residential dwelling is prohibited. Lots must not be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other nonresidential purpose. Rental of a Lot does not constitute a “nonresidential purpose” under this Section. Notwithstanding the foregoing, Residents may use a room in their Lot as a home office, provided that (1) the primary use of the Lot remains as a Residence, (2) no business advertising or signage is used in connection with the home office use, (3) package deliveries are kept to a minimum, and (4) no customers, clients or patients visit the Lot.

8.12 Sanitary Conditions. Members must maintain and repair their Lots and all Improvements thereon in a clean and sanitary condition and not allow rubbish or debris of any kind to accumulate causing any Lot or portion of a Lot to become unsanitary, unsightly, or offensive.

8.13 Septic Systems.

- a. *Systems Generally*. Each Lot must contain a septic waste disposal system consisting of a septic tank and leaching field. The septic system design must be approved by the El Dorado County Environmental Health Department. The location of any septic system utilizing Common Area must first 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 these CC&Rs.
- d. *Non-Responsibility*. The Association is not responsible for the adequacy, design or placement of any on-site sewage disposal system.
- e. *Maintenance*. Ongoing maintenance for leach lines or any other part of a septic system located in the Lot or in the Common Area shall be the responsibility of the Member.

8.14 Signs, Posters and Flags. Commercial signs may not be displayed. Residential for-sale and for-rent signs are permitted.

8.15 Solar Energy Systems. Solar Energy Systems may only be installed after obtaining any required permits from governmental agencies.

8.16 Storage. No Lot is permitted to be used at any time for open air storage of building materials, vehicles, implements, tools, furniture, landscaping materials or equipment (not general yard and garden tools), irrigation pipes or apparatus, junk, trash or any other things whatsoever; provided, however, that building and landscaping materials, tools or equipment may be placed and maintained on construction sites as provided for in these CC&Rs.

8.17 Tanks and Receptacles. Installation of any tank for the storage of fuel outside any structure on a Lot must conform to current County or other governmental requirements, including obtaining required permits, if necessary.

ARTICLE 9: LEASING AND RENTAL LIMITATIONS

9.1 Lease and Rental Agreements.

- a. *Leases and Rental Agreements in Writing*. All leases and rental agreements between a Member and Tenant must be in writing.
- b. *Required Lease and Rental Agreement Provisions*. All provisions of any leases and rental agreements between a Member and Tenant must be consistent with and not violate any provisions of the Association's Governing Documents. All leases must include, at a minimum, provisions that require Tenants to comply with all provisions of the Association's Governing Documents.

9.2 Short Term Rentals. Short term rentals are permitted, provided that Members abide by El Dorado County and California State regulations relating to short term rentals.

9.3 Governing Documents. Members must provide their Tenants with the Association's Rules and Regulations and ensure compliance with them.

9.4 Transfer of Common Area Privileges. Any Members residing offsite, and whose Lot and/or Residence is occupied by others, automatically transfers the Members' rights to use the Association's Common Area and Common Facilities, including Recreation Common Facilities to the Residents until the Member retakes possession of the Lot.

9.5 Repairing Damage. Members are liable for all damage to the Lots, Common Areas, and any personal property which was caused by the negligent acts or omissions of such Member, Member's Tenant, or their respective family, guests, invitees, vendors, or pets. In the event of damage to the Common Area, the Association is authorized, in its discretion to repair, restore or replace such damaged property and is permitted to impose a Reimbursement Special Assessment against the liable Member for all costs and expenses incurred by the Association from repairing, restoring or replacing the damaged property. The Reimbursement Special Assessment may become a lien against the liable Member's Separate Interest enforceable by the sale of the Member's Lot under Civil Code sections 2924, 2924b, and 2924c.

ARTICLE 10: PETS

10.1 Pet Limitation. Pets may be kept in Lots provided that the number of such pets shall conform to the El Dorado County requirements. No horses, cows, or cattle are permitted to be kept in the Properties. No animal is permitted to be kept, bred, or maintained: (i) for any commercial purpose; or (ii) for any purpose that would involve any odor, noise, or other nuisance which would unreasonably disturb the use and enjoyment of any portion of the Properties by other Members.

10.2 Licensing. Members must comply with all applicable governmental licensing requirements for authorized pets.

10.3 Assistance Animals. An animal otherwise prohibited by these CC&Rs, which is kept by a Resident for the purpose of servicing the Resident's qualified disability, may be kept by such Resident provided the animal is properly cared for (i.e., kept healthy, clean, and properly groomed and waste material is properly disposed of) and not unruly or disruptive (e.g., barking, growling, running loose, displaying aggressive behavior, etc.). All pet rules apply to assistance animals, unless contrary to law.

10.4 Liability. Members are liable for any injury to Persons or property caused by any animal brought or permitted onto or kept within the Properties by the Member, Member's Tenant or their respective family, guests, or invitees.

10.5 Control and Care. Pets are permitted in the Common Area, only as permitted by the Rules or this Section. All dogs in the Common Area must be on a leash held by a Person capable of controlling the dog. No pet shall be left chained or otherwise tethered within the Common Areas. Pet owners are responsible for the prompt disposal of their pet's waste when deposited on any portion of the Common Areas or any other Member's Lot.

ARTICLE 11: VEHICLES AND PARKING

11.1 Management of Parking. The Association manages and controls the use of all Common Area parking.

11.2 Street Parking. Parking on roadways is limited to short duration, visitors, and unloading/loading of vehicles. All roads in the Properties are County roads and are subject to County laws and enforcement.

11.3 Recreational Vehicle Parking. Recreational vehicles, watercraft and recreational equipment may only be parked on Lots.

11.4 Commercial Vehicles. Commercial vehicles exceeding five (5) tons in gross weight are not permitted to be parked on Lots or in roadways within the Properties, except for short duration in the normal business of loading and unloading supplies, equipment or household goods.

11.5 Electric Vehicle Charging Stations. Members are permitted, with proper permits and approval from other governmental requirements, if any, to install at their own expense an electric charging station compliant with Section 4745 of the Civil Code or any successor statute. Such installation is not permitted in the Common Area and shall not utilize Association electricity. All electrical work must be done by a licensed electrician with appropriate permits from the Building Department.

11.6 Repair of Vehicles. Construction, repair, or servicing of vehicles within any portion of the Common Area of the Properties is prohibited. However, emergency repairs are permitted when necessary to move a vehicle out of the Common Area or to a proper repair facility. In the event that the construction, repair, or servicing of a vehicle or vehicles within a Lot lasts more than seven (7) days, such work must be performed in a manner such that is screened from view from the street or neighboring Lots.

11.7 Fluid Leaks. Members must keep their driveways, Common Area, and streets in front of their Lots free of fluids such as oil, radiator coolant, brake fluid, power steering fluid, etc. Members who fail to do so are subject to fines or other discipline, and a Reimbursement Assessment for the cost of cleaning the affected areas.

11.8 Theft or Damage. The Association is not liable for any loss or damage suffered by any Member, Tenant, or guest due to theft of or damage to any vehicle or vehicle contents.

11.9 Impeding Access. Vehicles must not impede or prevent ready access to any door, gate, entrance, or exit.

ARTICLE 12: ENFORCEMENT OF GOVERNING DOCUMENTS

12.1 Association Enforcement Rights. In addition to any other rights described in these CC&Rs and without waiving the Association's right to institute any other enforcement measures, and subject to the notice and hearing provisions in the Bylaws and as required by law, the Association is authorized to enforce the Governing Documents by any of the following means:

- a. *Monetary Penalties (Fines)*. The Board is authorized to assess reasonable monetary penalties (fines) for violations of the Association's Governing Documents by a Member, Member's Tenants or their respective family, invitees or guests. A monetary penalty (fine) imposed by the Association as a disciplinary measure for failure of a Member to comply with the governing documents, is hereby treated and deemed to be an Assessment that may become a lien against the Member's separate interest, but such lien may not be enforced by the sale of the interest under Sections 2924, 2924b, and 2924c (non-judicial foreclosure). As Assessments, Members are liable for all costs of collection, including reasonable attorneys' fees, court costs, and related expenses for delinquent monetary penalties (fines).
- b. *Suspend Common Area Privileges*. The Board is authorized to temporarily suspend Common Area privileges of Members, Member's Tenants and their respective family, invitees, and guests for their failure to comply with the

Association's Governing Documents, including the use of Recreation Common Facilities. Any such suspension must be for a period of time not to exceed thirty (30) days for each noncontinuing violation. For continuing violations, the suspension may be imposed for as long as the violation continues.

- c. *Dispute Resolution.* As to any dispute between a Member and the Association, the Association is authorized to engage in Internal Dispute Resolution and/or Alternative Dispute Resolution as provided for in the Governing Documents and the law.
- d. *Judicial Enforcement.* A lawsuit for damages, declaratory relief, and/or injunctive relief may be filed, whether or not the relief sought is for negative or affirmative action.

12.2 Cumulative Remedies. The respective rights and remedies, provided by the Governing Documents, under the law, or available in equity, are cumulative and the exercise of any one or more of such rights or remedies does not preclude or affect the exercise, at the same or at different times, of any other such rights or for the same or different failures of the Members or others to perform or observe any provision of the Governing Documents.

12.3 Failure to Enforce Not a Waiver. Failure to enforce the Governing Documents, whether by the Board or any Member or other Person entitled to enforce them, is not deemed a waiver of the right to do so. Waiver or attempted waiver of any provision of the Governing Documents with respect to a given Lot is not deemed a waiver of such right as to any other Lot. Additionally, violation of any provision of the Governing Documents by the Members owning any Lot or Lots does not affect the applicability or enforceability of any provision of the Governing Documents against the Members owning any other Lot.

12.4 Remedy at Law Inadequate. If remedies at law for violation of the Association's Governing Documents are inadequate, then equitable, declaratory, and/or injunctive relief may be sought and awarded.

12.5 Right of Action Against Buyer. If a Member fails to correct architectural, nuisance, or other continuous violations concerning the Member's Lot prior to the transfer of title to the Lot to a buyer, the Association retains the right to enforce compliance against the buyer for such violations.

12.6 Attorneys' Fees. If any party initiates any action or proceeding to enforce or interpret the Governing Documents or California law relating to the Properties, the prevailing party is entitled to recover reasonable attorneys' fees and court costs, including reasonable expert fees, as permitted by law.

ARTICLE 13: RIGHT OF ENTRY

13.1 Limited Right of Entry. During reasonable hours and subject to the notice requirements contained in this Article, the Association's representatives, employees, and vendors

are authorized to enter Lots and Common Areas, if necessary, to inspect and perform maintenance, repairs, or replacements to the Common Areas.

13.2 Notice of Entry. The Association must give at least three (3) business days' written notice by personal delivery, or five (5) calendar days' written notice by first class mail or email, to the Resident and a Lot Owner, stating the purpose for and time of the entry. Email notification may be used only if the recipient previously consented to receive such notices and communications from the Association by email.

13.3 Avoid Unreasonable Interference. The right of entry must be exercised to avoid unreasonable or unnecessary interference with the possession, use, and enjoyment of the Member or Resident of such Lot.

13.4 Damage Repaired by Association. Any damage caused by the Association to the Common Areas or Lot improvements must be promptly repaired by the Association to original building construction standards. The Association is authorized to recover the cost of any damage caused by others, but repaired by the Association, by a Reimbursement Special Assessment (if caused by a Member, a Member's Tenant, family member, invitee or guest), or any other legal means against the responsible parties.

ARTICLE 14: ASSESSMENTS

14.1 Purpose of Assessments. The general purpose of Assessments is to provide for the recreation, health, safety, and welfare of the Members, enforce and comply with the Governing Documents, manage the Properties, enhance the quality of life in the Association, improve, maintain, repair, and replace Common Areas, provide for the acquisition and maintenance of property, services and facilities devoted to these purposes, and for any action or undertaking on behalf of the Association.

14.2 Regular Assessment. The Board must levy Regular Assessments in an amount sufficient to provide for the performance by the Board of each and every one of its powers and duties provided, however:

- a. *20% Limitation*. Pursuant to the Davis-Stirling Act, the Board is not permitted, without the approval of Members casting a majority of the votes with a Quorum present, to impose a Regular Assessment which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year. Quorum for the purposes of this provision means more than fifty percent (50%) of the Members of the Association.
- b. *Uniform Rate of Assessment*. Regular Assessments must be fixed at a uniform rate for all Lots.
- c. *Payable Annually/Quarterly*. Regular Assessments are payable by each Member against whom assessed in one (1) annual installment on the first day of each calendar year, or in four (4) equal quarterly installments of the first day of January, April, July and October. Assessments for new Members must

be prorated in the first month of membership according to the date on which the individual becomes a Member.

- d. *Written Notice.* Written notice of any increase in Regular Assessments must be sent by first-class mail to each Member not less than thirty (30) days nor more than sixty (60) days prior to the increased Assessment becoming due.
- e. *Modification of Assessment.* The Board may modify the Regular Assessments during the course of a fiscal year if necessary to conform to a revised estimate of costs and expenses. However, if the aggregate increase exceeds twenty percent (20%) of the Regular Assessment for the immediately preceding fiscal year, the Board must obtain the approval of Members as provided for in the Davis-Stirling Act. If an annual Regular Assessment is not published for a new fiscal year, the Regular Assessment for the prior fiscal year will apply and govern each Member's payments until changed by a new Regular Assessment.

14.3 Special Assessment. In addition to the Regular Assessment, the Board may levy a Special Assessment for any purpose necessary for the Association to carry out its duties; provided, however:

- a. *5% Limitation.* Pursuant to the Davis-Stirling Act, the Board is not permitted, without the approval of Members casting a majority of the votes with Quorum present, to impose a Special Assessment which is more than five percent (5%) of the budgeted gross expenses of the Association for such fiscal year. Quorum for purposes of this provision means more than fifty percent (50%) of the Members of the Association.
- b. *Uniform Rate of Assessment.* Special Assessments are fixed at a uniform rate for all Lots.
- c. *Reimbursement Assessments.* Special Assessments are also permitted to be levied against individual Lots for reimbursement of expenses incurred by the Association arising out of actions or omissions of such Member, Member's Tenant, or their respective family, guests, invitees or pets, as expressly provided for elsewhere in these CC&Rs.
- d. *Payment Schedule.* Special Assessments are payable by each Member against whom assessed either monthly or at such dates and in such installments as the Board determines.
- e. *Written Notice.* Written notice of Special Assessments must be sent by first-class mail to each Member not less than thirty (30) days nor more than sixty (60) days prior to the Assessment becoming due.

14.4 Emergency Assessment. In emergency situations, as defined in the Davis-Stirling Act, the Board may increase Regular Assessments beyond twenty percent (20%) or impose Special Assessments above five percent (5%) only as provided for by law.

14.5 Deposit of Assessments. All sums received by the Association must be promptly deposited into accounts clearly designated in the Association's name.

- a. *Commingling*. The Association must maintain separate accounts for its operating funds and its Reserves, respectively, and no funds from those separate accounts are permitted to be commingled at any time.
- b. *Interest*. No Member has the right to receive interest on any such funds deposited.

14.6 Reserves. All Reserves, must:

- a. *Be Segregated*. Be received in trust by the Board, set aside and segregated from the other monies and not be commingled with the Association's Operating Account.
- b. *Be Invested*. Be invested in low-risk investments consistent with the requirements of Civil Code §5380. Reserves must be deposited in a financial institution, as defined in the Financial Code §31041, in California, which is insured by the federal government, the Federal Deposit Insurance Corporation, the National Credit Union Administration Insurance Fund, or a guaranty corporation subject to the Financial Code §14858 and only into accounts that protect the principal. In no event may reserve funds be invested in stocks or high-risk options.
- c. *Require Two Signatures*. Be withdrawn from the Reserve account only upon approval by the Board and the signature of two (2) Directors.
- d. *Not Be Reimbursed*. Not be reimbursed to Members. All contributions to the Reserves, as well as interest earned, are for the benefit of the Association and not to the benefit of any individual Member. As such, contributions and interest are not refundable to Members when they cease to be Members of the Association.
- e. *Reserve Funding Requirement*. Be funded as follows:
 - i. At the beginning of each fiscal year, the Association's reserves must be at sufficiently funded, as set forth in the Association's Reserve Funding Disclosure Form as specified in Civil Code §5570 (a)(6). For the purposes of this Section, the Association's actual percentage at the beginning of any fiscal year is defined as the "Reserve Percentage Funded."

- ii. Once the Reserve Percentage Funded reaches the level required in this Section 14.6, it must be maintained at that level or higher at all times, except as otherwise provided in this Section 14.6.
- iii. For each upcoming fiscal year in which the Reserve Percentage Funded will be, or is reasonably expected to be, less than the amount required in Section 14.6, the Board, in conjunction with its annual review an existing reserve study, or performance of a full reserve study, and its development of the Association's operating budget for the upcoming fiscal year, must make a good faith effort to increase the Reserve Percentage Funded by at least five percent (5%), or a lesser amount if sufficient to reach the required percentage, during the upcoming fiscal year.
- iv. Notwithstanding any contrary provision of this Section 14.6, nothing in said Section will (a) prevent the Association from spending Reserves on reserve items identified in its reserve study when necessary to fulfill the Association's obligations to maintain, repair and/or replace all or any portion of such reserve items, or (b) obligate the Association to pursue or impose an Assessment increase requiring membership approval.

ARTICLE 15: ENFORCEMENT OF ASSESSMENTS

15.1 Liability for Assessments. Assessments, together with charges, interest, costs, and attorneys' fees (regardless of whether legal proceedings are instituted), are a debt of each owner of a separate interest at the time the Assessment or other sums are levied. Co-owners and/or Members owning a full or partial interest in a Lot are jointly and severally liable for the entire amount of all Assessments, late charges, interest, reasonable costs of collection, reasonable attorneys' fees, and monetary penalties.

15.2 Enforcement Rights. In addition to any other rights provided for by law or described in these CC&Rs, the Board has the right to collect delinquent Assessments as follows:

- a. *Late Fees and Interest.* Unpaid Assessments are deemed delinquent fifteen (15) days after they are due and are subject to a late charge of the greater of either ten percent (10%) or ten dollars (\$10.00), which may not be imposed more than once on any delinquent payment, and interest at the rate of twelve percent (12%) per annum, which may commence thirty (30) days after the Assessment becomes due.
- b. *File Suit.* The Association is authorized to commence and maintain a lawsuit directly on the debt without waiving its right to establish a lien and initiate foreclosure against the Member's Lot for the delinquent Assessment. In any action to collect delinquent Assessments, late charges and/or interest, the prevailing party is entitled to costs and reasonable attorneys' fees. All amounts included in any judgment may become the subject of a judgment lien in any county in California in which an abstract of judgment is recorded.

- c. *Lien and Foreclose.* In accordance with the Davis-Stirling Act, a delinquent Assessment or installment, together with any late charges, interest, costs, attorneys' fees, and penalties, will become a lien on the Lot upon the recordation of a "Notice of Delinquent Assessment" in the Office of the County Recorder. The Board is permitted to enforce any Assessment lien against a Lot by filing an action for judicial foreclosure or by nonjudicial foreclosure in the manner provided for in the Davis-Stirling Act. The Association, through its Board, is authorized to bid on the Lot at the sale and may hold, lease, mortgage, and convey the acquired Lot as permitted by law.
- d. *Continuing Lien.* Any demand or claim of lien or lien on account of prior delinquencies is deemed to include subsequent delinquencies and amounts due on account thereof. It is the intent of these CC&Rs that any lien recorded against a Separate Interest by the Association to secure payment of delinquent Assessments and/or other amounts be a continuing lien to include any and all subsequent Assessments and other amounts as permitted in the Davis-Stirling Act, to the full extent allowed in *Bear Creek Master Ass'n v. Edwards*, (2005) 130 Cal. App. 4th 1470.
- e. *Suspend Privileges.* Subject to the notice and hearing provisions set forth in the Bylaws, the Association is authorized to suspend Membership privileges, except voting rights, until the delinquent Assessments, fees and fines, including any accumulated penalties, interest, and costs of collection have been paid in full.
- f. *Additional Remedies.* The remedies provided in this Section are in addition to, not in substitution for, any other rights and remedies which the Association may have.

15.3 No Offsets. All Assessments are payable in the amount specified by the Assessment and no offsets against such amount are permitted for any reason, including, without limitation: (i) a claim that the Association is not properly exercising its duties and powers, as provided in these CC&Rs; (ii) a Member has not made or elects not to make use of the Common Area; (iii) any maintenance, repairs or replacements for which the Association is responsible have not been performed or have not been performed to a Member's satisfaction.

15.4 No Exemption by Waiver of Use. Members are not permitted to exempt themselves from liability for Assessments nor release their Lots from liens and charges by waiver of their use and enjoyment of the Common Areas, including Recreation Common Facilities, by abandonment of their Lots, or through non-use of Common Areas or membership privileges.

15.5 Attorneys' Fees. Any reasonable attorneys' fees and costs incurred by the Association in the collection of Assessments, late fees, and interest against a Member may become a Reimbursement Special Assessment against that Member, which may be collected in any manner provided for by these CC&Rs or by law.

15.6 Non -Waiver of Assessments. If the Board fails to approve a Budget or fix the Assessments for the current year, the Budget and Assessments from the preceding year continue until a new Budget is approved and new Assessments are fixed.

ARTICLE 16: INSURANCE

16.1 Association Insurance. The Association must obtain and maintain policies of insurance as described below. To help keep premiums at a reasonable level, the Association is authorized to establish appropriate deductibles for its policies of insurance. Unless otherwise determined by the Board, coverage must be on an occurrence basis.

- a. *Automobile Liability Insurance*. If appropriate, the Association is permitted to purchase non-owned and hired automobile liability coverage and garage-keepers legal liability coverage.
- b. *Boiler and Machinery Insurance*. If appropriate, the Association is permitted to purchase insurance for the loss or damage to or as a result of equipment failures such as motors, mechanical breakdowns, electrical failures, and the like.
- c. *Commercial General Liability (“CGL”)*. The Association must maintain one or more CGL policies which provide appropriate liability limits for injury or death to one or more Persons in any one accident or occurrence. The Association must carry coverage in amounts that meet or exceed those called for in Civil Code §5805 and any successor statutes.
- d. *Direct Physical Loss*. The Association must maintain one or more policies for loss or damage by fire or other perils covered by the standard “Special Form” policy (or its equivalent) covering all Common Area Improvements in the Properties, and such other Improvements in the Properties as the Board may deem appropriate.

The amount of such insurance must not be less than one hundred percent (100%) of the aggregate full insurable value, meaning replacement cost, not a depreciated amount or actual cash value (ACV), if available. The coverage must be written on a blanket basis with an agreed value endorsement and an inflation guard endorsement, if available. The Association’s insurance policy must be primary with respect to property damage in the event of overlapping coverage with a Member’s property damage policy. Because construction costs can be unpredictable and suddenly escalate whenever large losses occur, Directors are not liable if actual construction costs are greater than the 100% replacement cost provided by the insurance policy. In addition, if available, the Association must include the following:

1. “Ordinance or Law Coverage” or its equivalent, including:
 - (a) Coverage for Loss to the Undamaged Portion of the building or structure.

- (b) Demolition Cost Coverage.
 - (c) Increased Cost of Construction Coverage.
2. "Maintenance Fees Receivable" coverage, or its equivalent, to cover the loss from unpaid or uncollected Assessments resulting from a covered property loss.
 3. Such other endorsements which the Board may deem necessary or reasonable.
- e. *Directors and Officers.* The Association must purchase Directors and Officers errors and omission insurance insuring the Association, Directors, Officers, Committee members, trustees, Association employees, Association volunteers, any community manager in contract with the Association, any management company in contract with the Association and employees of such Association management company who perform services on behalf of the Association. The Association must carry coverage in amounts that meet or exceed those called for in Civil Code §5800 and any successor statutes.
 - f. *Earthquake Insurance.* The Association may purchase earthquake insurance, after considering the cost and availability.
 - g. *Employment Practices Liability.* The Association should consider purchasing employment practices liability coverage (whether or not it has employees), when available and affordable.
 - h. *Crime Insurance and Fidelity Bond.* The Association must maintain crime insurance, employee dishonesty coverage, fidelity bond coverage, or their equivalent, for its directors, officers, and employees in an amount that is equal to or more than the combined amount of the reserves of the Association and total Assessments for three months. The coverage maintained by the Association shall also include protection in an equal amount against computer fraud and funds transfer fraud. If the Association uses a managing agent or management company, the Association's crime insurance, employee dishonesty coverage, fidelity bond coverage, or their equivalent, shall additionally include coverage for, or otherwise be endorsed to provide coverage for, dishonest acts by that Person or entity and its employees. Self-insurance does not meet the requirements of this Section.
 - i. *Flood Insurance.* When required by any first mortgage holder, Fannie Mae, Freddie Mac, or the Fair Housing Administration (FHA), the Association must purchase flood insurance on any portion of the premises that Federal Emergency Management Agency (FEMA) determines to be in a Special Flood Hazard Area (SFHA). Otherwise, the Association may purchase flood insurance, after considering the cost and availability.

- j. *Umbrella Policy.* The Association may purchase an excess or umbrella policy over its public liability and property damage, Directors and Officers liability, and workers' compensation policies to provide higher liability limits as the Board determines.
- k. *Workers' Compensation.* The Association must carry workers' compensation insurance as required by law to cover employees of the association. If available, the Association is also permitted to purchase a Voluntary Labor Endorsement to protect its volunteers.

16.2 Members Recommended to Carry Insurance. At their sole expense, Members are recommended to purchase and maintain insurance covering their real and personal property whether the unit is owner occupied, vacant or held out for rent. This includes, without limitation: (i) personal property coverage that insures the contents of their Lot and/or Residence against damage or loss; (ii) real property coverage that insures their Lot and/or Residence against damage or loss, including, but not limited to, all improvements to the Lot and/or Residence and all fixtures and components within or appurtenant to the Lot and/or Residence; (iii) premises liability that includes protection for bodily injury and property damage; (iv) personal liability coverage; (v) loss of use that protects a Member for additional living expenses, loss of rents, or any other losses should their Lot become uninhabitable due to a covered loss; (vi) loss Assessment coverage that protects against Special Assessments due to a loss which exceeds the Association's master policy limits or deductible, (vii) master policy deductible coverage, and (viii) such other coverage as the Member deems appropriate. In addition, if a Member operates a vehicle which is driven across or stored in the Association's Common Areas, the Member should carry appropriate automobile insurance. The Association has no obligation to enforce this provision and is specifically relieved of any responsibility or liability from doing so or failing to do so.

- a. *Waiver of Claims.* Members waive their claims against the Association to the extent such claims are covered under insurance which Members are required to carry under these CC&Rs, regardless of whether Members actually carry such insurance.
- b. *Assignment of Proceeds.* If any loss intended to be covered by the Association's insurance occurs and the proceeds payable by the Association's insurance are reduced because of proceeds paid under a Member's insurance coverage, that Member must assign such insurance proceeds to the Association, to the extent of the reduction. The Board must apply those proceeds to the same purposes as the reduced proceeds received by the Association.

16.3 Responsibility for Deductible and Uncovered Losses.

- a. *Intentional or Negligent Acts.* If any Common Area property is damaged as a result of the intentional or negligent acts or omissions of any Member, Member's Tenant, or their respective family, guests, invitees, vendors, or pets and a claim is tendered to the Association's insurance carrier, the Member will

be solely responsible for paying any portion of the claim not paid due to the deductible.

- b. *Non-Negligent, Unintentional Acts.* If any property damage loss which results from a failure of any component, element or portion of the Properties and did not result from a negligent or intentional act or omission is tendered to the Association's property damage policy, the Association will apportion the deductible of such policy or policies amongst all claimants according to the percentage each claim bears against the total of all claims for the loss when distributing the Association's insurance proceeds to the various claimants.
- c. *Uncovered Losses.* Apart from deductibles as set forth above, responsibility for any losses for which the Association's property damage policy does not provide coverage will be determined according to the maintenance, repair and/or replacement provisions set forth in these CC&Rs and/or the law.

16.4 Liability for Increased Insurance Rates. If any negligent act or omission of any Member, Member's Tenant, or their respective family, guests, invitees, vendors, or pets causes an increase in the cost of the Association's insurance, the amount of the increase may be assessed against the Member and their Lot as a Reimbursement Special Assessment.

16.5 Choice of Contractor. With respect to any repairs for which proceeds of insurance are paid or are payable to the Association, the Board must designate the contractor to perform the repairs to the Common Areas.

16.6 Insurance Company Rating. All policies of insurance required by this Article must be issued by either a California admitted insurance company or an approved carrier on the California List of Approved Surplus Line Insurers (LASLI). Each such carrier must hold an A.M. Best Insurance or Standard and Poor's rating of "A" or better.

ARTICLE 17: PROTECTION OF LENDERS

17.1 Furnishing of Information. Each Lender is, upon written request, entitled to inspect the books and records of the Association during normal business hours and receive written notice of Board and Membership meetings and designate a representative to attend such meetings.

17.2 No Priority Over Rights of First Mortgagees. Nothing in these CC&Rs gives a Member or any other party priority over any rights of first mortgagees of Lots, pursuant to their mortgages, in the case of a distribution to Members of insurance proceeds or condemnation awards for losses to or taking of Lots and/or the Common Area. Additionally, if any Lot or any portion of a Lot is made the subject matter of any condemnation or eminent domain proceeding, no provision herein entitles the Member, or any other party, to priority over a first mortgagee of a Lot, concerning any distribution of the proceeds of any award or settlement.

17.3 Relationship with Assessment Liens. Any lien that the Association may have on any Lot for the payment of Assessments subordinates to the lien or equivalent security interest of

any Lender with a first trust deed or mortgage on the Lot, made in good faith and for value, and no such lien impairs the obligation or the priority of such trust deed or mortgage, unless the Lender expressly subordinates its interest, in writing, to such lien.

17.4 Foreclosure. Any holder of a first mortgage who takes title to a Lot, pursuant to the remedies provided in the mortgage, through foreclosure of the mortgage takes the property free of any claim for unpaid Assessments or charges against the mortgaged Lot which accrued prior to the time such Person takes title to the Lot.

17.5 Priority of Mortgage Lien. No breach of any provision of these CC&Rs nor the enforcement of any lien created herein affects, impairs, defeats, or invalidates the lien of any mortgage or deed of trust made in good faith and for value, but these CC&Rs are binding upon any Member whose title is derived through foreclosure, trustee sale, or otherwise.

17.6 Payment of Taxes and Charges. Lenders may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any portion of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for such Common Area. Lenders making such payments shall be owed immediate reimbursement from the Association.

ARTICLE 18: LIMITATIONS OF LIABILITY

18.1 Standard for Liability. Officers, Directors, Committee members, employees, or agents are not responsible to the Association, or any Member, Member's Tenant, or their respective family, guests, or invitees for any loss or damage to the Association, or any Person or property suffered by reason of water, fire, smoke, explosion, electricity, dust, sand, insect or rodent infestation, or any other source, unless there is clear and convincing evidence the damage or loss was caused by the willful, intentional or bad faith misconduct of the Association's Officers, Directors, Committee members, employees, or agents, based upon the information such individual possessed at the time of the purported act or omission. The Association's Officers, Directors, Committee members, employees and agents cannot be held strictly liable for their acts or omissions.

18.2 Limited Personal Liability. No Officer, Director, Committee member, or employee of the Association is personally liable for any loss, injury, or damage to Persons or property for any act or omission, if the act or omission was performed in good faith, within the scope of the Person's duties for the Association, was not self-dealing, and did not constitute willful or intentional misconduct.

18.3 Association Not a Security Provider. The Association is authorized to provide security measures in the Properties. However, the Association is not a provider of security and has no duty to provide any security in the Properties. The obligation to provide security lies with each Member individually. The Association cannot be held liable for any harm, loss or damage to Persons or property by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. This includes, but is not limited to, any harm, loss or damage from theft of or damage to any article or thing placed or stored in or on any portion of the Common Area.

18.4 Duty to Defend. The Association must indemnify and defend and must advance reasonable attorneys' fees and costs to its Officers, Directors, Committee members, and employees for all expenses and liabilities reasonably incurred by such Person(s) regarding any proceeding (including, but not limited to, alternative dispute resolution proceedings) to which they are a party by reason of having been an Officer, Director, Committee member, or employee of the Association. However, the Association may seek recovery of its attorneys' fees and costs from, and is not liable for, any judgments or other liabilities for the acts or omissions of, any Persons adjudged to have acted in bad faith or in gross negligence in the performance of their duties to the extent permitted by law.

18.5 Duty to Protect. The Association must protect its Officers, Directors, Committee members, and employees from unlawful harassment in the workplace as such phrase is defined in the law. However, the Association has no duty to prosecute or fund the prosecution of any claim or cause of action which an Officer, Director, Committee member, or employee of the Association asserts against another Officer, Director, Committee member or employee of the Association, or against a Member, which is (1) not based on conduct of the accused performed in the course and scope of their duties (2) founded on personal issues or disputes between the parties, (3) for personal injuries or emotional distress, or (4) for defamation.

18.6 Personal Injury or Property Damage Sustained Within a Lot. This Section applies if any Person sustains personal injury or property damage within a Lot and the injury or damage results in a claim against the Association or any of its Officers, Directors, Committee members, Members, agents, or employees. The Owner of the Lot where the injury or damage occurred must: (i) fully indemnify and hold harmless the Association, Officer, Director, Committee member, Member, agent, or employee against whom such claim or suit is brought; and (ii) defend, at their own cost and expense, any resulting litigation against the Association, Officer, Director, Committee member, Member, agent, or employee. However, there is no obligation to hold harmless, defend or indemnify any party whose gross negligence or willful misconduct was the cause of the injury or damage.

18.7 Actions Against Directors. Members are not permitted, and waive all rights, to file an action or state any cause of action in any pleading against a Director or Officer of the Association, acting within the scope of that Person's duties as a Director or Officer unless the court first determines that the Member seeking to file the pleading has established evidence that substantiates the claim.

ARTICLE 19: DAMAGE/DESTRUCTION TO IMPROVEMENTS

19.1 Generally. All provisions of this Article 19 apply only when the Common Area has been partially or totally destroyed by fire, earthquake, groundwater flooding or other similar casualties.

19.2 Partial Destruction. This Section applies in the event of partial destruction of the Properties and Common Area.

- a. *Cost of Reconstruction*. As soon as practical, the Board must: (i) obtain bids from at least two (2) reputable contractors that are licensed in California and

insured, which bids must set forth in detail the work required to reconstruct the damaged or destroyed portions of the Common Area to substantially the same condition as they existed prior to such damage and the itemized cost of such work (subject to any increased building standards then in effect); and (ii) determine the amount of all insurance proceeds and Reserves available to the Association for the purpose of effecting such reconstruction.

- b. *Automatic Reconstruction.* If the cost to reconstruct the Common Areas, excluding the deductible and the value of any insurance proceeds due the Association, is less than or equal to three times the amount of the total annual operating Budget of the Association for the current fiscal year, the Board, without a vote of the membership, must cause the Common Area to be reconstructed to substantially the same condition as existed prior to such damage (subject to any increased building standards then in effect). Such reconstruction must be completed as promptly as practical. Notwithstanding any other provision, the Board is authorized, without a vote of the membership, to levy an Emergency Special Assessment against the membership to provide the funds necessary for such reconstruction and/or for repayment of any monies borrowed by the Association for such reconstruction.
- c. *Membership Approval.* If the Board determines that the cost to reconstruct the Common Areas, excluding the deductible and the value of any insurance proceeds due the Association, is an amount greater than three times the total annual operating Budget of the Association for the current fiscal year, then the Common Areas must be reconstructed unless sixty-seven percent (67%) of the membership, by ballot or at a special meeting called for such purpose, vote not to reconstruct the damaged or destroyed Common Areas.

19.3 Total Destruction of the Properties. In the event of total destruction of the Properties, the Board is not required to rebuild the Common Area, unless seventy-five percent (75%) of the of the membership, by ballot or at a special meeting called for such purpose, vote to reconstruct the destroyed Common Areas.

19.4 Distribution of Insurance Proceeds.

- a. *No Partition Action Promptly Filed.* If a partition action is not filed within six (6) months of the partial or total destruction, the Board must distribute the insurance proceeds available for reconstruction, together with any other sums otherwise available to the Association for such purpose, to the Owners, less costs for clearing the debris, collecting insurance proceeds, and any other expenses necessarily incurred as a result of the damage or destruction, proportionately according to an appraised fair market value of the Lots (as of a date immediately prior to destruction or condemnation). Such payment is subject to rights of Mortgagees holding Mortgages encumbering Lots and all

unpaid Assessments, together with any interest charges. Appraisers hired by the Board to appraise the Lots will be paid by the Association.

- b. *Partition Action Promptly Filed.* If a partition action is filed within six (6) months of the partial or total destruction, the Association must interplead the insurance proceeds available for reconstruction, together with any other sums otherwise available to the Association for such purpose, to the Owners, less costs for clearing the debris, collecting insurance proceeds, and any other expenses necessarily incurred as a result of the damage or destruction into the partition action.

19.5 Association's Duties. If the Common Areas, any Improvements thereon, and/or any other portion of the Properties which the Association is obligated to maintain, repair or replace, are partially or totally destroyed by fire, earthquake, flood or other casualty, the Association must maintain, repair, replace and/or restore same to its former condition (or better) as promptly as practical. The proceeds of any insurance received must be used for such maintenance, repair, replacement and/or restoration.

19.6 Member's Duties. If a Member's Lot, any Improvements thereon, and/or any portion of the Properties which the Member is obligated to maintain, repair or replace, are partially or totally destroyed by fire, earthquake, flood or other casualty, the Member must either: (i) restore the same to its former condition (or better) as promptly as practical, or (ii) as promptly as possible remove the damaged Improvement and any debris and place the Lot in a clean and presentable condition to the satisfaction of the Board.

19.7 Duties of Board During Reconstruction. If reconstruction is undertaken, the Board must: (i) enter into a written contract with a contractor who is licensed and insured for such repair, reconstruction, and restoration; (ii) disburse insurance proceeds available for the work, along with funds collected by reason of Assessments, in appropriate progress payments; and (iii) take all steps necessary to ensure the commencement and completion of such repair, reconstruction, and restoration in a lawful, workmanlike manner at the earliest possible date.

19.8 Special Assessment for Reconstruction. If the proceeds of insurance obtained by the Association are paid to any Mortgagee of a Lot and, by reason of such payment, the insurance proceeds are not made available to the Association as trustee, or otherwise, to effect any repair, reconstruction, or restoration of any damage and/or destruction to all or any portion of the Properties as provided in these CC&Rs, the amount of such proceeds not made available must be assessed and charged to and against the Member(s) and their Lot as an Emergency Special Assessment. The Emergency Special Assessment must be made by written notification from the Board to the Member or Members against whom made.

19.9 Encroachment. If a Building is partially or totally destroyed and then rebuilt, Members agree that minor encroachments of the Common Area on Lots or of Lots on the Common Area or on other Lots are permitted and that valid easements for the encroachments exist. Such encroachments are not considered to be encumbrances either on the Lots or the Common Area.

ARTICLE 20: CONDEMNATION

20.1 Notice. Promptly upon learning of any potential condemnation or sale by eminent domain, the Board must notify all Members and First Mortgagees who have filed a written request for notice.

20.2 Payment for Common Area. When an action in eminent domain is brought to condemn all or any portion of the Common Areas, the Association must represent the Members in all proceedings, negotiations, or settlements. Awards for the acquisition of Common Area must be paid to the Board, as trustee, for deposit into the Association's Reserves unless a majority of the total voting power of the Association elects to distribute the award among the Members in accordance with their Percentage Interest.

20.3 Payment for Lot. When an action in eminent domain is brought to condemn all or any portion of one or more Lots, the award made for such taking must be payable to the respective Owners of the Lots, subject to: (i) the rights of Mortgagees holding Mortgages covering such Lots; and (ii) all unpaid Assessments of each Member, taken together with interest and other pending charges. The Board of Directors has no responsibility for the restoration of a Member's personal or real property taken as a result of condemnation.

20.4 Revision of Documents. When any part of the Properties is condemned, the Board must, as soon as practical, prepare, file, and/or record a revised subdivision map, or other documents, reports, schedules, or exhibits necessary to show the changed or altered status of the Properties.

20.5 Status of Membership. If a Lot is taken in condemnation, the Lot ceases to be part of the Properties, the Member ceases to be a Member of the Association, and the Percentage Interest in Common Area appurtenant to that Lot automatically become vested in the remaining Members, in proportion to their respective Percentage Interests in the Common Area.

ARTICLE 21: MISCELLANEOUS

21.1 Amendment. Amendment or restatement of these CC&Rs is permitted by obtaining the affirmative vote of Members comprising more than fifty percent (50%) of the Voting Power of the Association or as provided for by law, provided that the percentage of the Voting Power necessary to amend a specific provision is not less than the percentage of affirmative votes prescribed for action to be taken under that provision. Any amendment enacted in compliance with this provision becomes effective when recorded with the Offices of all County Recorders where the Properties are situated.

21.2 Lender Approval. If a First Mortgagee is entitled, by the terms of these CC&Rs, to consent to, approve, disapprove, or object to a proposed amendment to or restatement of the CC&Rs, but fails to return a ballot, or other form providing written disapproval or objection within thirty (30) days of receipt, such First Mortgagee is deemed to have consented to and approved the proposed amendment or restatement, provided the ballot, or other form permitting written disapproval or objection, was delivered by certified or registered mail with return receipt requested and the delivery signed for by a representative of the First Mortgagee.

21.3 Amendment to Conform to Statute. If a provision in these CC&Rs contradicts current law, according to a written opinion of the Association's legal counsel, on the unanimous approval of the Board of Directors and without approval of the Members, the Board is authorized to amend that provision, but only to the extent necessary to render the provision compliant with applicable law. A resolution explaining the need for the change must be adopted by the Board in an open meeting of the Board and recorded in the minutes.

21.4 Term of CC&Rs. These CC&Rs continue in full force and effect for a term of sixty (60) years from the date of their recordation (the Renewal Date), after which time they are automatically extended for successive periods of twenty (20) years. The provisions of this Article are also subject to any prohibitions against partitioning the Common Area that might apply.

- a. *Termination Within Six (6) Months of the Renewal Date.* These CC&Rs may be terminated if, within six (6) months prior to the Renewal Date of any twenty-year extension period, (i) at least seventy-five percent (75%) of the Members approve by secret ballot circulated by the Association via its Board of Directors to terminate these CC&Rs, and (ii) an appropriate governmental agency has agreed in writing to assume the Association's Common Area maintenance, repair, and replacement obligations, and (iii) certification of the Membership's and First Mortgagee's approval to terminate and the agency's agreement to assume maintenance duties are recorded with the Office of County Recorder in which the Properties are situated, and (iv) the Association's contractual and other legal obligations are wound up, and (v) all required corporate filings, tax returns, and notices are filed with appropriate agencies to effectuate dissolution of the Association/corporation, and (vi) insurance tail coverage is purchased to cover any potential liability the Association may have until all applicable statutes of limitations have run their course.
- b. *Termination Following Total Destruction of the Properties.* These CC&Rs may be terminated, in the event the entire Properties is damaged or destroyed by fire, earthquake, groundwater flooding or other similar casualties, if at least seventy-five percent (75%) of the Members approve by secret ballot circulated by the Association via its Board of Directors to terminate these CC&Rs.

21.5 Attorneys' Fees. In a lawsuit by the Association seeking the enforcement of the Governing Documents against a Member or to determine the rights or duties of the Member under the Governing Documents, the prevailing party may be awarded reasonable attorneys' fees and costs as permitted by law.

21.6 Notices. Any communication or notice of any kind permitted or required to be delivered pursuant to the Association's Governing Documents, or pursuant to the Davis-Stirling Act, must be in writing. Such delivery must be made as follows:

- a. *To the Association:*
 - i. *Manner of Delivery.* By electronic delivery (email, facsimile, or other electronic means), by personal delivery (for which a receipt will be provided), or by mail (first class, postage prepaid, registered or certified, express mail, or overnight delivery by an express service center). This provision consents to allow personal delivery and electronic delivery to the Association. However, the Association is permitted to withdraw such consent, in writing, as to any Member whose electronic communications or personal visits are abusive or harassing, and limit communications and notices from such Member to mail only.
 - ii. *Recipient of Delivery.* The Person designated in the Association's annual policy statement to receive documents on behalf of the Association. If no Person has been designated to receive documents, the document must be delivered to the President or Secretary of the Association.
- b. *To the Members:*
 - i. *Manner of Delivery.* For communications and notices subject to the Davis-Stirling Act, in the manner required therein, including individual notice or delivery, general notice or delivery, electronic delivery (with consent), or otherwise. For other communications and notices not subject to the Davis-Stirling Act, by electronic delivery (email, facsimile, or other electronic means), by personal delivery, or by mail (first class, postage prepaid, registered or certified, express mail, or overnight delivery by an express service center).
 - ii. *Location of Delivery by Mail or Email.* Delivery must be made according to the Member's preferred delivery method, or if no method is selected, as otherwise determined by Civil Code §4041, and as further provided for in Civil Code §4040 (individual delivery) and Civil Code §4045 (general delivery).
- c. *When Notice Deemed Delivered.*
 - i. *By Mail.* If a document is delivered by mail, delivery is deemed to be complete on deposit into the United States mail.
 - ii. *By Electronic Means.* If a document is delivered by electronic means, delivery is complete at the time of transmission.

21.7 Headings. The headings contained in these CC&Rs are for convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction of any term or provision of these CC&Rs.

21.8 Liberal Construction. The provisions of the Governing Documents must be liberally construed to effectuate their purpose of creating a uniform plan for the use, operation and maintenance of the Properties.

21.9 Number and Gender. Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

21.10 Severability. The provisions of these CC&Rs and any other Governing Document are deemed independent and severable and the invalidity, partial invalidity, or unenforceability of any one provision has no effect on the validity or enforceability of any other provision.

21.11 No Public Rights. Nothing contained in these CC&Rs is a gift or dedication of all or any portion of the Properties to the general public or for any public use or purpose whatsoever.

21.12 Successor Association. If the Association, as a corporate entity, is dissolved, a nonprofit, unincorporated association, without further action, automatically succeeds to all the rights and duties of the corporation. The affairs of the unincorporated association will continue to be governed by these CC&Rs, the Bylaws, and the Rules and Regulations, as well as any applicable law.

21.13 Conflicting Provisions. When a conflict exists between these CC&Rs and the Articles or the Bylaws, these CC&Rs control. When a conflict exists between the Articles and the Bylaws, the Articles control.

CERTIFICATION

WE CERTIFY this ____ day of _____, 2023 that this Second Restated Declaration of Covenants, Conditions and Restrictions has been duly approved and adopted by the affirmative vote of at least a majority of the total voting power of Gold Ridge Forest Property Owners Association.

GOLD RIDGE FOREST PROPERTY OWNERS ASSOCIATION

President

Secretary

SIGNATURES MUST BE NOTARIZED

DRAFT

REPLACE THIS PAGE WITH NOTARY ACKNOWLEDGEMENT

DRAFT

EXHIBIT "A"
LEGAL DESCRIPTION

GOLD RIDGE FOREST SUBDIVISION UNIT I

Residential Lots 1 through 245 and **Common Area Lots** C-1 through C-11, all as shown on that certain Map for Subdivision Unit I, 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.

GOLD RIDGE FOREST SUBDIVISION UNIT II

Residential Lots 1 through 224 and **Common Area Lots** C-5, and C-9 through C-19, all as shown on that certain Map for Subdivision Unit II, 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.

Residential Lots 74 and 75 of Subdivision Unit II were subsequently re-subdivided as Parcels A and B, pursuant to the Parcel Map filed in the Office of the Recorder of the County of El Dorado, State of California, on the 27th day of October 1978, as Document No. 49710, in Book 21 of Parcel Maps, Page 148.

GOLD RIDGE FOREST SUBDIVISION UNIT III

Residential Lots 1 through 158 and **Common Area Lots** C-16 through C-20, all as shown on that certain Map for Subdivision Unit III, 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 14th day of October 1971, in Book "E" of Maps, at Page 105.

Residential Lots 51, 52, and 53 of Subdivision Unit III were subsequently re-subdivided as Parcels A, B, and C, pursuant to the Parcel Map filed in the Office of the Recorder of the County of El Dorado, State of California, on the 27th of April 1983, as Document No. 15258, in Book 31 of Parcel Maps, Page 148.

Residential Lots 74 and 75 of Subdivision Unit III were subsequently re-subdivided as Parcels A and B, pursuant to the Parcel Map filed in the Office of the Recorder of the County of El Dorado, State of California, on the 25th day of June 1982, as Document No. 21101, in Book 31 of Parcel Maps, Page 21.

RECREATION AREA

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 $31^{\circ} 40' 56''$, 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. 614.141 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 15th. tangent to the preceding course, N. $46^{\circ} 45'$ E. 181.03 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/ 439.84 feet; thence 20th. Southwesterly, along the arc of a curve to the left, with a radius of 390 feet and a central angle of $21^{\circ} 35' 12''$ 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.

The property described above is that property conveyed to Gold Ridge Forest Property Owners Association I, II, and III by Grant Deed dated October 15, 1974 and executed by WESTERN TITLE INSURANCE COMPANY, a California Corporation.

(The metes and bounds legal description for the Recreation Area, as set forth above, was transcribed from the Grant Deed recorded in the Office of the County Recorder for El Dorado County on October 15, 1974, as Document No. 29344, in Book 1291, Page 448. Because this legal description has been taken from a prior recorded document, the recording party makes no representation as to the sufficiency or accuracy of the legal description transcribed herein).