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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.

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**FIRST RESTATED MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
IRONWOOD DIAMOND OAKS**

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**FIRST RESTATED MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR IRONWOOD DIAMOND OAKS**

The Master Declaration of Covenants, Conditions and Restrictions for Ironwood Diamond Oaks Homeowners Association, executed by Glenn E. Shaffer, Jr., an individual (the "Declarant") and recorded, in the Official Records of Placer County, California, on May 9, 1989, in Book 3624, Page 423 of said Official Records (the "Original Declaration"), which Original Declaration affects all of the real property described in Recital "A," below, and commonly known as Ironwood Diamond Oaks is hereby amended and restated in its entirety to read as follows:

RECITALS

A. The Declarant was the owner of certain property located in the City of Roseville, County of Placer, State of California, which is more particularly described in Exhibit "A," attached hereto and incorporated herein by reference. In this Declaration that real property is, at times, referred to by its common name which is Ironwood Diamond Oaks and at other times, depending on the context, as the "Development".

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

C. It was the further intention of the Declarant to sell and convey residential Lots improved by residences to the Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes between Declarant and such Owners which are set forth in this Declaration and which are intended to be in furtherance of a general plan for the subdivision, development, sale and use of the Development as a "planned development" as that term is defined in section 1351, subdivision (k) of the California Civil Code. Finally, it was the intention of Declarant that the "Common Areas" and "Common Facilities", as defined herein, be owned and maintained by the Association, but reserved exclusively for the use and enjoyment of the Members of the Association, their tenants, lessees, guests and invitees, all subject to the terms and conditions of the Governing Documents.

D. On October 19th, 2008, more than sixty-four percent (64%) of the voting power of the Members of the Association voted by written ballot to amend, consolidate and restate the Original Declaration, all in accordance with the procedures for amendment set forth in Article XIV, Section 5 of the Original Declaration. It was the intention of said Owners to replace the Original Declaration, in its entirety, with the recordation of this Declaration, without changing

the priority of the Original Declaration in the chain of title to the Lots and Common Areas comprising the Development. The action of the Members of the Association to amend and restate the Original Declaration as set forth herein and the fact that the requisite percentage of affirmative votes required in the Original Declaration was achieved, is attested by the execution of this First Restated Declaration by duly authorized officers of the Association, as required by section 1355, subdivision (a), of the California Civil Code. As so amended and restated, the easements, covenants, restrictions and conditions set forth herein shall run with the Property comprising the Development and shall be binding upon all parties having or acquiring any right, title or interest in any portion of the Development and shall inure to the benefit of each Owner of an interest in such real property.

ARTICLE I DEFINITIONS

The following terms used in this Master Declaration are defined as follows:

Section 1.01. "Architectural Committee" means and refers to the Architectural Committee created pursuant to Article V of this Master Declaration.

Section 1.02. "Articles" and "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Ironwood Diamond Oaks Homeowners Association, which are filed in the Office of the Secretary of State of California, as amended from time to time.

Section 1.03. "Assessments" The Association shall have the power and authority pursuant to Article IV, below, to levy and collect the following types of Assessments from the Owners of Lots in the Development:

(a) "Regular Assessment" shall mean the amount, which is to be paid by each Owner of a Lot to the Association for Common Expenses as provided in Section 4.02, below.

(b) "Special Assessment" shall mean a charge against each Owner and his or her Lot, representing a portion of the cost to the Association for installation or construction of any capital improvements on any of the Common Area which the Association may authorize pursuant to the provisions of this Master Declaration (see Section 4.03, below).

(c) "Special Individual Assessment" shall mean a charge against a particular Owner levied pursuant to Section 4.04, below, for the purpose of reimbursing the Association for costs incurred in bringing the Owner and his or her Lot and improvements thereon into compliance with the provisions of this Master Declaration, the Articles, Bylaws, or Association Rules, or any other charge designated as a Special Individual Assessment in this Declaration or Association Rules, together with attorneys fees and other charges payable by such Owner, pursuant to the provisions of this Master Declaration.

(d) "Emergency Assessment" means an Assessment that the Association is authorized and empowered to impose under the limited circumstances defined in California Civil Code section 1366(b) and Section 4.05, below.

Section 1.04. "Association" shall mean and refer to IRONWOOD DIAMOND OAKS HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation, its successors and assigns.

Section 1.05. "Association Rules" means and refers to any rules and regulations adopted by the Board of Directors pursuant to the authority conferred in Section 3.08, below.

Section 1.06. "Board of Directors" or "Board" shall mean and refer to the duly elected Board of Directors of the Association.

Section 1.07. "Bylaws" shall mean the Bylaws of the Association, as amended from time to time.

Section 1.08. "City" shall mean and refer to the City of Roseville, California, a Charter City of the State of California.

Section 1.09. "Common Area" shall mean all portions of the Development except the Lots, and shall include all constructed facilities as well as all other land within the Property, all as specifically defined and described in the Final Map for the Development, the title to the Common Area shall be held by the Association for the use, enjoyment and benefit of the Members and may not be sold or otherwise severed from the common use of the Members.

Section 1.10. "Common Expenses" shall mean and refer to the actual and estimated cost of:

- (a) Maintenance, management, operation, repair and replacement of the Common Area, and all other areas on the Property which are maintained by the Association
- (b) Unpaid Special, Emergency, and Special Individual Assessments
- (c) Management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees.
- (d) Utilities, trash pickup and disposal, gardening and other services benefiting the Owners and their Lots to the extent such services are paid for by the Association and not separately and individually billed directly to Owners;
- (e) Fire, casualty, liability, worker's compensation and other insurance covering the Common Area, the Development and the Association;
- (f) Any other insurance obtained by the Association.
- (g) reasonable reserves as deemed appropriate by the Board.
- (h) bonding of any professional managing agent or any other person handling the funds of the Association;
- (i) any taxes paid by the Association

(j) amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Area or portions thereof.

(k) costs incurred by the Architectural Committee or other committees of the Association; and

(l) such other costs or expenses incurred by the Association in connection with the Common Area, this Master Declaration, the Articles or Bylaws or in furtherance of the purposes of the Association or in the discharge of any obligations imposed on the Association by this Master Declaration.

Section 1.11. "Declarant" means and refers to the original developer of the Ironwood Diamond Oaks development, namely Glenn E. Shaffer, Jr.

Section 1.12. "Declaration" or "Master Declaration" shall mean this First Restated Master Declaration of Covenants, Conditions and Restrictions for Ironwood Diamond Oaks, as the same may be amended or modified from time to time. The "Original Declaration" shall mean and refer to the declaration that is described as such in the Preamble to this Declaration.

Section 1.13. "Development" shall mean and refer to all of the Property, together with all of the Lots, Common Areas, and improvements now located or hereafter constructed thereon. At times herein the Development is referred to by its common name which is Ironwood Diamond Oaks.

Section 1.14. "Governing Documents" shall be a collective term that refers to this Declaration, the Articles of Incorporation and Bylaws of the Association, and the Association Rules.

Section 1.15. "Lot" shall refer to one of the single family Lots numbered 1 through 39 as more particularly described in Exhibit "A" attached hereto.

Section 1.16. "Improvements" shall include buildings, outbuildings, driveways, parking areas, fences, screening walls, gates, retaining walls, stairs, decks, hedges, windbreaks, plantings, trees and shrubs, poles, signs and all other structures and landscaping improvements of every type and kind.

Section 1.17. "Institutional Holders" shall mean and refer to any beneficiary of a deed of trust or mortgagee of a mortgage which encumbers a Lot and which is a bank or savings and loan association or established mortgage company or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 1.18. "Majority of a Quorum" means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the membership meeting or the number of ballots cast within the time prescribed for the return of ballots in order to be counted equals or exceeds the quorum requirement specified in Section 5.05 of the Association Bylaws.

Section 1.19. "Member" shall mean and refer to each person entitled to membership in the Association as provided in this Declaration, the Articles of Incorporation and Bylaws of the Association.

Section 1.20. "Mortgage" shall mean and refer to any duly recorded and valid mortgage or deed of trust encumbering a Lot.

Section 1.21. "Owners" shall mean and refer to one or more persons or entities holding fee title or an equitable ownership interest in any Lot including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.22. "Property" shall mean and refer to all of the real property described in Exhibit "A" attached hereto.

Section 1.23. "Vehicle Parking" vehicle parking shall be as defined on the recorded Subdivision Map as shown on Exhibit "A." No vehicle parking will be permitted on the private streets within the Common Areas of the Development.

ARTICLE II PROPERTY RIGHTS AND OBLIGATIONS OF OWNERS

Section 2.01. Designation of Development. The Ironwood Diamond Oaks development is hereby divided into the following elements as part of a plan for improvement of the Property as a common interest development, as that term is defined in California Civil Code sections 1351(c)(3) and 1351(k):

(a) Thirty-nine (39) residential Lots, which are shown, defined as and described on the recorded Subdivision Map for the Development which is more particularly identified in Exhibit "A." attached hereto.

(b) The Common Area consisting of the remainder of the Development, which is shown on the Subdivision Map as Lot "A", and described on Exhibit "A" attached hereto. The title to the Common Area shall be held by the Association for the use, enjoyment and benefit of the Members and may not be sold or otherwise severed from the common use of the Members.

Section 2.02. Interest in Common Area. Acquisition of title to a Lot shall also include the right to use and enjoy all of the Common Areas within the Development. The Association will own the Common Area and each Owner of a Lot shall become a Member of the Association with the membership being appurtenant to the Lot owned.

Section 2.03. Members' Rights and Easements of Enjoyment in the Common Areas. Every Member of the Association shall have a non-exclusive easement for use and enjoyment of the Common Area, which shall be appurtenant to and pass with title to each Lot, subject to all of the easements, covenants, conditions, restrictions and other provisions contained in this Master Declaration, including, without limitation, the following:

(a) The right of the Board of Directors to reasonably limit the number of guests of Owners using the Common Area.

(b) The right of the Board of Directors to establish uniform rules and regulations pertaining to the use of the Common Area.

(c) The right of the Board, upon the vote or written assent of sixty-six and two-thirds percent (66-2/3%) of the voting power of Members, to borrow money for the purpose of improving the Common Area and any improvements thereon and (subject to the rights of Institutional Holders described in Article XII, below) to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(d) Subject to the rights of Institutional Holders described in Article XII, below, the right of the Board to dedicate, release, alienate, transfer or assign an interest in the Common Areas to any public agency, authority, utility or other person for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication, release, alienation, transfer or assignment shall be effective, unless an instrument is signed by Members entitled to cast at least two-thirds (2/3) of the voting power of the Members of the Association agreeing to such dedication, release, alienation or transfer has been recorded.

(e) The right of the Board of Directors to suspend the rights and easements of use and enjoyment of the Common Area, of any Member, and the persons deriving such rights and easements from any Member, for any period during which the payment of any assessment against such Member and his or her Lot remains delinquent, and, after notice and hearing with an opportunity to be heard, to impose monetary penalties or suspend such use rights and easements, except that such Member shall not be denied use of the private road for access to his or her Lot, for a reasonable period of time as determined by the Board of Directors for any violation of this Master Declaration, the Articles, Bylaws or the Association Rules, it being understood that any suspension for either nonpayment of any assessment or breach of such restrictions shall not constitute a waiver or discharge of the Member's obligation to pay assessments or comply with the restrictions;

Section 2.04. Delegation of Use. Any Member may delegate his or her right to use and enjoy the Common Areas of the Development to the members of the Member's family, his or her guests or tenants who reside on the Member's Lot, subject to applicable Association Rules as may be adopted by the Board of Directors from time to time. No Owner shall lease his or her Lot for transient or hotel purposes or lease less than the entire Lot. The terms of any lease shall be in accordance with and subject in all respects to the provisions of this Master Declaration, the Bylaws and Association Rules, and any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases must be in writing and a copy of the lease shall be provided to the Association.

Section 2.05. Obligations of Owners. Owners of Lots within the Development shall be subject to the following:

(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the secretary of the Association or the Association's property manager, if any, of the names of any contract purchaser or tenant residing in the Owner's Lot. Each Owner, contract purchaser or tenant shall also notify the secretary of the Association of the names of all persons to whom such Owner, contract purchaser or tenant has delegated any rights to use and enjoy the Development and the relationship that each such person bears to the Owner, contract purchaser or tenant.

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

(c) Notification to Prospective Purchasers Regarding Governing Documents.

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

(A) a copy of the Governing Documents;

(B) a copy of the most recent documents distributed by the Association pursuant to California Civil Code section 1365 (see Article XII of the Bylaws);

(C) a true statement ("delinquency statement") in writing from an authorized representative of the Association as to: (1) the amount of the Association's current regular and special assessments and fees; (2) the amount of any assessments levied upon the Owners Lot that remain unpaid as of the date of the delinquency statement and any monetary fines or penalties levied upon the Owner's Lot an unpaid as of the date of the delinquency statement. The delinquency statement shall also include true information on late charges, interest, and costs of collection that, as of the date of the delinquency statement, are or may become a lien against the Owner's Lot pursuant to Civil Code sections 1367 and 1367.1;

(D) a copy or a summary of any notice previously sent to the Owner pursuant to Civil Code section 1363(h), that sets forth any alleged violations of the Governing Documents that remain unresolved at the time of the request; and

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

(ii) Within ten (10) days of the mailing or delivery of a request for the information described in subparagraph (c)(i), above, the Association shall provide the Owner with copies of the requested items. The items that the Association is obligated to provide pursuant to this subparagraph (c) may be maintained in electronic form and requesting parties shall have the option of receiving them by electronic transmission or machine readable storage

media if the Association maintains these items in electronic form. The Association may charge a reasonable fee for these services based upon the Association's actual cost to procure, prepare, and reproduce the requested items.

(d) Payment of Assessments and Compliance with Rules. Each Owner shall pay, when due, each Regular, Special and Special Individual Assessment levied against the Owner and his or her Lot and shall observe, comply with and abide by any and all rules and regulations set forth in, or promulgated by the Association pursuant to, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities. No Member may exempt himself or herself from personal liability for Assessments duly levied by the Association, or release his or her Lot from the liens, charges and other provisions of this Master Declaration, the Articles, Bylaws and Association Rules, by waiver of the use enjoyment of the Common Area or the abandonment of Lot.

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

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

ARTICLE III IRONWOOD DIAMOND OAKS HOMEOWNERS ASSOCIATION

Section 3.01. Requirement of Membership in the Association. The Ironwood Diamond Oaks Homeowners Association is a California nonprofit mutual benefit corporation. Ownership of a Lot or interest in the Development shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until his or her ownership in all Lots in the Development ceases, at which time his or her membership in the Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or deed in lieu thereof.

Section 3.02. Association Action; Board of Directors and Officers. With the exception of those matters requiring approval of Members under the Governing Documents or California law, the affairs of the Association shall be conducted and all corporate powers shall be exercised by the Board of Directors and such officers as the Board may elect or appoint. Except as otherwise provided in the Governing Documents or California law, all matters requiring the approval of Members shall be deemed approved if approved by a Majority of a Quorum of the Members.

Section 3.03. Membership. The Association shall have one class of membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

Section 3.04. Voting Rights of Members. Each Member of the Association shall be entitled to one vote for each Lot owned by said Member. When more than one person holds an interest in any Lot, all such persons shall be Members; although in no event shall more than one vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in Section 14.06, below.

Section 3.05. Assessments. The Association shall have the power to establish, fix and levy Assessments against the Owners of Lots within the Development and to enforce payment of such Assessments in accordance with Article IV, below. Any Assessments levied by the Association on its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

Section 3.06. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale or encumbrance of the Lot to which it is appurtenant and then, only to the purchaser. In the case of a sale, membership passes automatically to the purchaser upon recording of a deed evidencing transfer of title to the Lot. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to Section 2.04, above, do not thereby become Members, although the tenant and Members of the tenant's family shall, at all times, be subject to the provisions of all Governing Documents. Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in the Owner's name to the purchaser of his or her Lot, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 3.07. Powers and Authority of the Association.

(a) Powers, Generally. The Association shall have the responsibility of owning, managing and maintaining the Common Areas and Common Facilities and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of its properties and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon are set forth in Article IX of the Bylaws.

(b) Power to Contract for Management of the Association. The Association shall have the right and power to employ or engage a manager and other employees or agents and contract for such services, labor and materials as it may deem reasonably necessary to operate and maintain the Development, the Common Area and the improvements thereon and to discharge its other duties. Any agreement for professional management of the Association or any

contract providing for services must provide for termination of such contract or agreement by either party with or without cause or payment of a termination fee on thirty (30) days or less written notice and for a maximum contract term not to exceed one (1) year.

(c) Association's Limited Right of Entry.

(i) Right of Entry, Generally. Without limiting the foregoing description of powers, but in addition thereto, the Association and its agents shall have the right and power to enter any Lot to perform the Association's obligations under this Declaration, including: (A) obligations to enforce the architectural review and approval requirements, minimum construction standards and/or land use restrictions of Articles V and VII, below; (B) any obligations with respect to construction, maintenance and repair of any portion of the Common Areas; or (C) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, any portion of the Development or the Owners in common.

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

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

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

(C) In all non-emergency situations involving access by the Association for purposes of enforcing the Governing Documents against an Owner in default, the Association's entry shall be subject to observance of the notice and hearing requirements imposed by Section 13.06, below.

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

Section 3.08. Association Rules.

(a) Rule Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners ("Association Rules"). The Association Rules may concern, but need not be limited to: (i) matters pertaining to use of the Common Area and Common Facilities; (ii) architectural control and the rules of the Architectural Committee under Article V, below (iii) regulation of pet ownership, parking, signs, collection and disposal of refuse and other matters

subject to regulation and restriction under Article VII, below; (iv) collection of delinquent Assessments; (v) minimum standards of maintenance of landscaping or other Improvements on any Lot; (vi) the conduct of disciplinary proceedings in accordance with Section 14.06, below, (vii) and any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents. Once the authority to appoint members of the Design Review Committee is vested solely in the Board of Directors of the Association, the Association Rules shall also include the Architectural Rules.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the Governing Documents or the rights, preferences and privileges of the Owners thereunder. In the event of any material conflict between any Association Rule and the provisions of any other Governing Document, the conflicting provisions contained in the other Governing Document shall prevail. All Association Rules shall be adopted, amended and repealed (as the case may be) in good faith and in substantial compliance with this Declaration and California Civil Code sections 1357.100 through 1357.150.

(b) Distribution of Rules. A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner.

(c) Adoption and Amendment of Rules.

(i) Requirement of Prior Notice to the Members of Certain Operating Rules or Amendments Thereto. California Civil Code section 1357.100 defines an "Operating Rule" as an Association Rule or regulation that applies generally to the management and operation of the Development or to the conduct of the business and affairs of the Association. That Civil Code section further defines a "Rule Change" as any adoption, amendment, or repeal of an Operating Rule by the Board of Directors. Civil Code section 1357.120 identifies seven (7) types of Operating Rules (and Rule Changes involving such Operating Rules) that must first be provided to the members in writing at least thirty (30) days prior to the Board taking action to implement the Rule Change. The notice must include the text of the proposed Rule Change and a description of the purpose and effect of the proposed Rule Change. This requirement of prior notice to the Members applies only to Operating Rules that relate to one or more of the following subjects:

- (A) Use of the Common Areas of the Development;
- (B) Use of any Lot in the Development (including Architectural Rules);
- (C) Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties;
- (D) Any standards for delinquent assessment payment plans;
- (E) Any procedures adopted by the Association for resolution of disputes;

- (F) Any procedures for reviewing and approving or disapproving a proposed physical change to an Owner's Lot or to the Common Area of the Development in accordance with Article V, below; and
- (G) Procedures for the conduct of elections.

Specifically excluded by Civil Code section 1357.120 from the requirement of prior notice to Members are the following actions of the Board, regardless of whether those actions may be construed as being Association Rules or "Operating Rules", as defined in the Civil Code: (i) any Rule Change that the Board adopts to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association (such "emergency rules" can be adopted and remain in effect for up to 120 days); (ii) decisions regarding maintenance of the Common Areas or Common Facilities; (iii) a decision on a specific matter that is not intended to apply to all Members, generally; (iv) establishing the amount of an assessment; (v) adoption of a Rule Change that is required by law (if the Board of Directors has no discretion regarding the substantive effect of the Rule Change); and (vi) issuance of a document that merely repeats existing law or the Governing Documents.

With respect solely to Operating Rules and/or Rule Changes listed in subparagraphs (A) through (G), of paragraph (c)(i) above, Civil Code section 1357.140 gives Members owning five percent or more of the Lots in the Development the right to demand that a special meeting of the Members be called to reverse a proposed Rule Change, so long as the request for the special meeting is delivered to the Association not more than thirty (30) days after the Members are given notice of the Rule Change. If a proper and timely demand for a special meeting to vote to rescind an Operating Rule or Rule Change is tendered to the Association, the Board shall establish the date, time and location of the meeting and provide notice thereof to the Members in accordance with Corporations Code Section 7511(c).

So long as a quorum of the Members is present at any such meeting, the Rule Change can be reversed on the affirmative vote of a Majority of a Quorum of the Members, with each Member having one vote on the matter for each Lot owned. If the Members vote to reverse an Operating rule or a Rule Change, the Board may not take action to readopt the Operating Rule or Rule Change for a period of one year after the date of the special meeting where reversal of the Operating Rule or Rule Change was approved; provided, however, that this provision is not intended to preclude the Board from adopting a different Operating Rule or Rule Change on the same subject as the Rule Change that was successfully reversed. As soon as possible following the close of voting on any proposal to reverse an Operating Rule or Rule Change, but not more than fifteen (15) days after the close of voting, the Board shall provide notice to each Member of the results of the Member vote by personal delivery or first-class mail.

(ii) Adoption of Other Association Rules. Except as provided in subparagraph (c)(i), above, with respect to certain Operating Rules and Rule Changes that must first be distributed to the Members, other Association Rules may be adopted or amended from time to time by majority vote of the Board, provided, however, that no Association Rule or amendment thereto shall be adopted by the Board until at least thirty (30) days after the proposed rule or rule amendment has been distributed in writing to each Member, along with a description of the purpose and effect of the proposed Association Rule or amendment thereto. The notice

describing the proposed rule or amendment shall also set forth the date, time and location of the Board meeting at which action on the proposal is scheduled to be taken. Any duly adopted rule or amendment to the Association Rules shall become effective immediately following the date of adoption thereof by the Board, or at such later date as the Board may deem appropriate. Any duly adopted rule or rule amendment shall be distributed to the Owners by mail or personal delivery.

(iii) Prohibition on Adoption of Certain Rules. In accordance with Civil Code section 1368.1, any rule or regulation of an association that arbitrarily or unreasonably restricts an Owner's ability to market his or her Lot or Residence is void. Without limiting the foregoing, in no event shall the Association be entitled to impose an Assessment or fee in connection with the marketing of an Owner's Lot or Residence in an amount that exceeds the Association's actual and direct costs (see also, Section 4.01(e), below).

Section 3.09. Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XIV, below.

Section 3.10. Limitation on Liability of the Association's Directors and Officers.

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

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

(b) Other Claims Involving Tortious Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortious act or omission of a volunteer member of the Board or volunteer officer of the Association shall recover damages from such Board member or officer if all of the following conditions are satisfied:

- (i) The Board member or officer owns no more than two (2) Lots;
- (ii) The act or omission was performed within the scope of the volunteer Board member's or officer's Association duties;
- (iii) The act or omission was performed in good faith;

- (iv) The act or omission was not willful, wanton, or grossly negligent;
- (v) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made general liability insurance with coverage of at least five hundred thousand dollars (\$500,000).

The payment of actual expenses incurred by a Board member or officer in the execution of such person's Association duties shall not affect such person's status as a volunteer Board member or officer for the purposes of this section. The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of Associations pursuant to California Civil Code section 1365.7. In the event said Civil Code section is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

ARTICLE IV ASSESSMENTS

Section 4.01. Assessments Generally.

(a) **Covenant to Pay Assessments.** Each Owner of a Lot by acceptance of a deed therefor (whether or not it shall be so expressed in such deed), covenants and agrees to pay to the Association: (i) Regular Assessments; (ii) Special Assessments; (iii) Special Individual Assessments; and (iv) Emergency Assessments, as those categories of Association Assessments are defined herein. Each such Assessment shall be established and collected as hereinafter provided.

(b) **Extent of Owner's Personal Obligation for Assessments.** All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the person who is the Owner of the Lot at the time the Assessment is levied. Each Owner who acquires title to a Lot (whether by conventional conveyance, at a judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot which become due and payable after the date that the person acquires title. Accordingly, when a person acquires title to a Lot, he or she shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. However, if the acquired Lot is conveyed subject to a valid lien for delinquent Assessments (and related costs of collection), the Association may continue to exercise its foreclosure remedies against the Lot, regardless of the change of ownership, and/or the Association may pursue its collection remedies against the prior Owner, individually.

(c) **Creation of Assessment Lien.** With the exception of the limitations imposed by law on the collection of certain Special Individual Assessments by use of lien and foreclosure remedies, all Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a charge on the Lot and shall be a

lien upon the Lot against which such Assessment is made from and after the date that the Association causes to be Recorded in the Office of the County Recorder a Notice of Delinquent Assessment pursuant to Section 4.10(b)(v), below. Any lien for unpaid Assessments created pursuant to the provisions of this Article may be subject to foreclosure as provided in Section 4.10(b), below.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself/herself or the Owner's Lot from liability or charge for the Owner's share of any Assessment made against the Owner or his or her share of any Regular or Special Assessment made against the Owner's Lot, by waiving or relinquishing, or offering to waive or relinquish, the Owner's right to use and enjoy all or any portion of the Common Area or Common Facilities or by the abandonment or non-use of the Owner's Lot.

(e) Improper Assessment. The Association shall not impose or collect an Assessment, penalty or fee which exceeds the amount necessary for the purpose or purposes for which it is levied.

Section 4.02. Regular Assessments.

(a) Preparation of Annual Budget; Establishment of Regular Assessments. Not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities) by preparing and distributing to all Members a budget satisfying the requirements of Section 12.05 of the Bylaws. If the Board fails to distribute the budget for any fiscal year within the time period specified in the first sentence of this section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains the approval of the requisite percentage of the Members in accordance with Section 4.08, below.

(b) Establishment of Regular Assessment; Member Approval Requirements for Certain Assessment Increases. The total Common Expenses estimated in the Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year; provided, however, that except as provided in Section 4.05, below ("Emergency Assessments") the Board of Directors may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Association's immediately preceding fiscal year without the Members' prior approval in accordance with Section 4.08, below.

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

(d) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member of the Association. The Assessment roll shall show, for each Lot, the name and address of the Owner of Record, all Regular, Special and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments which have been paid or remain unpaid. The delinquency statement required by Section 2.05(c), above, shall be conclusive upon the Association and the Owner of such Lot as to the amount of such indebtedness appearing on the Association's Assessment roll as of the date of such statement in favor of all persons who rely thereon in good faith.

(e) Mailing Notice of Assessment. Concurrently with distribution of the annual budget materials in accordance with subparagraph (a), above, the Board of Directors shall provide notice by first-class mail to each Owner at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association of the amount of the Regular Assessment for the next succeeding fiscal year.

(f) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Section 4.03(a)(i), below, for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Board.

(g) Payment of the Regular Assessment. Unless other payment arrangements are made and agreed to by the Board and communicated to the Members at the time the annual budget is distributed, the Regular Assessment shall be due and payable in a single lump-sum payment within thirty (30) days of the start of each fiscal year. Regular Assessments shall be delinquent if not paid within that thirty (30) day period.

Section 4.03. Special Assessments.

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

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

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

(b) Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with Section 4.08, below: (i) any Special Assessments which, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied; and (ii) any Special Assessments imposed pursuant to subparagraph (a)(i) of this section when the Board has failed to distribute a budget to the Members within the time specified in Section 4.02(a), above. The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any "emergency situation" as defined in Section 4.05, below.

(c) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 4.02(c), above. The Special Assessment so levied shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner.

Special Assessments shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable in full to the Association within thirty (30) days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

Section 4.04. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4.03, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below; provided, however, that no Special Individual Assessments may be imposed against an Owner pursuant to this Section 4.04 until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Section 14.06, below, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Damage to Common Area or Common Facilities. In the event that any damage to, or destruction of, any portion of the Common Area or the Common Facilities is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees or invitees, the

Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

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

(iii) Required Maintenance on Lots. If any Lot is maintained so as to become a nuisance, fire or safety hazard for any reason, the Association shall have the right to enter said Lot, correct the condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Association shall be effected in accordance with Section 3.07(c), above.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed, in subparagraph (a) of this Section, such Special Individual Assessment shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within thirty (30) days after the mailing of notice of the Assessment. As more particularly provided in Section 4.10(b)(ix), below, only certain Special Individual Assessments may be collected through the use of lien and foreclosure remedies.

(c) Limitation on Right to Lien Lots For Special Individual Assessments. The right of the Association to collect delinquent Special Individual Assessments through the use of lien and foreclosure remedies is subject to the limitations set forth in Section 4.10(b)(ix), below. However Special Individual Assessments may be collected by the Association through the use of other legal processes, including, without limitation, an action in small claims court.

Section 4.05. Assessments to Address Emergency Situations.

(a) Authority of Board to Impose Emergency Assessments. The requirement of a membership vote to approve: (i) Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment; or (ii) Special Assessments which, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied, shall not apply to Assessments necessary to address emergency situations ("Emergency Assessments"). For purposes of this Section, an emergency situation is any of the following:

(i) An extraordinary expense required by an order of a court;

(ii) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities where a threat to personal safety is discovered; or

(iii) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to Section 4.02(a), above; provided, however, that prior to the imposition or collection of an assessment under this subparagraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of assessment.

(b) Payment of Emergency Assessments. When levied by the Board the Emergency Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 4.02(c), above. The Emergency Assessment so levied shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner. An Emergency Assessment shall be due as a separate debt of the Owner and shall be payable in full to the Association within thirty (30) days after the mailing of the notice of the Emergency Assessment or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Emergency Assessment. If an Emergency Assessment is not paid on or before the due date, the Assessment may be enforced in the manner provided in Section 4.10, below.

Section 4.06. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively: (a) to promote the recreation, health, safety and welfare of individuals residing within the Development; (b) to promote the enjoyment and use of the Development by the Owners and their families, tenants, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Area and Common Facilities.

Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns; provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them. Subject to the limitations imposed by Section 4.10(b)(ix), above, limiting the right of the Association to impose a lien as a remedy for collecting some types of Special Individual Assessments, the Association shall also be entitled to collect delinquent Assessments through lien and foreclosure, as more particularly provided in Section 4.10, below.

Section 4.07. Exemption of Certain Portions of the Development From Assessments. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

- (a) Any portion of the Development dedicated and accepted by a local public authority;

- (b) The Common Area and Common Facilities; and
- (c) Any Lot owned by the Association.

Section 4.08. Notice and Procedure for Member Approval Pursuant to Sections 4.02 and 4.03. In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to Sections 4.02 and 4.03, above, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members. The quorum required for such membership action shall be a majority of the Members.

Section 4.09. Maintenance of Assessment Funds.

(a) Establishment and Maintenance of Association Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors. In addition, the Board shall be entitled to make prudent investment of reserve funds in FDIC insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code section 1365.5 and Section 12.02 of the Bylaws. Any interest received on deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b), below.

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

(c) Separate Accounts; Commingling of Funds. Except as otherwise provided in subparagraph (d), below, to preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate accounting of all funds received by the Association in payment of each Assessment and of all disbursements made therefrom; provided, however, that receipts and disbursements of Special Assessments made pursuant to Section 4.03(a)(i), above, shall be

accounted for together with the receipts and disbursements of Regular Assessments, and a separate accounting shall be maintained for each capital Improvement for which reserve funds for replacement are allocated.

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

(d) Reserve Funds. As more particularly provided in Article XII of the Association Bylaws, the Association Board is required by law to periodically identify the major components of the Development that the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of thirty (30) years or less. In the capital reserve analysis process, the Board is also obligated to identify the probable remaining useful life of the components identified in the study and to estimate the cost of repair, replacement, restoration, or maintenance of the components during and at the end of their useful life. The information developed in this capital reserve replacement analysis is then to be used by the Board as a component of preparing the annual budget of the Association. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or for litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided to the Members as specified in Civil Code section 1363.05. The notice shall include the reasons why the transfer is needed, some of the options for repayment, and whether a special assessment may be considered. If the board authorizes the transfer, the Boards shall issue a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the monies will be repaid to the reserve fund.

The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and upon making a finding supported by documentation that a temporary delay would be in the best interests of the Development, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this subparagraph (d). This Special Assessment is subject to the Member approval requirements of California Civil Code section 1366 and Section 4.03(b), above, if the aggregate amount of the Special Assessment exceeds five percent (5%) of the budgeted gross expenses of the Association for the year in which the Special Assessment is imposed. The Board may, at its discretion, extend the date the payment on the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of that decision in the next available mailing to all Members pursuant to California Corporations Code section 5016, and of the availability of an accounting of those expenses. The Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Association's principal office.

(e) Limitations on Association's Authority to Assign or Pledge Assessment Obligations. The Association may not voluntarily assign or pledge its right to collect payments or Assessments, or to enforce or foreclose a lien of a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association. However, the restrictions imposed by this subparagraph (e) shall not restrict the right or ability of the Association to assign any unpaid obligations of a former Member to a third party for purposes of collection.

Section 4.10. Collection of Assessments; Enforcement of Liens. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board. Special Assessments, Special Individual Assessments and Emergency Assessments shall be delinquent if not paid within the times prescribed in Sections 4.03(c), 4.04(b) and 4.05(b), respectively. When an Assessment becomes delinquent, the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law commencing thirty (30) days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by California Civil Code sections 1366(c) and 1366.1 or comparable successor statutes. Once an assessment becomes delinquent, the Association may elect to one or both of the following remedies:

(a) Enforcement of An Owner's Personal Obligation to Pay Assessments. The Association may bring a legal action directly against the Owner for breach of the Owner's personal obligation to pay the Assessment and in such action shall be entitled to recover the delinquent Assessment or Assessments, accompanying late charges, interest, costs and reasonable attorneys' fees. Commencement of a legal action shall not constitute a waiver of any lien rights as described in subparagraph (b), below.

(b) Imposition and Enforcement of Assessment Lien and Limitations Thereon. Except as otherwise provided in subparagraph (b)(ix), below, with respect to the limitation on the imposition of liens for Special Individual Assessments, the Association may impose a lien against the Owner's Lot for the amount of the delinquent Assessment or Assessments, plus any reasonable costs of collection (including reasonable attorneys fees), late charges and interest by taking the following steps:

(i) Issuance of Delinquency Notice; Contents. At least thirty (30) days prior to recording a lien upon the Owner's Lot to collect a delinquent Assessment, the Association shall notify the Owner in writing by certified mail of the following (the "Delinquency Notice"):

(A) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount, a statement that the Owner of the Lot has the right to inspect the Association records, pursuant to Section 8333 of the Corporations Code, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed: "IMPORTANT NOTICE: IF YOUR LOT IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."

(B) An itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent Assessments, the fees and reasonable costs of collection, reasonable attorneys' fees, any late charges, and interest, if any.

(C) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection previously levied by the Association if it is subsequently determined that the Assessment was paid on time.

(D) The right of the notified Owner to request a meeting with the Board as provided in subparagraph (iv), below.

(ii) Application of Payments. Any payments made by the Lot Owner toward the delinquent Assessment shall first be applied to the Assessments that are owed at the time the payment is made; and only after the Assessments owed are paid in full shall the payments be applied to the fees and the costs of collection, attorneys' fees, late charges or interest. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received the payment on behalf of the Association. The Association shall provide its Members with a mailing address for overnight payment of Assessments.

(iii) Rights of Owners to Dispute Claimed Delinquencies. An Owner may dispute the amounts claimed as due and owing in the Delinquency Notice by submitting to the Board a written explanation of the reasons for his or her dispute. If the Owner wishes to submit an explanation, it must be mailed to the Association within fifteen (15) days of the postmark of the Delinquency Notice. The Board shall respond in writing to the Owner within fifteen (15) days of the date of the postmark of the Owner's explanation.

(iv) Rights of Owners to Propose Payment Plans. An Owner may also submit a written request to meet with the Board to discuss a payment plan for the delinquent assessment. This request must also be made within fifteen (15) days of the postmark of the Delinquency Notice. The Association shall provide the Owners with the standards for payment plans, if such standards have been adopted. So long as a timely request for a meeting has been tendered, the Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request for a meeting, unless there is no regularly-scheduled Board meeting within that period, in which case the Board may designate a committee of one or more Members to meet with the Owner.

(v) Association Assessment Lien Rights. Except as provided in subparagraph (ix), below (relating to Special Individual Assessments), the amount of the Assessment, plus any costs of collection, late charges, and interest assessed in accordance with Civil Code section 1366 shall be a lien on the Owner's Lot from and after the time the Association causes to be recorded in the Office of the County Recorder a Notice of Delinquent Assessment, which shall state the amount of the Assessment and other sums imposed in accordance with Civil Code Section 1366, a legal description of the Owner's Lot against which the Assessment and other sums are levied, the name of the record owner of the Owner's Lot against which the lien is imposed. In order for the lien to be imposed by non-judicial foreclosure as provided in subparagraph (viii), below, the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed by any officer of the Association or by the person designated by the Association for that purpose and mailed in the manner set forth in Civil Code Section 2924b to all record owners of the Owner's Lot no later than ten (10) calendar days after Recordation.

(vi) Priority of Assessment Liens. A lien created pursuant to subparagraph (v), above or subparagraph (ix), below, shall be prior to all other liens recorded against the Owner's Lot subsequent to the Notice of Delinquent Assessment, except as described in Section 4.12, below.

(vii) Enforcement of Assessment Liens. Subject to the limitations of this Section 4.10(b), after the expiration of thirty (30) days following the recording of a Notice of Delinquent Assessment, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to Civil Code section 2934(a). Any sale by the trustee shall be conducted in accordance with Civil Code sections 2924, 2924(b) and 2924(c) applicable to the exercise of powers of sale in mortgages and deeds of trusts. The fees of a trustee may not exceed the amounts prescribed in Civil Code sections 2924(c) and 2924(d).

(viii) Obligation to Record Lien Releases. If it is determined that a lien previously recorded against a Lot was recorded in error, the party who recorded the lien, within twenty-one (21) calendar days, shall record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Lot Owner with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission. In addition, within twenty-one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Lot Owner a copy of the lien release or notice that the delinquent Assessment has been satisfied.

(ix) Limitation on Authority to Use Lien and Foreclosure Remedies to Collect Special Individual Assessments. Once the Association is no longer subject to the regulatory jurisdiction of the Department of Real Estate, the following categories of Special Individual Assessments may be collected through the use of lien and foreclosure remedies in accordance with subparagraphs (v) through (viii), above: (A) Special Individual Assessments or other monetary charges imposed by the Association as a means of reimbursing the Association for costs incurred in the repair of damage to Common Areas and Common Facilities for which the

Member or the Member's guests or tenants were responsible; and (B) Special Individual Assessments imposed to recover late charges, reasonable costs of collection and interest assessed in accordance with Civil Code section 1366(e).

(x) Effect of Failure to Adhere to Lien Restrictions. If the Association fails to comply with the procedures set forth in this Section 4.10(b) prior to recording a lien, the Association shall recommence the required notice process. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Lot Owner.

The provisions of this Section 4.10(b) are intended to comply with the requirements of Civil Code Section 1367.1, as in effect on August 1, 2008. If these sections of the Civil Code are amended or modified in the future in a way that is binding on the Association and causes this Section to be in conflict with applicable law, the provisions of this Section 4.10(b) automatically shall be amended or modified in the same manner by action of the Board of Directors without necessity of approval of the amendment by the Members.

Section 4.11. Transfer of Lot by Sale or Foreclosure. The following rules shall govern the right of the Association to enforce its Assessment collection remedies following the sale or foreclosure of a Lot:

(a) Except as provided in subparagraph (b), below, the sale or transfer of any Lot shall not affect any Assessment lien which has been duly Recorded against the Lot prior to the sale or transfer, and the Association can continue to foreclose its lien in spite of the change in ownership.

(b) The Association's Assessment lien shall be extinguished as to all delinquent sums, late charges, interest and costs of collection incurred prior to the sale or transfer of a Lot pursuant to a foreclosure or exercise of a power of sale by the holder of a prior encumbrance (but not pursuant to a deed-in-lieu of foreclosure). A "prior encumbrance" means any first Mortgage or other Mortgage or lien Recorded against the Lot at any time prior to Recordation of the Association's Assessment lien (see Section 4.12, below).

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

(d) Any Assessments, late charges, interest and associated costs of collection which are lost as a result of a sale or transfer of a Lot covered by subparagraph (b), above, shall be deemed to be a Common Expense collectible from the Owners of all of the Lots, including the person who acquires the Lot and his or her successors and assigns.

(e) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, shall affect the Association's right to maintain an action against the foreclosed previous Owner personally to collect the delinquent Assessments, late charges, interest and associated costs of collection incurred prior to and/or in connection with the sale or transfer.

Section 4.12. Priorities. When a Notice of Delinquent Assessment has been Recorded, such notice shall constitute a lien on the Lot prior and superior to all other liens recorded subsequent to the Notice of Delinquent Assessment except: (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (b) the lien or charge of any first Mortgage of record (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or other prior encumbrance.

Section 4.13. Unallocated Taxes. In the event that any taxes are assessed against the Common Area or the personal property of the Association, rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments imposed pursuant to Section 4.02, above, and, if necessary, a Special Assessment may be levied against the Lots pursuant to Section 4.03, above, in an amount equal to such taxes to be paid in two installments, thirty (30) days prior to the due date of each tax installment.

ARTICLE V ARCHITECTURAL AND LANDSCAPING CONTROL

Section 5.01. Architectural Approval of Improvement Projects. No building, fence, wall, sign or other structure, or exterior addition to or change or alteration thereof (including painting) or landscaping shall be commenced, constructed, erected, placed, altered, maintained or permitted to remain on the Development, or any portion thereof, until plans and specifications ("Plans") as required in Section 5.02, below, shall have been submitted to and approved in writing by an architectural committee.

Section 5.02. Requirements for Approval. Improvement Plans shall be prepared by a duly licensed architect or other person approved by the Architectural Committee and shall include, where appropriate, the following: (a) plot plans, showing the location of all structures and showing grade elevations and drainage; (b) building plans, including floor, foundation and roof plans, with all materials, therefore, (c) exterior elevations, surfaces and sections, structural design and salient exterior details; (d) exterior color schemes; and (3) landscaping plans showing type, location size and elevation of trees, bushes, shrubs, plants, hedges and fences. All such Plans shall be submitted in writing over the signature of the Owner or such Owner's authorized agent. Approval shall be based, among other things, on compliance by the Owner or his authorized agent with all laws and ordinances of governmental agencies having jurisdiction, including but not by way of limitation all applicable building or construction setbacks, and height limitations (and Owner's architect, or the governmental agency having jurisdiction shall submit to the Architectural Committee a certificate indicating that such improvements do comply); adequacy of site dimensions; adequacy of structural design and material; conformity and harmony of external design with neighboring structures; effect of location and use of improvements and landscaping on neighboring property, improvements, landscaping operations and uses; relation of topography, grade and finished ground elevation of the property being improved to that of neighboring property; proper facing of main elevations with respect to

nearby streets; preservation of view and aesthetic beauty; conformity with such rules and regulations as may be adopted by the Architectural Committee in accordance with this Article; and conformity of the Plans to the purpose and general plan and intent of this Declaration. The Architectural Committee shall have the right, but not the obligation to require any Owner to remove, trim, top or prune any shrub, tree, bush, plant or hedge which such Committee reasonably believes impeded the view of any Lot.

Section 5.03. Term and Composition of the Architectural Committee. The Architectural Committee shall be composed of three (3) members who shall be Members of the Association. The Board shall have the power to appoint all of the members of the Architectural Committee.

Section 5.04. Delegation of Authority. The Architectural Committee may from time to time, by a majority of the members thereof, delegate any of its rights or responsibilities hereunder to one or more duly licensed architects, or other qualified persons who shall have full authority to act on behalf of said Architectural Committee in all matters delegated.

Section 5.05. Submission of Plans and Address of the Committee. All Plans required by Section 5.02, above, shall be submitted to the Committee in writing at such address as shall be established by the Architectural Committee by a written instrument recorded in the Placer County Recorder's office. Such address shall be the place for the submittal of Plans and the place where the current rules and regulations, if any, of the Architectural Committee shall be kept.

Section 5.06. Architectural Rules. The Architectural Committee may, from time to time and with approval of the Board of Directors, adopt, amend and repeal rules and regulations to be known as "Architectural Rules." The Architectural Rules shall interpret and implement the provisions hereof by setting forth: (a) any standards and procedures for Architectural Committee review; (b) guidelines for architectural design, the placement of any work of Improvement on a Lot, or color schemes, exterior finishes and materials and similar features which are recommended or required for use in connection with particular Improvement projects within the Development; and (c) the criteria and procedures for requesting variances from any property use restrictions or minimum construction standards that would otherwise apply to the proposed Improvement under the Governing Documents (see Section 5.11 (variances) below); and (d) the minimum requirements regarding the content of plans and specifications which must be submitted with respect to any request for architectural review and approval. Notwithstanding the foregoing, no Architectural Guideline shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Rules and this Declaration, the provisions of the Declaration shall prevail.

Among other things, in accordance with Civil Code section 1378(a)(1), the Architectural Rules shall provide a fair, reasonable and expeditious procedures that the Committee must follow when making decisions on submitted Improvement plans and projects. The procedures shall include prompt deadlines for various actions and a maximum time for response to an application, consistent with Section 5.07, below.

Section 5.07. Failure to Approve or Disapprove Plans and Specifications. In the event the Architectural Committee or its representatives, fails to either approve or disapprove an

Owner's Plans within thirty (30) days after the same have been submitted to it, it shall be conclusively presumed that the Architectural Committee has approved such Plans. All improvement work approved by the Architectural Committee shall be constructed in accordance with approved Plans. The improvement work authorized by the Architectural Committee shall commence within six (6) months from the date of such approval, or such approval shall cease and be of no force and effect. All improvement work shall be diligently completed, and in any event completed not later than one (1) year from the commencement of construction.

Section 5.08. Inspection. Any member or agent of the Architectural Committee may from time to time at any reasonable hour or hours and upon reasonable notice enter and inspect any property that is subject to the jurisdiction of the Committee as to its improvement or maintenance in compliance with the provisions of this Declaration.

Section 5.09. Notice of Noncompliance or Noncompletion. Notwithstanding anything to the contrary contained herein, after the expiration of the later of (a) one (1) year from the date of issuance of a building permit by municipal or other governmental authority for any improvements or (b) one (1) year from the date of the commencement of construction within the Development of any improvements, said improvements shall, in favor of purchasers and encumbrances in good faith and for value, be deemed to be in compliance with all provisions of this Article V, unless actual notice of such noncompliance or non completion, executed by the Architectural Committee or its designated representatives, shall appear of record in the office of the County Recorder of Placer County, California, or unless legal proceedings shall have been instituted to enforce compliance or completion.

Section 5.10. No Liability. Neither the Architectural Committee or the members or designated representatives thereof shall be liable in damages to anyone submitting Plans to them for approval, or to any Owner of property affected by this Declaration by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such Plans, or any defect in any structure constructed from such Plans. Such Plans are not approved for engineering design. Every person who submits Plans to the Architectural Committee for approval agrees by submission of such Plans and every Owner of any of said property agrees that he or she will not bring any action or suit against the Architectural Committee or any of the members or designated representatives thereof to recover any such damages.

Section 5.11. Variances. Where circumstances such as topography, location of property lines, location of trees, configuration of Lots, or other matters require, the Architectural Committee, by the vote or written consent of a majority of its members, may allow reasonable variances as to any of the covenants, conditions or restrictions contained in this Declaration under the jurisdiction of such Committee, on such terms and conditions as it shall require; provided, however, that all such variances shall be in keeping with the general plan for the improvement and development of the Development. Notwithstanding anything to the contrary herein, if an Owner obtains a variance for certain improvements from any governmental agency, the Architectural Committee shall have the right to review, and if appropriate, approve (however the Architectural Committee shall not be required to approve said variance because of the approval by the governmental agency) such variance if same is consistent with the guidelines and standards of this Article.

**ARTICLE VI
ASSOCIATION AND OWNER
MAINTENANCE AND REPAIR OBLIGATIONS**

Section 6.01. Association Maintenance and Repair Obligations. The Association shall provide gardening services and repair for the Common Area. The Association shall repair and maintain all facilities within the Common Area in a neat, clean, orderly, safe, sanitary and attractive condition. Should the activities of any Owner, family members, guests or invitees of such Owner result in damage to or destruction of any portion of the Common Area or any Common Area improvement, that Owner shall be held responsible for all costs associated with the repair or replacement of the portion of the Common Area, which expense may be enforced as a Special Individual Assessment. The Board has the power to enter upon the privately owned Lots as necessary in connection with construction, maintenance or emergency repair for the benefit of the Common Area or the Owners in common.

Section 6.02. Owner Maintenance and Repair Obligations.

(a) **Owner Maintenance Obligations Generally.** Each Owner shall maintain, at all times, his or her Residence and other structures on the Owner's Lot (including the replacement thereof when necessary or appropriate) in good repair and in an attractive, neat and orderly condition and shall be well and properly painted. All driveways, walkways, landscaping and private yard drainage shall at all times be maintained by the Owner in a neat and orderly condition. All yards within a Lot, whether the same is front, rear or side yards, shall be landscaped in a reasonable manner to enhance the appearance of the Lot. All landscaping of every kind and character, including shrubs, trees, grass and other plantings shall be neatly trimmed, properly cultivated and maintained continuously by the Owner thereof in a neat and orderly condition and in a manner to enhance its appearance. Maintenance shall include regular fertilization, irrigation, pruning and other prudent landscaping practices.

(b) **Maintenance of Drainage Courses.** Installation of a storm drainage system have been provided as shown on plans of Diamond Oaks Unit signed by the City Engineer November 30, 1988, said plans are on file at the office of Roseville City Engineer. Any area drains and other drainage facilities and systems located on any Lot are not maintained by the City of Roseville and shall be maintained by the Owner thereof in a neat, orderly and safe condition and in such a manner as to facilitate the orderly discharge of water by means of same.

Landscaped areas within any Lot, including any drainage facilities located thereon, shall be maintained continuously by the Owner thereof in a neat, orderly and safe condition and in such a manner as to enhance their appearance, maintain established slope ratios, prevent erosion or sliding problems, and to facilitate the orderly discharge of water through natural drainage systems and patterns established in the original plans. No structure, planting or other material shall be placed or permitted to remain or other activities undertaken on any slope area or on any other area within a Lot which might damage or interfere with such natural or established drainage systems or patterns. As used herein, the term "drainage pattern and system" includes, but is not necessarily limited to, underground drain pipes and patterns of drainage over the Development and roofs from and to adjoining properties and improvements

The Owner of each Lot shall have the right to use the natural pattern and system or such drainage pattern and system originally established, for the purpose of drainage of his or her Lot and improvements thereon provided that such right of drainage shall not include the right to discharge noxious or offensive matter. Water from any Lot and the improvements thereon may drain or flow into adjacent streets. Water shall be allowed to drain or flow onto adjacent lots to the extent provided for by the natural or established drainage patterns and systems as more particularly referenced herein. All slopes or terraces on any Lot shall be maintained as provided herein so as to prevent any erosion thereof upon adjacent streets or adjoining property.

Section 6.03. Association's Rights of Entry and Enforcement. If any Owner fails to maintain or make necessary repairs which are the responsibility of such Owner then, upon vote of a majority of the Board, and after not less than thirty (30) days notice to the Owner, the Association shall have the right (but not the obligation) to enter the Lot and provide such maintenance or make such repairs or replacements and the cost thereof shall be a Special Individual Assessment chargeable to such Lot and payable to the Association by the Owner thereof, subject to Section 4.04, above. In the event of a potential emergency due to failure by the Owner to maintain the private yard drains, the Association may make the corrective repairs without prior notice and the cost thereof shall be borne by the Owner of the Lot, subject to the notice and hearing rights set forth in Section 14.06, below.

Section 6.04. Maintenance of Public Utilities. Nothing contained herein shall require or obligate the Association to maintain, replace or restore the underground facilities of public utilities which are located within easements in the Common Area. However, the Association shall take such steps as are necessary or convenient to ensure that such facilities are properly maintained, replaced or restored by such public utilities.

ARTICLE VII USE RESTRICTIONS

In addition to all other covenants contained in this Declaration, the use of the Development, each Lot and the Common Area and the Owners and occupants of Lots shall be subject to the following:

Section 7.01. Residential Use. Except as otherwise allowed, no building, structure, or improvement of any kind shall be constructed, erected, altered, placed or permitted to remain on any of the Lots within the Development, other than residential dwellings and customary appurtenances designed for occupation by no more than one family and none of the Lots shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other such nonresidential purposes, or for such other use which would be in violation of any ordinance or regulation of the City of Roseville. No temporary structures for residential dwellings or related authorized purposes shall be placed or permitted to remain on the Development. No structure or improvement, or such structure or improvement authorized by the Architectural Committee shall, following its completion, be removed without the prior approval of the Architectural Committee. If such structure or improvement is removed or otherwise destroyed and not replaced) the Owner

thereof shall remove all debris and place the Lot in a neat and orderly condition. No mobile, modular or production type factory built homes will be allowed in the project.

Section 7.02. Weeds, Rubbish, Sanitary Containers, Etc. No weeds, rubbish, debris, objects or materials of any kind shall be placed or permitted to accumulate upon any Lot within the Development which render such portion unsanitary, unsightly, offensive or detrimental to any property in such vicinity thereof or to the occupants of any such property in such vicinity. Trash, garbage, rubbish and other waste shall be kept only in sanitary containers. All service yards, or service areas, clothesline areas, sanitary containers and storage piles on any property within the Development shall be enclosed or fenced in such a manner that such service yard or areas, containers and piles will not be visible from any neighboring property or street. Sanitary containers may be set out for a reasonable period of time before and after scheduled trash pick up times.

Section 7.03. Obstruction and Use of Common Area. There shall be no obstruction of the Common Area nor shall anything be stored in the Common Area without the prior written consent of the Board. No unlicensed vehicles or off Road vehicles may be used on the Private Streets at anytime. Nothing shall be altered or constructed in or upon or removed from the Common Area, except upon the prior written consent of the Board.

Section 7.04. Signs. No signs whatsoever which are visible from other Residences or streets within in the Development shall be erected or maintained on any Lot, including, without limitation, commercial signage affixed to vehicles, except:

- (i) signs required by legal proceedings;
- (ii) no more than one (1) identification sign for individual Residences;
- (iii) no more than one (1) "for sale" or "for lease" sign for the Lot on which the sign is located;
- (iv) signs posted by the Association within any portion of the Common Area; and
- (v) signs relating to political campaigns and ballot measures, provided, however, that the Association Rules may include reasonable restrictions on the size of such signs and the duration for which they can be maintained prior to and following an election.

Section 7.05. Animals. No insects or animals of any kind shall be raised, bred or kept on the Development except that a reasonable number of dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained, for any commercial purpose, or in violation of any other provision of this Master Declaration and the rules and regulations of the Association. The Association, acting through the Board of Directors, shall have the right to prohibit maintenance of any animal on a private lot, which constitutes, in the opinion of the Board, a nuisance to other Owners within the Development. Animals belonging to Owners or their licensees, tenants or invitees within the Development must be kept within an enclosure, an enclosed yard or on a leash held by a person who is capable of controlling the animal. Owners shall be liable to other Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the

Development by such Owner or by members of his or her family, his tenants or guests. It shall be the duty and responsibility of each Owner to clean up after his or her animals.

Section 7.06. Vehicles, Parking and Garages.

(a) Parking Vehicles. In addition to the provisions of subparagraph (c), below, each Owner or resident shall park at least one vehicle within their garage if they have a two car garage, two vehicles within their garage if they have a three car garage or at least three vehicles in their garage if they have a four car garage. In the event a vehicle is parked in the driveway, it must be the vehicle used on a reasonable daily basis with the non-used vehicles parked in the garage. In no case may a vehicle sit in a driveway for more than seventy-two (72) hours without being moved. Along the private streets within the Development there are cut-out areas where vehicles can be parked. Those cut-out areas are intended for use for short-term parking by visitors and occasional guests and are not to be used by residents for the parking of vehicles on a regular basis.

(b) Garages. Garages shall be used only for purposes of parking automobiles and storing an Owner's household goods. When garages are not in use, garage doors shall be closed. No garage may be modified or used as a workshop, storage space, family room, or any other use which would interfere with its intended use for the accommodation of vehicles in each bay of the garage.

(c) Storage of Boats and Trailers. No trailers, campers, mobile homes, boats, or similar equipment or commercial vehicles or other vehicles which can not be parked in the Owner's garage shall be parked, stored, kept or permitted to remain on any part of the Lots including but not limited to the driveways or the Common area, except in the yard enclosed by a lattice, fence, wall or other enclosure approved by the Architectural Committee, which enclosure shall be of a nature to effectively conceal contents from outside view. Said enclosure yard shall in all cases exist behind all legal front and side street set backs.

(d) Inoperable Vehicles. No inoperable vehicle shall be stored or allowed to remain within the Development (including any private street) in such a manner as to be visible from any other Unit within the Development

(e) Parking Enforcement. In addition to the other provisions of this Declaration, the Board shall have the power and authority to adopt, promulgate and enforce Parking Rules and the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to vehicles and parking, and such power shall include the power and authority to cause the towing of vehicles at the vehicle owner's expense which are parked within the Development in violation of any of the provisions of the Governing Documents, so long as the requirements set forth in subparagraph (f) are satisfied. Costs incurred by the Association relating to the towing and/or storage of any vehicle parked in violation of any provision of the Governing Documents shall be assessed against the Lot Owner responsible or whose household members, tenants, contact purchasers or guests are responsible for the presence of such vehicle as a Special Individual Assessment, and such assessment may be enforced against the Lot Owner in accordance with Section 4.04, above.

(f) Authority to Tow Vehicles; Limitations Thereon. The Association may cause the removal of any vehicle that is wrongfully parked in the Development, including a vehicle owned by an occupant, so long as the requirements of this subparagraph (f) are met. The Association must display, in plain view at all entrances to the Development, a sign not less than 17 inches by 22 inches in size, with lettering not less than one inch in height, prohibiting public parking and indicating that vehicles will be removed at the owner's expense, and containing the telephone number of the local traffic law enforcement agency and the name and telephone number of each towing company that is a party to a written general towing authorization agreement with the owner or person in lawful possession of the property. The sign may also indicate that a citation may also be issued for the violation. In the event that the Association causes the removal of a vehicle parked on streets within the Development, the Association shall notify by telephone or, if impractical, by the most expeditious means available, the local traffic law enforcement agency within one hour after authorizing the tow, and the Association or the tow truck operator who removes the vehicle, shall state the grounds for the removal of the vehicle if requested by the legal or registered owner of that vehicle.

Section 7.07. Laundry. No clothes, sheets, blankets, or other articles of clothing or personal property shall be hung to dry on any part of said property.

Section 7.08. Trash. No rubbish, trash, garbage or other waste material shall be kept or permitted upon any portion of the Property, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Development, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity or to its occupants. Such containers shall be exposed to the view of neighboring lots only when set out for a reasonable period of time (not to exceed twenty-four (24) hours before and after scheduled trash collection hours.

Section 7.09. Nuisance. Neither the Development, nor any portion thereof, shall be used for any purpose tending to injure the reputation thereof, or to disturb the neighborhood or occupants of adjoining property, or to constitute a nuisance, or in violation of any public law, ordinance or regulations in any way applicable thereto.

Section 7.10. Roof Projections. Unless the Architectural Committee shall approve otherwise, no projection shall be placed, connected, maintained or permitted to remain above the roof of any residence or other structure in such a manner as to be visible from the outside of any residence with the exception of one or more chimneys and one or more roof vent stacks.

Section 7.11. Antennas and Satellite Dishes. In order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Development, no Owner, resident or lessee shall place or maintain any objects, such as masts, towers, poles, or radio or television antennas on the exterior of any residence within the Development unless Architectural Committee approval is first obtained in accordance with Article V, above; provided, however, that in accordance with Federal law, antennas or satellite dishes with a diameter or diagonal measurement not greater than thirty-six inches (36") which are designed to receive direct broadcast satellite services, video programming services via multi-point distribution services, or television broadcast signals (collectively "Permitted Devices") may be erected, placed or installed on a Lot, subject to the restrictions:

(a) Any such Permitted Device is placed in the least conspicuous location on the Residence at which an acceptable quality signal can be received and is either not visible from neighboring property or is screened from the view from streets, or any neighboring Lot or Common Areas.

(b) Reasonable restrictions which do not significantly increase the cost of installation of a Permitted Device or significantly decrease its efficiency or performance, including, without limitation, screening material, location or complimentary-color painting of the Permitted Device, may be imposed as part of the Architectural Rules.

Furthermore, no activity shall be conducted on any Lot which causes an unreasonable broadcast interference with television or radio reception on any neighboring Lot.

Section 7.12. Plants. No plants or seeds infected with noxious insects or plant diseases shall be brought upon, grown, or maintained upon any property within the Development.

Section 7.13. Window Coverings. Windows shall be covered with appropriate draping. No aluminum foil or other such light blocking material shall be used.

ARTICLE VIII INSURANCE

Section 8.01. Types of Insurance Coverage. The Association shall, at the discretion of the Board of Directors, purchase, obtain and maintain, with the premiums therefore being paid out of Common Funds, the following types of insurance, if and to the extent they are available at a reasonable premium cost:

(a) Public Liability and Property Damage Insurance. To the extent such insurance is reasonably obtainable, a policy of comprehensive public liability and property damage insurance naming as insured parties the Association, each member of the Association Board of Directors, any manager, the Owners and occupants of Lots, and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the ownership and use of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than Two Million Dollars (\$2,000,000.00) covering all claims for death, personal injury and property damage, arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to common interest development projects similar in construction, location, facilities and use.

(b) Director's and Officer's Liability Insurance. To the extent such insurance is reasonably obtainable, the Association shall maintain individual liability insurance for its directors and officers providing coverage for negligent acts or omissions in their official

capacities. The minimum coverage of such insurance shall be at least One Million Dollars (\$1,000,000.00).

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

Section 8.02. Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by Section 8.01 is for any reason unavailable, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage hereinabove described. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage.

Section 8.03. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

Section 8.04. Trustee. All insurance proceeds payable under Section 8.01, above, may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. Said trustee shall be a commercial bank in the County that agrees in writing to accept such trust.

Section 8.05. Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Section 8.01, above. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

Section 8.06. Annual Review of Association Insurance and Disclosure to Members. The Board shall review the adequacy of all insurance, including the amount of liability coverage and the amount of property damage coverage, at least once every year. At least once every three years, the review shall include a replacement cost appraisal of all insurable Common Area Improvements without respect to depreciation. The Board shall adjust the policies to provide the amounts and types of coverage and protection that are customarily carried by prudent owners' associations operating in similar common interest developments in the greater Sacramento region. In accordance with California Civil Code section 1365(e), annually the Association shall distribute to its Members a summary of the Association's property, general liability, and flood insurance (if any), such distribution to be made within sixty (60) days prior to the beginning of the Association's fiscal year.

Section 8.07. Board's Authority to Revise Insurance Coverage. The Board shall have the power and right to deviate from the insurance requirements contained in this Article VIII in any manner that the Board, in its reasonable business discretion, considers to be in the best interests of the Association. If the Board elects to materially reduce the coverage from the coverage required in this Article VIII, the Board shall make all reasonable efforts to notify the Members of the reduction in coverage and the reasons therefor at least (30) days prior to the effective date of the reduction. The Association, and its directors and officers, shall have no liability to any Owner or Mortgagee if, after a good faith effort, the Association is unable to obtain any insurance required hereunder because the insurance is no longer available; or, if available, the insurance can be obtained only at a cost that the Board, in its sole discretion, determines is unreasonable under the circumstances; or the Members fail to approve any assessment increase needed to fund the insurance premiums.

Section 8.08. Insurance of Residences and Lots. Each Owner shall be solely responsible for insuring his or her Residence and Lot and any personal property located therein or thereon. Neither the Association nor its directors, officers, or managing agents shall have any responsibility for the type or adequacy of insurance coverages maintained by individual Owners or residents.

ARTICLE IX DAMAGE AND DESTRUCTION OF IMPROVEMENTS

Section 9.01. Minor Destruction Affecting Common Area. The Board of Directors shall have the duty to repair and reconstruct the Common Areas and Common Facilities of the Development with the consent of Members and irrespective of the amount of available insurance proceeds or other funds, in all instances of partial destruction where the estimated cost of repair and reconstruction does not exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. The Board may levy a Special Assessment for the cost of such repair and reconstruction to the extent insurance proceeds or other funds are unavailable.

Section 9.02. Major Destruction Affecting Common Area.

(a) **Destruction: Proceeds Exceed 85% of Reconstruction Costs.** If there is a total or partial destruction of the Common Area, and if the available proceeds of the insurance carried or other available funds are sufficient to cover not less than eighty-five percent (85%) of the costs of repair and reconstruction, the Common Area shall be promptly rebuilt unless, within ninety (90) days from the date of destruction, Members then holding at least seventy-five percent (75%) of the voting power of the Members determine that repair and reconstruction shall not take place.

(b) **Destruction: Proceeds Less than 85% of Reconstruction Costs.** If the proceeds of insurance carried or other available funds are less than eighty-five percent (85%) of the costs of repair and reconstruction, repair and reconstruction shall not take place unless, within ninety (90) days from the date of destruction, Members then holding at least a majority of the voting power of the Members determine that repair and reconstruction shall take place. If repair and reconstruction is to take place, the Board shall execute, acknowledge and record in the office of

the County Recorder not later than one hundred and twenty (120) days from the date of destruction a certificate declaring the intention of the Members to rebuild.

(c) Special Assessment to Rebuild. If the determination is made to rebuild pursuant to the above Sections, the Association may levy a Special Assessment against all Lot Owners to cover the cost of rebuilding not covered by insurance proceeds or other funds.

(d) Rebuilding Contract. If the determination is made to rebuild, the Board shall obtain bids from at least three reputable contractors, and shall award the repair and reconstruction work to the most reasonable bidder. The Board shall have the authority to enter into a written contract for the repair and reconstruction, and the insurance proceeds shall be disbursed to said contractor according to the terms of the contract. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

(e) Rebuilding Not Authorized. If the determination is made not to rebuild, then any insurance proceeds and any other funds held for rebuilding of the Common Area shall, subject to Corporations Code Section 8724, be distributed among the Lot Owners and his mortgagee(s) as their interest shall appear.

Section 9.03. Damage and Destruction of Residences and Other Lot Improvements.

(a) Obligation to Rebuild or Clear Damaged Structures. If all or any portion of any Residence is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of said Residence to rebuild, repair or reconstruct said Residence or clear the Lot of all damaged or destroyed structures or portions thereof. If structural improvements other than a Residence, garage or fence are damaged or destroyed and the Owner prefers not to rebuild the improvement, the Owner shall clear his or her Lot of all damaged or destroyed materials and return the affected area to an attractive appearance.

(b) Architectural Committee Approval. Any Owner whose Residence or other structural improvements have been damaged or destroyed shall apply to the Architectural Committee, pursuant to Article V, above, for approval of plans for the reconstruction, rebuilding, or repair of the damaged or destroyed Residence or structure. Application for such approval shall be made in writing, together with full and complete plans, specifications, working drawing and elevations showing the proposed reconstruction and the end result thereof. The Architectural Committee shall grant such approval only if the design proposed by the Owner satisfies the requirements for approval set forth in Section 5.02, above.

(c) Time Limitation for Reconstruction or Removal. The Owner or Owners of any damaged Residence(s) and the Architectural Committee shall be obligated to proceed with all due diligence hereunder to remove damaged structures (or portions thereof), prepare and process reconstruction plans and specifications and complete the repair and restoration work. At a minimum, whenever Owners are required to prepare and submit repair or reconstruction plans to the Architectural Committee, said submittal shall be made within sixty (60) days following the event and reconstruction shall commence within thirty (30) days following receipt of approval from the Committee. Reconstruction shall be completed within six (6) months following receipt

of Committee approval. For good cause (including, without limitation, delays caused by inclement weather or the processing of insurance claims) the Architectural Committee may waive or extend any of the deadlines imposed by this subparagraph (c).

ARTICLE X CONDEMNATION

Section 10.01. Condemnation Affecting Common Area.

(a) **Sale in Lieu.** If an action for condemnation of all or a portion of the Common Area in proposed or threatened by an entity having the right to eminent domain, then on the unanimous written consent of all of the Owners and subject to the rights of all Mortgagees, the Common Area, or a portion of it, may be sold by the Board. Subject to Corporations Code Section 8724, the proceeds of the sale shall be distributed among the Lots on the same basis as their Regular Assessment obligations and between the Lot Owners and their Mortgagees as their respective interests shall appear.

(b) **Award.** If the Common Area, or a portion of it, is not sold, but is instead taken, the judgment of condemnation shall by its terms apportion the award among the Owners and their respective Mortgagees. If the judgment of condemnation does not apportion the award, then the award shall be distributed as provided above.

Section 10.02. Condemnation Affecting Lots. If an action for condemnation of all or a portion of, or otherwise affecting a Lot, is proposed or threatened, the Owner and the Mortgagees of the affected Lot, as their respective interests shall appear, shall be entitled to the proceeds of any sale or award relating to the affected Lot.

If any Lot is rendered irreparably uninhabitable as a result of such a taking, the Lot shall be deemed deleted from the Development and the Owners and Mortgagees of the affected Lot, shall be released from the applicability of the Development Documents and deemed divested of any interest in the Common Area.

ARTICLE XI PROHIBITION AGAINST PARTITION OR SEVERANCE OF LOTS FROM INTEREST IN COMMON AREA

Except as provided by California Civil Code Section 1354 or any amendment thereto, the Common Area shall remain undivided and each Owner irrevocably waives the right to bring any action to partition the Common Area. The rights in the Common Area and title to the respective Lots, together with any exclusive easements or rights appurtenant to each Lot, shall not be separated, severed or separately conveyed, assigned, encumbered or otherwise transferred. All rights in the Common Area shall be conclusively deemed to be conveyed, assigned, transferred or encumbered with the respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

ARTICLE XII

RIGHTS OF INSTITUTIONAL HOLDERS OF MORTGAGES

The following provisions are for the benefit of Institutional Holders, Insurers and guarantors of first Mortgages on Lots within the Property and shall apply notwithstanding any provision to the contrary set forth elsewhere in this Declaration or the Bylaws. These provisions apply only to "Eligible Holders" as defined below.

Section 12.01. Notices of Actions. Any Institutional Holder, Insurer or Guarantor of a first mortgage who provides written request to the Association, stating the name and address of such Holder, Insurer or Guarantor and the Lot number, address or legal description of the particular Lot encumbered (thus becoming an "Eligible Holder"), will be entitled to timely written notice of:

- (a) Any default by the Owner of such Lot in the performance of such Owner's obligations under the Declaration or Bylaws which is not cured within sixty (60) days from the date of such default;
- (b) Any condemnation proceedings affecting the Development;
- (c) Any substantial damage to or destruction of any portion of the Common Area;
- (d) Any proposed termination of the Association;
- (e) Any lapse, cancellation or material modification of any insurance policy maintained by the Association; or
- (f) Any proposed action which would require the consent of Eligible Holders as further described in this Article.

Section 12.02. Rights of Institutional Holders Upon Foreclosure. Any Institutional Holder of a first mortgage on a Lot which comes into possession of that Lot pursuant to judicial foreclosure or foreclosure by power of sale shall:

- (a) Acquire title in such Lot is free of any claims for unpaid assessments or charges against the Lot accruing prior to the Institutional Holder's acquisition of title;
- (b) Not be obligated to cure any breach of this Declaration which is non curable or of a type which is not practical or feasible to cure and which took place prior to acquisition of title to the Lot by the Institutional Holder; and
- (c) Be exempt from any right of first refusal contained in this Declaration, any amendment hereto, or any supplemental Declaration, and such right of first refusal shall not impair the rights of an Institutional Holder to (i) foreclose or acquire title to a Lot pursuant to the remedies provided in the Mortgage, (ii) accept an assignment in lieu of foreclosure in the event of default by the mortgagor, or (iii) sell or lease a Lot acquired by the Institutional Holder.

Section 12.03. Consent of Institutional Holders.

The consent of fifty-one percent (51%) of the institutional Holders, Insurers or Guarantors of first mortgages shall be required in order to take the following actions with respect to the Association and rights and obligations of Members and Institutional Holders:

(a) Any restoration or repair of the Common Area after a partial condemnation or damage shall be substantially in accordance with this Declaration and the original plans and specifications

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first encumbrances on Lots to which at least fifty-one percent (51%) of the votes of Owners of such Lots subject to first encumbrances held by such Eligible Holders, are allocated;

(c) Unless at least seventy-five percent (75%) of the Owners have given their prior written approval, the Association and the Owners shall not be entitled to: (i) change the prorata interest or obligations of any Lot for the purposes of levying assessments and charges; (ii) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area of the Development shall not be deemed a transfer within the meaning of this provision); (iii) use hazard insurance proceeds for losses to any portion of the Common Area for other than the repair, replacement or reconstruction of such improvements.

First mortgage holders will have 30 days from mailing date to respond to any proposal. If no response is received within the 30 day period, their vote shall be counted as a "yes" vote.

Section 12.04. Amendments to Documents.

The following provisions contained in this Section do not apply to amendments to the Bylaws or this Declaration or termination of the Association made as a result of destruction, damage or condemnation pursuant to subsections (a) and (b) of Section 12.03 above.

(a) The consent of one hundred percent (100%) of the voting power of the Association and the approval of the eligible Holders of first encumbrances on Lots to which at least sixty-seven percent (67%) of the votes of Members owning Lots subject to such encumbrances pertain, shall be required to terminate the Association. The association shall not: (i) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area which the Association owns, directly or indirectly; (ii) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner; (iii) by act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the Architectural design or the exterior appearance and maintenance of the Homes and the Common Area;

(b) The Association agrees to give written notice to the Federal Home Loan Mortgage Corporation ("FHLMC") or its designated representative of any loss to, or taking of, the Common Area if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00).

ARTICLE XIII EASEMENTS

Section 13.01. Utility Easements. Easement over the Development for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, and for drainage facilities as shown on the recorded map of the Development, and as may be hereafter required or needed to service the Development are hereby created for the benefit of each Owner and the Association.

Section 13.02. Encroachment Easement. All current and future Owners, by acceptance of their respective deeds, covenant and agree as follows:

(a) If any portion of the Common Area encroaches upon the Lots, a valid easement into the Lot in order to accommodate the encroachment and for the maintenance of same, so long as it stands, shall and does exist.

(b) The Common Area is and shall always be subject to easements for minor encroachments thereon by the Lots as a result of construction, reconstruction, repairs, shifting, settlement or movement of any portion of the Development and a non-exclusive easement for ingress, egress and support through the Common Area is appurtenant to each Lot.

Section 13.03. Common Area Easements. Each Lot within the Development is hereby declared to have an easement over all of the Common Area, for the benefit of the Lots, the Owners thereof, and for their respective families, guests, invitees and tenants, for all of the purposes and uses described herein, including ingress and egress over and through the Common Area.

Section 13.04. Utilities. Wherever sewer connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Development, the Owners of Lots served by such connections, lines or facilities shall have an easement to the full extent necessary for the use and enjoyment of that portion of the connections which service his or her Lot.

Section 13.05. Establishment of Easements. The easements described in this Declaration shall be deemed established upon the recordation of this Declaration, and shall thereafter be considered covenants running with the land for the use and benefit of all of the Lots and the Common Area, superior to all other encumbrances affecting any portion of the Development. Individual conveyances of Lots may, but shall not be required to, set forth such easements.

ARTICLE XIV ENFORCEMENT OF THE GOVERNING DOCUMENTS

Section 14.01. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable

servitudes contained in this Declaration are inadequate and that the failure of any Owner, tenant, occupant or user of any Lot, or any portion of the Common Area or Common Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by the Declarant, any Owner, the Association, its officers or Board of Directors, or by their respective successors in interest.

Section 14.02. Nuisance. Without limiting the generality of the foregoing Section 14.01, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 14.03. Attorneys' Fees. Reasonable attorneys' fees and costs shall be awarded to the prevailing party in any procedure to enforce the Governing Documents or a party's rights arising under the Governing Documents. Such enforcement procedures include an action brought in any court of competent jurisdiction as well as any alternative dispute resolution procedure implemented pursuant to the Governing Documents or pursuant to California Civil Code sections 1354 and 1369.510-1369.580 (as such sections may be renumbered or revised from time to time). In any enforcement procedure, such as mediation in which there is no agreement between all of the parties that attorneys will represent them, recoverable costs are limited to attorneys' fees and costs incurred in providing the notices required under such statute.

Section 14.04. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 14.05. Failure Not a Waiver. The failure of any Owner, the Board of Directors, the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Association, the Board, or any of its officers or agents.

Section 14.06. Rights and Remedies of the Association.

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

The decision of whether it is appropriate or necessary for the Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement pursuant to California Civil Code sections 1354 and 1369.590 or otherwise by law.

(b) Schedule of Fines. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment, subject to the limitation on the use of lien and foreclosure remedies stated in Section 4.10(b)(ix), above.

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

(d) Limitations of Disciplinary Rights.

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

(ii) Monetary Penalties Imposed by the Association. Monetary penalties that are imposed by the Association for: (A) for failure of a Member to comply with the Governing Documents; (B) as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Area or Common Facilities allegedly caused by a Member; or (C) in bringing the Member and his or her Lot into compliance with the Governing Documents, may not be characterized nor treated as an Assessment which may become a lien against the Member's Lot enforceable by a sale of the Lot in nonjudicial foreclosure; provided, however, that this limitation on the Association's lien rights shall not apply to charges imposed against an Owner consisting of reasonable late payment penalties to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in the Association's efforts to collect delinquent Assessments.

(iii) Notice and Hearing Requirements for Disciplinary Actions. No disciplinary action, penalty or temporary suspension of rights shall be imposed pursuant to this Article unless the Owner alleged to be in violation is given at least ten (10) days prior notice by personal delivery or first-class mail, that the Board of Directors will be meeting to consider imposing such discipline. The notice shall include, at a minimum, the date, time, and place of the meeting, the nature of the alleged violations for which the Owner may be disciplined, and a statement that the Owner has a right to attend and address the Board at the hearing. The Board shall meet in executive session if requested by the Owner.

If disciplinary action is taken, the Board shall notify the accused Owner, in writing, either by personal delivery or first-class mail, of the Board's decision within fifteen (15) days following conclusion of the hearing.

In accordance with Civil Code section 1363(h), disciplinary action shall not be effective against an Owner unless the Board fulfills the requirements of this Section. The Association shall also adopt hearing and disciplinary procedures that comply with the requirements set forth in Civil Code section 1363.830.

Notwithstanding the foregoing, under circumstances involving conduct that constitutes: (A) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (B) a traffic or fire hazard; (C) a threat of material damage to, or destruction of, the Common Area or Common Facilities; or (D) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors, or its duly authorized agents, may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Association, in writing, within five (5) days following the Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

If the Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than five (5) days following the date when the fine is levied.

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

At the hearing, the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The Board shall notify the accused Owner, in writing, of the Board's decision within five (5) business days following conclusion of the hearing. In no event shall the effective date of any disciplinary action commence sooner than five (5) days following conclusion of the hearing unless: (i) the hearing merely affirms summary disciplinary action initiated pursuant to the immediately preceding paragraph; or (ii) earlier

commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to, or destruction of, the Lots or any portion thereof.

(iv) Inapplicability of Section 14.06(d) Procedures to Assessment Collection Actions. The notice and hearing procedures set forth in this Section 14.06 shall not apply to any actions by the Association or its duly authorized agents to collect delinquent assessments. Assessment collections shall be subject to the prior notification and other procedural requirements set forth in Section 4.10, above, and any other notice, hearing and/or dispute resolution requirements or procedures as may be specifically applicable by law to Association assessment collection.

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

(f) Rules Regarding Disciplinary Proceedings. The Board, or an appropriate committee appointed by the Board to conduct and administer disciplinary hearings and related proceedings, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings, so long as such rules meet the minimum requirements of sections 1363(h) and 1363.810-1363.850 of the Civil Code. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules.

Section 14.07. Court Actions. Court actions to enforce the Governing Documents may only be initiated on behalf of the Association by resolution of the Board. Prior to the filing of any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents (including either such action coupled with a claim for monetary damages not in excess of Five Thousand Dollars (\$5,000)), the Association shall first comply with the provisions of California Civil Code sections 1369.510–1369.580 relating to alternative dispute resolution. The Association's own notice and hearing procedures may be drafted to satisfy these statutory requirements.

ARTICLE XV AMENDMENTS TO THIS DECLARATION.

Section 15.01. Member Approval Requirements. Any amendment of this Declaration shall be approved by the vote or assent by written ballot of the holders of not less than seventy-five percent (75%) of the Voting Power of the Members. Notwithstanding the foregoing, the percentage of the voting power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

Section 15.02. Additional Approvals For Amendments to Particular Provisions of this Declaration.

(a) Mortgagee Approvals. Mortgagee approvals shall be required to amend any of the provisions described in Section 15.01, above.

(b) Approval by the City. The following provisions of this Declaration reflect conditions of approval for the Development imposed by the City of Roseville and may only be amended with the prior consent of the City. No amendment or modification of this Declaration which would adversely affect the rights of the City to enforce the terms and provisions of this Declaration as they relate to the maintenance of the Common Area, structures and landscaping within the Development, terminate or materially impair the powers and duties of the Association as set forth in this Declaration or interfere with the rights of ingress and egress to any Lot or the Common Area shall be effective without the prior written consent of the Planning Director of the City

Section 15.03. Effective Date of Amendment. The amendment will be effective upon the Recording of a Certificate of Amendment, duly executed and certified by the president and secretary of the Association, setting forth in full the amendment so approved and stating that the approval requirements of subsection (a) or (b) above have been duly met. If the consent or approval of any governmental authority, Mortgagee, or other entity is required under this Declaration to amend or revoke any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

Section 15.04. Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE XVI GENERAL PROVISIONS

Section 16.01. Severability of Covenants. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

Section 16.02. Term. The covenants and restrictions of this Master Declaration shall run with and bind the Property and the Development, and shall inure to the benefit of and be enforceable by the Association or the Owners, their legal representatives, heirs, successors and assigns until thirty (30) years after the date this Declaration is recorded, after which date they shall automatically be extended for successive periods of ten (10) years unless terminated in whole or in part by seventy-five percent (75%) vote or written consent of the members of the association.

Section 16.03. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a Planned residential project and for the maintenance of the community facilities and Common Areas. In case of any conflict between this Master Declaration and the Articles or Bylaws of the

Association, this Declaration shall control. The article and section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 16.04. Dissolution. So long as there is any Lot for which the Association is obligated to provide management, maintenance, preservation or controls the Association may be dissolved or may transfer all or substantially all of its assets only upon the approval of one hundred percent (100%) of the Members.

Section 16.05. Non-liability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, any other committees of the Association or any member of such Board or committee shall be liable to any Member of the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or persons reasonably believed to be the scope of their duties.

Section 16.06. Information to Prospective Purchasers. Prior to the execution of any contract of sale by the Owner of a Lot to a prospective purchaser, the Owner shall provide such prospective purchaser with a copy of the Association's Articles, Bylaws and Covenants, Conditions and Restrictions, Operating Rules, the written statement referred to in Section 2.05(c), above, and the most current financial statements of the Association which have been distributed by the Board as described in Article VII of the Bylaws. Purchaser shall sign an acknowledgement that states purchaser has received the Association's Articles, Bylaws and Covenants, Conditions and Restrictions and any and all financial statements.

Section 16.07. Violation of Declaration. The result of every act or omission, whereby any provision, condition, restriction, covenants easement or reservation contained in this Declaration is violated is hereby declared to be and constitute a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, and may be exercised by the Architectural Committee and the Association. Such remedy shall be deemed cumulative and not exclusive.

Section 16.08. Common Plan Declaration. The covenants, conditions and restrictions set forth in this Declaration constitute a general program for the development, protection and maintenance of the Development to enhance its value, desirability and attractiveness for the benefit of all Owners. By acquiring any ownership interest in a Lot subject to this Declaration, each person or entity, for himself, his heirs, personal representatives, successors, transferees and assigns, agrees to be subject to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this declaration. This Declaration sets forth a program for the improvement and development of the Development and hereby evidences its intent that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all future Owners, grantees, purchasers, assignees, and transferees.

Section 16.09. Property Taxes. Real property taxes, levies and assessments shall be separately and individually billed by the County Assessor's office to Owners of the Lots. Payment of any real or Personal property tax, assignment or levy of any type allocated to an

EXHIBIT "A"

Legal Description of Property Comprising the Development

Lots 1 through 39 and Lot "A", inclusive, as shown on that certain Subdivision Map entitled "Diamond Oaks Unit Number 8" recorded on May 9, 1989, Book Q of Maps, Page 25, Official Records of Placer County Recorder.

individual Lot shall be the sole responsibility of the Owner of that Lot. The Association shall not be liable for the collection and payment of any real or personal property taxes of any type whatsoever levied against individual Members and Owners on account of their Lots.

In the event that any taxes are levied or assessed against the Common Area or personal property of the Association rather than against individual Lots, the amount of such taxes shall be considered a Common Expense which shall be paid by the Association through the Regular Assessment process.

DATED 1/6/09

**IRONWOOD DIAMOND OAKS HOMEOWNERS
ASSOCIATION, a California nonprofit mutual benefit
corporation**

By: David W. McVicker
President
DAVID W. McVICKER

By: Hayes Gable III
Secretary
HAYES GABLE III

see attached California
all-purpose acknowledgment

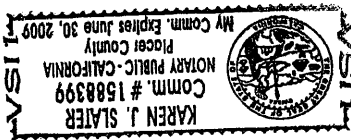
CA All-Purpose Acknowledgment

State of CA
County of PLACER

On 1/6/09 before me, KAREN J SLATER, Notary Public
Date

Personally appeared David McVicker

who proved to me on the basis of satisfactory evidence
To be the person(s) whose name(s) is subscribed to the
Within instrument and acknowledged to me that
He/she/they/ executed the same in his authorized
Capacity(ies), and that by his signature(s) on the
Instrument the person(s) or the entity upon behalf of which
The person(s) acted, executed the instrument.



**I certify under PENALTY OF PERJURY under the
Laws of the State of California that the foregoing
Paragraph is true and correct.**

Witness my hand and official seal.

Karen J Slater
Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA)

COUNTY OF Sacramento)

On 1-7-09 before me, Laura Plante, Notary Public
DATE INSERT NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared, Hayes H. Gable III

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Laura Plante (SEAL)
NOTARY PUBLIC SIGNATURE



OPTIONAL INFORMATION

~~THIS OPTIONAL INFORMATION SECTION IS NOT REQUIRED BY LAW BUT MAY BE BENEFICIAL TO PERSONS RELYING ON THIS NOTARIZED DOCUMENT.~~

~~TITLE OR TYPE OF DOCUMENT _____~~

~~DATE OF DOCUMENT _____ NUMBER OF PAGES _____~~

~~SIGNERS(S) OTHER THAN NAMED ABOVE _____~~

~~SIGNER'S NAME _____ SIGNER'S NAME _____~~

RIGHT THUMBPRINT

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