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FIRST AMENDED AND RESTATED DECLARATION OF COVENANTS AND RESTRICTIONS

For

QUAILRIDGE RANCH ESTATES HOMEOWNERS ASSOCIATION

May 7, 2011

Table of Content

ARTICLE I.	DEFINITIONS	5
SECTION 1.01	"ARTICLES OF INCORPORATION"	5
SECTION 1.02		
SECTION 1.03		
SECTION 1.04		
SECTION 1.05		
SECTION 1.06		
SECTION 1.07		
SECTION 1.08		
SECTION 1.09		
SECTION 1.10		
SECTION 1.11		
SECTION 1.12		
SECTION 1.13		6
SECTION 1.14		
SECTION 1.15		
SECTION 1.16		6
ARTICLE 2.	BASIC RESTRICTIONS	(
SECTION 2.01	USE OF PROPERTY	6
SECTION 2.02	RESIDENTIAL USE	6
SECTION 2.03	Location of Structures	6
SECTION 2.04	TEMPORARY STRUCTURES	7
SECTION 2.05	FENCES	7
SECTION 2.06	SIGNS	7
SECTION 2.07	RESUBDIVISION	7
SECTION 2.08	MAINTENANCE	8
SECTION 2.09	Noxious, Offensive Activities	8
SECTION 2.10	Garbage; Trash	8
SECTION 2.11		
SECTION 2.12		
SECTION 2.13		
SECTION 2.14		
SECTION 2.15		
SECTION 2.16		
SECTION 2.17	COMPLIANCE WITH LAWS	9
ARTICLE 3.	ARCHITECTURAL STANDARDS AND CONTROLS	9
SECTION 3.01	Size Requirements	9
SECTION 3.02		
SECTION 3.03	Underpinnings, Foundations, etc.	9
SECTION 3.04	Driveways	9
SECTION 3.05	COMPLETION OF CONSTRUCTION	9
SECTION 3.06	PARTIAL OR TOTAL DESTRUCTION	10
SECTION 3.07	VARIANCES	10
ARTICLE 4.	EASEMENTS	1(
SECTION 4.01	PRIVATE ROAD EASEMENTS](
SECTION 4.02		
SECTION 4.03		
SECTION 4.04		
SECTION 4.05		

ARTICLE 5.	THE ASSOCIATION	11
SECTION 5.01	Organization	11
SECTION 5.02	Membership	11
SECTION 5.03	MEMBERSHIPS APPURTENANT TO LOT	12
SECTION 5.04	VOTING RIGHTS	12
SECTION 5.05	BOARD OF DIRECTORS	12
SECTION 5.06	MEETINGS; NOTICES; RECORD DATES; QUORUMS	12
SECTION 5.07	ARTICLES OF INCORPORATION AND BYLAWS	12
ARTICLE 6.	DUTIES AND POWERS OF THE ASSOCIATION	12
SECTION 6.01	DUTIES AND POWERS GENERALLY	12
SECTION 6.02	PRIVATE ROAD AND PRIVATE ROAD EASEMENT MAINTENANCE AND REPAIR	13
SECTION 6.03	MISCELLANEOUS POWERS AND DUTIES	13
SECTION 6.04	CONTRACTS WITH ADJOINING ASSOCIATIONS, LAND OWNERS OR LESSEES	13
SECTION 6.05	PERSONAL PROPERTY OF ASSOCIATION	13
SECTION 6.06	RIGHT OF ENTRY	14
SECTION 6.07	ASSOCIATION POWER TO ENJOIN	14
SECTION 6.08	RULES AND REGULATIONS	14
SECTION 6.09	DELEGATION OF POWERS	14
SECTION 6.10	LIMITATION OF LIABILITY	14
SECTION 6.11	Insurance	14
ARTICLE 7.	GENERAL ASSESSMENTS	15
SECTION 7.01	PURPOSE OF ASSESSMENT	15
SECTION 7.02	PAYMENT	15
SECTION 7.03	BUDGETS	15
SECTION 7.04	INDIVIDUAL ASSESSMENT	15
SECTION 7.05	LEVY OF ASSESSMENT	15
SECTION 7.06	ADDITIONAL GENERAL ASSESSMENTS	15
SECTION 7.07	TIME AND MANNER OF PAYMENT	16
SECTION 7.08	SPECIAL ASSESSMENT	16
SECTION 7.09	PERSONAL OBLIGATION; ENFORCEMENT	16
ARTICLE 8.	DURATION OF DECLARATION	10
ARTICLE 9.	AMENDMENTS	16
ARTICLE 10.		
	1 REMEDY AT LAW INADEQUATE	
SECTION 10.0	2 ALTERNATE DISPUTE RESOLUTION	17
SECTION 10.0		
SECTION 10.0	4 CUMULATIVE REMEDIES	18
SECTION 10.0		
SECTION 10.0	6 SUSPENSION OF VOTING RIGHTS	18
ARTICLE 11.	NOTICES	18
ARTICLE 12.	MISCELLANEOUS	18
SECTION 12.0	· · · · · · · · · · · · · · · · · · ·	
SECTION 12.0		
SECTION 12.0		
SECTION 12.0		-
SECTION 12 0	5 No Dedication Implied	10

FIRST AMENDED AND RESTATED DECLARATION OF COVENANTS AND RESTRICTIONS FOR QUAILRIDGE RANCH ESTATES

This First Amended and Restated Declaration of Covenants and Restrictions ("Declaration") is made as of the 7th day of May, 2011 by Quailridge Ranch Estates Homeowners Association, a California non-profit mutual benefit corporation ("Association").

RECITALS

- A. A Declaration of Covenants and Restrictions covering Quailridge Ranch Estates was recorded in the Official Records of Tehama County, California on September 18, 1981 in Book 872 at Page 310. Such Declaration was subsequently amended by declarations recorded on July 2, 1990 in Book 1271, Page 195, on May 16, 1995 in Book 1582, Page 136 and on February 29, 1996 in Book 1637, Page 179 Official Records Tehama County. Such recorded documents are collectively referred to herein as the "Original Declaration".
- B. All 112 lots of the lots within Quailridge Ranch Estates have been sold by the developer thereof.
- C. On May 7, 2011, the Owners of lots within Quailridge Ranch Estates representing not less than fifty-one percent (51%) of the total voting power of the Association voted to amend and restate the Original Declaration, all in accordance with the procedures for amendment set forth in the Original Declaration. It was the intention of the Owners to replace the Original Declaration in its entirety with the recordation of this Declaration.
- D. The Owners' action 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 to by the execution of this Declaration by duly authorized officers of the Association.
- NOW, THEREFORE, the Original Declaration is amended and restated in its entirety to read and provide as follows:

DECLARATION

Article 1. DEFINITIONS

Unless the context otherwise specifies or requires, the following terms shall, for all purposes of this Declaration, have the following meanings:

Section 1.01 "Articles of Incorporation"

shall mean the Articles of Incorporation of the Quailridge Ranch Estates Homeowners Association as the same may from time to time be amended.

Section 1.02 "Alternative dispute resolution"

shall mean mediation, arbitration, conciliation, or other nonjudicial procedure that involves a neutral party in the decision making process. The form of alternative dispute resolution chosen pursuant to this article may be binding or non-binding, with the voluntary consent of the parties.

Section 1.03 "Association"

shall mean and refer to Quailridge Ranch Estates Homeowners Association, a California non-profit corporation, its successors or assigns. "Association" shall include, when the context requires, its Board of Directors, officers, and duly authorized representatives and agents as the same, or any of them, may from time to time be constituted.

Section 1.04 "Bylaws"

shall mean the Bylaws of the Association as the same may from time to time be amended.

Section 1.05 "Board of Directors"

shall mean the Board of Directors of the Association.

Section 1.06 "Declaration"

shall mean and refer to this Declaration of Covenants and Restrictions, as the same may be amended or modified from time to time.

Section 1.07 "Development"

that development in the unincorporated area of Tehama County consisting of the 112 Lots within Quailridge Ranch Estates as delineated on the Final Maps.

Section 1.08 "Enforcement action"

shall mean a civil action or proceeding for any enforcement of the governing documents of the Association.

Section 1.09 "Governing Documents"

shall mean this Declaration, the Bylaws, and the Articles of Incorporation.

Section 1.10 "Final Maps"

shall refer to (a) that certain Final Map entitled "Tract No 80-1021 'Quailridge Ranch Estates' a Private Road Subdivision" recorded in the Office of the County Recorder, Tehama County, California on September 18, 1981 in Book U of Maps at pages 48-56, (b) that certain Final Map entitled "Tract No 81-1003 'Quailridge Park' a Private Road Subdivision" recorded in the Office

of the County Recorder, Tehama County, California on November 9, 1982 in Book U of Maps at pages 122-126, and (c) Parcels A and B of Parcel Map 94-18 as filed with the County Recorder, Tehama County, California on February 29, 1996 in Book 11 of Parcel Maps at pages 107-109.

Section 1.11 "Lot"

shall mean and refer to any one of the numbered parcels of real property shown on the Final Map plus the Annexed 14 Lots, excluding the Released Lot 1, Parcels A, B, C, and D, and the two lots Annexed, or any resubdivision of such a parcel.

Section 1.12 "Owner"

shall mean and refer to any person or entity in which title to a Lot is vested, as shown by the Official Records of Tehama County, California, but excluding any such person or entity having such interest in a Lot merely as security for the performance of an obligation.

Section 1.13 "Private Road Easement"

shall mean and refer to all those private road easements shown and delineated on the Final Map as "60' Private Road and Public Utility Easement".

Section 1.14 "Property"

shall mean and refer to the real property as shown on the Final Map, the Annexed 14 Lots, excluding the Released Lot 1, Parcels A, B, C, and D, and the two lots Annexed.

Section 1.15 "Single family"

shall mean and refer to one or more persons, each related to the other by blood, marriage or legal adoption, or a group of not more than four (4) persons not all so related, maintaining a common household in a dwelling. A single family shall be deemed to include guests and domestic servants.

Section 1.16 "Voting Power of the Association"

shall mean the total number of voters in good standing.

Article 2. BASIC RESTRICTIONS

Section 2.01 Use of property

No improvement, excavation, fill, or other work which in any way alters any lot from its natural or improved state shall be made or done except upon compliance with the provisions hereof.

Section 2.02 Residential Use

No building, mobile home, or other structure shall be erected, constructed, placed, altered or maintained on any lot other than one residence for a single family; provided, however, that a guest house or other accessory structure or outbuilding may be erected, constructed, placed, altered or maintained thereon if permitted by applicable laws and if in compliance with the provisions of this Declaration.

Section 2.03 Location of Structures

No structure or improvement, including mobile homes, but excluding fences, shall be constructed or placed upon any Lot nearer than one hundred (100) feet from the center line of any road or road easement or nearer than fifteen (15) feet from the side and rear lot lines of such Lot (when such side or rear lot lines do not abut a road or road easement), unless a variance of

such set-back requirements, in writing, is obtained from the Board of Directors of Association prior to any such construction or placement.

Section 2.04 Temporary Structures

No tent, shack, or other temporary outbuilding shall be used on any Lot at any time as a residence either temporarily or permanently. No garage, barn, basement, or other permanent structure on any Lot shall be used as a residence except while building a residence on such Lot and then only after the exterior of any such structure has been completed. No trailer, motor home, or other vehicle useable for living purposes may be parked on any vacant Lot within the Property after three (3) years from the date of issuance of a Final Subdivision Public Report on the Property.

Section 2.05 Fences

- a. No fence, wall, or hedge shall be constructed, placed, or permitted to remain nearer than fifty (50) feet from the centerline of any road easement.
- b. Except as otherwise provided herein, a fence, wall, or hedge may be constructed along the side and rear lot line of any Lot.
- c. If a road line easement transects a side or rear Lot line of an Lot, no fence, wall, or hedge shall be constructed, placed, or permitted to remain across said road easement. Any fence, wall, or hedge constructed or placed along any such side or rear lot line shall terminate not less than fifty (50) feet from the centerline of such road easement.
- d. No fence, wall, hedge, or shrub planting which obstructs sight lines at an elevation between two (2) and six (6) feet above the roadway shall be constructed, placed, or permitted to remain on any corner Lot within the triangular area formed by the road easement property lines and a line connecting them at points fifty (50) feet from the intersection of the road easement lines, or in the case of a rounded property corner from the intersection of the road easement lines extended. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.
- e. Construction and maintenance of all fences, including fences to contain, or exclude livestock, shall be the responsibility of the Owner wishing to fence.

Section 2.06 Signs

No signs of any kind, or other advertising device of any character, shall be erected, posted, placed, displayed, or maintained on any Lot, except:

- a. Not more than two (2) residential identification signs.
- b. Not more than one "for sale" or "for rent" sign of normal and customary size, unless a Lot fronts on more than one road, in which event not more than two "for sale" or "for rent" signs of normal and customary size.
- c. Such signs as may be required by law.
- d. Such signs as Association may erect or maintain on the Property.
- e. During the period of construction of any improvement, job identification signs of the type and size customarily used by contractors and subcontractors.

Section 2.07 Resubdivision

No Lot shall be resubdivided without approval of all governmental agencies having jurisdiction thereof.

Section 2.08 Maintenance

Each Lot and all improvements thereon shall be continuously maintained by the Owner thereof in good, clean, sightly, and sanitary condition and repair at the Owner's expense.

Section 2.09 Noxious, Offensive Activities

No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done or placed thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance or annoyance to other Owners in their enjoyment of their Lots or the Private Road Easements.

Section 2.10 Garbage; Trash

No Lot shall be used as a dumping ground for rubbish. Garbage, rubbish, trash, and other offensive or obnoxious material shall not be kept except in covered sanitary containers. In no event shall such containers be maintained so as to be visible from neighboring Lots, roads, or Private Road Easements. All garbage, rubbish, trash, and other such material shall be removed from the premises in a timely manner and shall not be stored on the premises. There shall be no burning of garbage or other such material capable of producing offensive odors except in incinerators, which shall be kept in a clean and sanitary condition. Burning of newspaper or other such material not capable of producing offensive odors shall be permitted but only in covered containers.

Section 2.11 Junk Vehicles

No stripped down, wrecked, or junk motor vehicles shall be kept, stored or maintained on any Lot except within an enclosed structure or a screened area which prevents view thereof from other Lots, roads, or Private Road Easements.

Section 2.12 Sewage Disposal

No outside toilet (outhouse) facility shall be constructed, placed, or permitted to remain on any Lot, except such chemical toilet facility as may be required during the period of construction of any improvement on the Lot. No individual septic tank sewage-disposal system shall be constructed on any Lot unless such system is designed, located and constructed in accordance with the requirements, standards, and recommendations of the Tehama County Health Department.

Section 2.13 Trees

No Owner shall destroy or remove any tree, shrub, plant, or other vegetation upon any Lot except as is reasonably necessary for the construction of any improvement thereon, including any driveway, trails, pasture, garden, riding ring or similar facilities without the prior written approval of the Board of Directors of Association; provided, however, that trees, shrubs, plants or other vegetation may be removed on a selective cut basis for the purpose of thinning heavily wooded areas to improve safety, appearances, access, or view. In no event shall there be any clear cutting of more than fifty percent (50%) of any Lot.

Section 2.14 Exterior Fires

There shall be no burning or exterior fires within the Property except in accordance with this Declaration and in compliance with all governmental regulations pertaining thereto.

Section 2.15 Livestock; Pets

Animals, livestock, and poultry may be raised, bred, or kept on any Lot provided that they shall not cause unreasonable disturbance or annoyance to the Owners or occupants of other Lots within the Property. All dogs, cats, or other common household pets kept by any Owner must be kept within said Owner's Lot area or on leash or tether when out of such Lot area. Any damage or injury caused by any animal shall be the responsibility of the Owner to whom such animal belongs.

Section 2.16 Water Supply

No individual water supply system shall be constructed on any Lot unless such system is located, constructed, and equipped in accordance with the requirements, standards, and recommendations of the Tehama County Health Department.

Section 2.17 Compliance With Laws

Each Owner shall promptly and fully comply with any and all applicable laws, rules, ordinances, statutes, regulations, and requirements of any governmental agency or authority with respect to the construction, maintenance, or occupancy of any structure or improvement upon or within, or the use of, said Owner's Lot.

Article 3. ARCHITECTURAL STANDARDS AND CONTROLS

Section 3.01 Size Requirements

Every residential dwelling, including every mobile home (except a guest house) shall contain a minimum of eight hundred (800) square feet of fully enclosed floor area devoted to living purposes, exclusive of roofed or unroofed porches, terraces, decks, garages, carports, and other outbuildings.

Section 3.02 New Structures and Mobile Homes

No used structure of any kind shall be relocated or placed on any Lot without the prior written consent of the Board of Directors of Association. No used mobile home shall be placed or permitted to remain on any Lot without the prior written consent of the Board of Directors of Association.

Section 3.03 Underpinnings, Foundations, etc.

Underpinnings, foundation, or bracing structures, exposed plumbing, and the underside of decks and floors must be attractively designed as part of the design concept or screened or hidden from view by proper painting, or construction of siding, screening, or sheathing, or landscaping. Said screening shall be completed within ninety (90) days after construction of the structure is completed, or the structure is placed on the Lot.

Section 3.04 Driveways

Each private driveway to be constructed upon any Lot shall be designed, constructed and maintained in such manner as necessary to provide all-weather access by fire fighting equipment to the dwelling and improvement areas of the Lot.

Section 3.05 Completion of Construction

Each Owner shall complete the construction of the foundation and all exterior surfaces of any structure (including the roof, exterior walls, windows and doors) on his Lot within six (6) months

after commencing Construction thereof unless such completion is rendered impossible, or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities, or other causes beyond the control of Owner.

Section 3.06 Partial or Total Destruction

No improvement, which has been partially or totally destroyed, shall be allowed to remain on any Lot in such condition for more than six (6) months from the date of such destruction. Additional Mobile Home Requirements

The placement of a mobile home on any Lot shall be subject to the following additional requirements:

- a. No mobile home placed upon any Lot shall be less than twenty (20) foot double wide in size, exclusive of any expando rooms, or contain less than eight hundred (800) square feet of fully enclosed floor area devoted to living purposes, exclusive of roofed or unroofed porches, overhang, trailer hitch, decks and other outbuildings.
- b. Skirting of the same material, texture, and color as the siding of the mobile home, or of a rustic wood texture, or masonry shall be installed on each mobile home placed upon any Lot within ninety (90) days after said mobile home is so placed on the Lot.

Section 3.07 Variances

The Board of Directors of Association shall have the power to allow reasonable variances to the provisions of Articles 2 and 3 of this Declaration to overcome practical difficulties or to prevent unnecessary hardship when such variance will not be materially detrimental to other Lots or Owners in the Property.

Article 4. EASEMENTS

Section 4.01 Private Road Easements

The Association, its successors, and assigns, grants to each Owner of a Lot within the Property, his heirs, executors, administrators, successors and assigns, a mutual, reciprocal, non-exclusive easement, which shall be appurtenant to and for the benefit of each Lot, for ingress and egress in, on, over and across said easements to all parts of the Property. Said private road easements, or portions thereto are and shall be subject to the following:

- a. A mutual, reciprocal, non-exclusive easement appurtenant, designated "Common Road Easement", as set forth in that certain "Declaration to Establish Common Road and Utility Easements, Covenants, Conditions and Restrictions, and Property Owner Association" recorded December 6, 1976 in Book 701, at Page 417, and re-recorded June 27, 1977 in Book 719 at Page 229 and re-recorded July 8, 1977 in Book 720 at Page 358, of Official Records of Tehama County, for access and utility purposes.
- b. A mutual, reciprocal, non-exclusive easement appurtenant, designated "60' Private Road and Public Utility Easement," as set forth in that certain "Declaration of Covenants and Restrictions Quailridge Ranches" recorded January 15, 1979 in Book 772, at Page 286, Official Records, for access and utility purposes.
- c. A mutual, reciprocal, non-exclusive easement appurtenant, designated "60' Private Road, and Public Utility Easement," as set forth in that certain "Declaration of Covenants and Restrictions Quailridge Ranches Unit 2" recorded April 17, 1980 in Book 822, at Page 567, Official Records, for access and utility purposes.

- d. Utility easements as shown on the Final Map and described in Section 4.05 hereof, including the right of access over said private road easements for the installation, operation and maintenance of said public utilities.
- e. Notwithstanding anything to the contrary contained herein, said Private Road Easements are not dedicated to public use, and use by members of the public shall be permissive only.

Section 4.02 Utility Easements

Utility easements designated "60' 'Private Road and Public Utility Easement" and "20' P.U.E." are shown on the Final Map. Said utility easements are dedicated to public use and are for the construction, installation, operation, maintenance, removal, replacement, and repair of public utilities therein and thereon, including without limiting the generality of the foregoing, the construction, installation, operation and maintenance of poles, wires, conduits and other transmission facilities and appurtenances for lighting, heating, power, telephone, television and any other public or quasi-public utility service or function above or beneath the surface of the ground. Said easements shall include the right of access and the right to trim and remove trees, bushes, or brush within the easement area.

Section 4.03 Restrictions Applicable to Easements

Within the easements described in sections 4.1, 4.2 and 4.3, above, no structure, planting or other material shall be placed, constructed, or permitted to remain, which would change or interfere with the installation or maintenance of roadways or public utilities.

Section 4.04 Maintenance of Easements

The Association shall improve or cause to be improved Private Road Easements situated within the Property to Tehama County Road standard 10-4, pursuant to the Tehama County Deferred Improvements Agreement dated August 6, 1981.

Section 4.05 Additional General Assessment

The Association shall levy any additional general assessment for such work pursuant to Section 7.08 hereof.

Article 5. THE ASSOCIATION

Section 5.01 Organization

The Quailridge Ranch Estates Homeowners Association has been incorporated as a California non-profit membership corporation to perform functions and hold and manage property as provided in its Articles and Bylaws in this declaration. It shall have all powers necessary or desirable to effectuate such purposes. In the event the Association as a corporate entity is dissolved, a non-profit, unincorporated Association shall forthwith and without further action or notice be formed and succeed to all the rights, duties, privileges and obligations of the Association.

Section 5.02 Membership

a. Each Owner of a Lot within the Property shall automatically, upon becoming an Owner, be a member of the Association, and shall remain a member thereof until he shall cease to be an Owner. However, no person or entity holding an interest in a Lot

- merely as security for performance of an obligation shall be a member of the Association by virtue of such interest.
- b. If more than one person or entity holds an ownership interest in a Lot, all of said persons or entities shall be deemed one membership, and the membership appurtenant to that Lot shall be shared by all such persons or entities in the same proportionate interest as their ownership in the Lot, provided, however, that the vote for each such Lot may be cast only as a unit, and fractional votes shall not be allowed.
- c. The rights, duties, privileges, and obligations of a member shall exist, be exercised, and be imposed in accordance with this Declaration and the Articles and Bylaws of the Association.
- d. In the event of dissolution of the Association, upon the formation of an unincorporated Association, each member of the Association shall be a member of the unincorporated Association and shall have an underlying beneficial interest in all of the Association's Property transferred to or for the benefit of said unincorporated Association.

Section 5.03 Memberships Appurtenant To Lot

The membership of each Owner in the Association is appurtenant to and for the benefit of the Lot to which it relates, and such membership may not be separated from the ownership of such Lot.

Section 5.04 Voting Rights

The Association shall have but one class of voting membership. Voting rights, proxy voting, and cumulative voting shall be as provided in the Bylaws of the Association.

Section 5.05 Board of Directors

The affairs of the Association shall be managed by the Board of Directors, which may delegate all or any portion of its authority to a management agent or to an executive committee composed of not less than two directors. The number of members of the Board of Directors and their terms shall be as provided in the Bylaws of the Association. Members of the Board of Directors shall be Owners of Lots within the Property.

Section 5.06 Meetings; Notices; Record Dates; Quorums

The place and time of any meeting of the Association, the notice required to be given of any meeting, the Owners entitled to receive such notice, and the voting power that shall constitute a quorum, shall be as provided in the Bylaws of the Association.

Section 5.07 Articles of Incorporation and Bylaws

The purposes and powers of the Association and its rights and obligations with respect to Owners or to the Property as set forth in this Declaration may and shall be amplified by the provisions of the Articles of Incorporation and Bylaws of the Association.

Article 6. DUTIES AND POWERS OF THE ASSOCIATION

Section 6.01 Duties and Powers Generally

In addition to the powers of assessment, collection and enforcement as hereinafter provided, the Association may exercise any and all rights and powers hereinafter enumerated together with any and all rights and powers given or implied by law (subject only to the limitations upon the

exercise of such powers as are expressly set forth in the Articles or Bylaws of Association or in this Declaration) and any and all rights and powers which are necessary or proper in order to:

- a. maintain the private roads and private road easements in good condition, order and repair.
- b. enforce any of the provisions of this Declaration, the Bylaws or the rules and regulations adopted by the Board.
- c. carry out and perform its duties and obligations.

Section 6.02 Private Road and Private Road Easement Maintenance and Repair

The Association or any one or more qualified persons or entities designated by the Association shall have the duty and power to repair, replace, and generally maintain the private road easements designated on the Final Map as "Private Road and Public Utility Easements," together with all structures and improvements thereon and all facilities thereof, including without limiting the generality of the foregoing roadways, shoulders, and culverts, with the exception of those improvements for which a public authority or utility company is responsible; and to improve such private road easements to such construction standards as the Association may from time to time deem necessary or desirable. Said private road easements shall maintained by Association to not less than the same standards as, and in no poorer condition than, the improvements thereto as of the date of original issuance of the State of California Final Subdivision Public Report with respect to the Property. The Association shall undertake to improve the collector road in the Property known as Quailridge Road as shown on the Final Map of Quailridge Ranch Estates TR. 80-1021 to Tehama County Road Standard 10-4 (double chip and seal coat, 28 foot width) as required by the County of Tehama. The Association shall establish a reasonable schedule for undertaking such improvements commensurate with the build out of Lots in the Property. The Association shall establish a separate capital reserve amount as part of the budget of the Association to fund the undertaking of such improvements pursuant to said schedule.

Section 6.03 Miscellaneous Powers and Duties

The Association may provide, perform, cause to be performed, maintain, acquire, obtain, contract for and/or pay for such professional and nonprofessional services for the use, enjoyment, benefit or protection of the Property and the residents thereof as the Association shall determine to be reasonable, necessary, or desirable.

Section 6.04 Contracts With Adjoining Associations, Land Owners or Lessees

The Association shall have the authority and power to enter into contracts with owners or lessees of lands adjoining or near the Property, and with associations having powers with reference to said lands similar to the powers held by the Association. Any contracts so entered into may provide, among other things, for joint installation, maintenance and repair of facilities benefiting the Property and said other lands, and for the joint retainer and use of maintenance, professional and management services for the joint discharge of any of the duties of each party to such contract to the extent that the duties so defined shall not be inconsistent with the duties, powers and rights of the Association as herein defined.

Section 6.05 Personal Property of Association

The Association may acquire, obtain, and hold tangible and intangible personal property and may dispose of the same by sale or otherwise.

Section 6.06 Right of Entry

The Association or any one or more qualified persons appointed by the Association shall have the power and authority to enter upon any Lot for the purpose of:

- a. abating any nuisance, or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained upon such Lot,
- b. protecting the rights and welfare of the Owners thereof
- c. enforcing any provision of this Declaration or
- d. for any purpose reasonably related to the performance by the Association of its responsibilities under this Declaration, its Articles or Bylaws, as the same may from time to time be amended or modified. Such right of entry shall be exercised in such manner as to avoid any unreasonable or unnecessary interference with the possession, use, or enjoyment of the Owner of such Lot and shall be preceded by reasonable advance notice to the Owner thereof wherever the circumstances permit.

Section 6.07 Association Power to Enjoin

The Association shall have the power to commence and maintain actions to restrain and enjoin any breach or threatened breach of this Declaration and to seek redress therefore.

Section 6.08 Rules and Regulations

The Association, acting through its Board, officers or other duly authorized representatives or agents, shall have authority to make, establish, promulgate and enforce such reasonable rules and regulations as may be deemed by them to be necessary or desirable to govern the use, occupancy, and maintenance of the Property, and to alter, amend, or modify such rules and regulations from time to time. A copy of such rules shall be distributed to each Owner. Such rules and regulations shall be binding upon each and every Owner and the members of his family and tenants, social guests, employees, servants, and invitees forty-eight (48) hours after such distribution.

Section 6.09 Delegation of Powers

The Association or the Board of Directors may, to the extent not inconsistent with the laws of the State of California, delegate any of its duties, powers or functions to any qualified person to act as manager. Neither the Association, nor the members of its Board, nor its officers, shall be liable for any omission or improper exercise by the manager or its staff of any such duty, power, or function so delegated.

Section 6.10 Limitation of Liability

Neither the Association, nor its Board of Directors, nor its officers, nor the manager nor its staff, shall be liable to the Association or to any Owner for any failure to provide any service or perform any duty, function, or responsibility designated or provided in this Declaration to be performed thereby, unless caused by the gross negligence of such party.

Section 6.11 Insurance

The Association shall have the power and authority to purchase, carry, and maintain in force such insurance coverage, or bonds, in such amounts and with such endorsements and coverage, as the Association shall deem to be appropriate for the protection or benefit of the Property, the Association, the members of the Board, or Owners, including, without limiting the generality of the foregoing, public liability and property damage insurance, and fidelity bonds.

Article 7. GENERAL ASSESSMENTS

Section 7.01 Purpose of Assessment

The assessments levied by the Association shall be used for the purpose of protecting, preparing, replacing, improving, operating, and maintaining the Private Road Easements, the improvements thereto, and facilities thereof, and otherwise providing for the performance by the Association of each and every power and duty of the Association.

Section 7.02 Payment

Annual assessment shall be payable each April 1st, unless otherwise provided by the Board of Directors of the Association.

Section 7.03 Budgets

On or before sixty (60) days prior to commencement of each fiscal year, the Board of Directors of Association shall estimate the costs and expenses to be incurred by the Association during such fiscal year in performing its functions, including a reserve for repair and replacement of the roads, and a reserve for upgrading of the road designated Quailridge on the Final Map of Quailridge Ranch Estates TR. 80-1021 to Tehama County standard 10-4 within a reasonable period of time; and shall deduct from such estimate an amount equal to the anticipated balance, if any, exclusive of reserve, in the Association operating fund at the start of such fiscal year.

The Board of Directors of Association shall have a road assessment review each year prior to preparing the budget.

A copy of the operating budget shall be annually distributed not less than 30 days nor more than 90 days prior to the beginning of the association's fiscal year.

The Board of Directors of Association may not, without the vote or written assent of a majority of the voting power of the Association, adopt a budget for any fiscal year which would result in the general assessment against each Lot being more than twenty percent (20%) greater than the general assessment against each Lot for the immediately preceding fiscal year.

Section 7.04 Individual Assessment

A unit of assessment shall be derived by dividing the total estimated annual budget of Association as established pursuant to Section 7.3 hereof by the number of Lots within the Property. Each Owner shall be charged and assessed one (1) unit of assessment for each Lot owned.

Section 7.05 Levy of Assessment

The general assessment shall be made annually by written notice from the Association to each Owner not less than thirty (30) days prior to the payable date. If an annual general assessment is not made as required for a new fiscal year, the general assessment for the immediately preceding fiscal year shall apply and govern each Owner's payments until changed by a new general assessment.

Section 7.06 Additional General Assessments

If at any time during any fiscal year the general assessment is inadequate, in the judgment of the Board of Directors, the Association may levy additional general assessments from time to time in the amount of such actual or estimated inadequacy; provided, however, that the Board of Directors may not, without the vote or written assent of a majority of the voting power of the

Association levy additional general assessments in any fiscal year which, in the aggregate, would exceed a sum equal to five percent (5%) of the budgeted general expenses of the Association for that fiscal year.

Section 7.07 Time and Manner of Payment

Subject to the provisions hereof, the Board of Directors of the Association shall have the power and authority to determine where, when and how general assessments are to be paid to the Association. Unless otherwise specified by the Board, general assessments shall be payable by each Owner against whom assessed on or before April 1st of each year. Delinquent installments shall bear interest at the rate of ten percent (10%) per annum.

Section 7.08 Special Assessment

The Association may levy a special assessment against any Owner as a direct result of whose failure to comply with this Declaration, the Association Rules, or the Association Bylaws, the Association expended monies from the operating fund in the enforcement of same. Such special assessment shall be in the amount so expended, and shall be due and payable to the association when levied.

Section 7.09 Personal Obligation; Enforcement

Each purchaser of any Lot by acceptance of a Deed therefore, whether or not it shall be so expressed in any such Deed or other conveyance, shall be deemed to covenant and agree to pay to the Association the assessments, together with such interest thereon and the cost of collection thereof (including attorneys' fees), as herein provided. Each assessment under this Article 7 shall be and become a personal obligation of the Owner against whom assessed as of the date of assessment. If the Owner does not pay any such assessment when due, the Owner shall be deemed to be in default. The Association may cause a suit at law to be commenced and maintained against an Owner personally obligated to pay assessments for any delinquent assessments as to which he is personally obligated. Any judgment rendered in any such action shall include the amount of the delinquency, together with late charge, interest, and costs (including attorneys' fees) attributable thereto. The remedies provided in this Section 7.09 shall be in addition to and not in substitution for any Owner rights and remedies, which the Association may have hereunder or by law.

Article 8. DURATION OF DECLARATION

Subject to the other provisions hereof, including the right to amend any provision hereof as herein provided, this Declaration and each of the provisions contained herein shall continue and remain in full force and effect for a term of twenty (20) years from the date of recordation of this Declaration, after which time the same shall be automatically extended for successive periods of ten (10) years each unless, within six (6) months prior to the expiration of the initial twenty (20) year term or any ten (10) year extension period, a written instrument executed and acknowledged by Owners representing at least fifty-one percent (51%) of the total voting power of Association shall be recorded in the Office of the County Recorder of Tehama County, California, terminating the effectiveness of this Declaration.

Article 9. AMENDMENTS

This Declaration may be amended only upon the vote of approval or written consent of not less than fifty-one percent (51%) of the total voting power of Association. Any such amendment shall

become effective after (1) the proposed amendment has been distributed to all of the owners of separate interests in the common interest development by first-class mail postage prepaid or personal delivery not less than 15 days and not more than 60 days prior to any approval being solicited; (2) the approval of owners as stated above, and that fact has been certified in a writing, executed and acknowledged by an officer of the association; and (3) the amendment has been recorded in the Office of the County Recorder of Tehama County, California, of a written instrument specifying the amendment and executed and acknowledged by the secretary of the Association. Upon recordation of such certificate, a copy of any amendment adopted pursuant to this subdivision shall be distributed by first-class mail postage prepaid or personal delivery to all of the Owners, and. any amendment specified therein shall be binding upon every Owner and every Lot subject thereto whether the burdens thereon are increased or decreased thereby, and whether the Owner of each and every Lot consents thereto or not. Any other attempt to in any way amend the provisions of this Declaration shall be null and void and of no force or effect.

Article 10. BREACH OR DEFAULT BY OWNERS

Section 10.01 Remedy at Law Inadequate

Except for the nonpayment of any Assessments provided for herein, it is hereby expressly declared, stipulated, and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants contained in this Declaration is inadequate and the failure of any Owner, tenant, occupant, or user of any Lot within the Property to comply with each and all of the terms and provisions of this Declaration, the rules, regulations, decisions, resolutions, and Bylaws of the Association and its Board, all as lawfully amended from time to time, may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its Board, its officers, or the Manager, or their respective successors and assigns.

Section 10.02 Alternate Dispute Resolution

- a. The Association or an Owner may not file an enforcement action in the superior court, except for small claims action, unless the parties have endeavored to submit their dispute to alternative dispute resolution with a claim for monetary damages not in excess of five thousand dollars (\$5,000).
- b. Any party to a dispute may initiate the process required by serving on all other parties to the dispute a Request for Resolution. The Request for Resolution shall include all of the following:
 - i. A brief description of the dispute between the parties.
 - ii. A request for alternative dispute resolution.
 - iii. A notice that the party receiving the Request for Resolution is required to respond within 30 days of receipt or the request will be deemed rejected.
 - iv. If the party on whom the request is served is the owner of a separate interest, a copy of this article.
 - v. Service of the Request for Resolution shall be by personal delivery, first-class mail, express mail, facsimile transmission, or other means reasonably calculated to provide the party on whom the request is served actual notice of the request.

vi. A party on whom a Request for Resolution is served has 30 days following service to accept or reject the request. If a party does not accept the request within that period, the request is deemed rejected by the party.

Section 10.03 Costs and Attorneys' Fees

In any proceeding arising because of any alleged breach or default under this Declaration, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the court.

Section 10.04 Cumulative Remedies

The respective rights and remedies provided by this Declaration or by law or available in equity shall be cumulative and the exercise of anyone 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 different defaults or breaches or for the same or different failures of the Owners or others to perform or observe any provision of this Declaration.

Section 10.05 Failure Not a Waiver

The failure of any Owner, the Board of Directors of the Association, the Association, its officers, Manager, or his staff to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 10.06 Suspension of Voting Rights

Notwithstanding anything to the contrary contained herein, no Owner shall be entitled or eligible to vote, or to be elected to the Board of Directors, who is shown on the books and records of Association to be more than thirty (30) days delinquent in the payment of any Assessment to the Association and for so long as any said Assessment remains unpaid provided, however, that voting rights of an Owner shall not be suspended for delinquency in the payment of any assessment except after notice and hearing duly given and held by the Board of Directors or a Committee appointed thereby. Voting rights of a member may also be suspended, after notice and hearing, for a period not in excess of one hundred twenty (120) days for any single failure to comply with any of the terms and provisions of the Governing Documents. While the voting rights of a Member are suspended, the voting power of the Association shall be determined as if the Owner were not an Owner.

Article 11. NOTICES

Any communication or notice of any kind permitted or required by this Declaration shall be in writing and may, unless otherwise specified herein, be delivered as stated in the Bylaws.

Article 12. MISCELLANEOUS

Section 12.01 Article, Section and Paragraph Headings

The headings of the several Articles, Sections and paragraphs of this Declaration are intended solely for convenience of reference and are not a part of nor intended to govern, limit or aid in the construction of any term or provision of this Declaration.

Section 12.02 Interpretation

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the use, operation, and maintenance of the Property. The terms, covenants, provisions, phrases, Sections, and other elements of this Declaration shall be deemed independent and severable. In case any term, covenant, provision, phrase, Section or other element contained in this Declaration for any reason shall be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect, alter, modify or impair in any manner whatsoever any other term, covenant, provision, phrase, Section or other element contained in this Declaration, the provisions of which shall be carried out as if such invalid, illegal or unenforceable provision were not contained herein. Whenever the context so requires, the singular number includes the plural, the plural includes the singular, the masculine gender includes the feminine and/or neuter and the neuter gender includes the masculine and/or feminine. In the case of any conflict between the Declaration and the provisions of the Bylaws or Rules and Regulations of the Association, this Declaration shall control.

Section 12.03 Effect of Provisions of Declaration

Each provision of this Declaration, and an agreement, promise, covenant and undertaking to comply with each provision of this Declaration, and any necessary exception or reservation or grant of title, right or interest to effectuate any provision of this Declaration, shall be deemed incorporated in each deed or other instrument by which any right, title or interest in the Property or in any Lot is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument.

Section 12.04 Successors and Assigns

This Declaration shall inure to the benefit of and be binding upon the successors and assigns of Association, and the heirs, personal representatives, grantees, lessees, licensees, successors, and assigns of each Owner.

Section 12.05 No Dedication Implied

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

Dated: May 27 ____, 2011

QUAILRIDGE RANCH ESTATES HOMEOWNERS ASSOCIATION

By:

Board Member

Board Member

Neffly 2). Board Member

STATE OF CALIFORNIA)

COUNTY OF SHASTA

On MAY 27 ______, 2011, before me, Nount J BYERLY _____, Notary Public, personally appeared TERRY ALAN APPLE GATE, VANESSA DIANE PRATI, JEF FREN SCOTT HOWSEN 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.

NORMA J. BYERLY
COMM. #1788197
Notary Public - California
Shasta County
My Comm. Expires Jan. 30, 2012

Signature Morne J Bypely