FIRST RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
CAMERON PARK UNIT NO.11 SUBDIVISION
RELATING TO TOWNHOUSE LOTS ONLY

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RESTATED DECLARATION
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THE DECLARATION, executed by Dorado Estates, a corporation, ("Declarant") entitled "Declaration of Restrictions, Covenants, and Architectural Controls Cameron Park Unit No. 11 Subdivision" and recorded, in Book 1024, Page 224, of the Official Records of El Dorado County, California as amended by an instrument recorded in Book 1040, page 321 of the Official Records of El Dorado County (the documents being jointly referred to as the "Original Declaration"), which Declaration affects all of the Properties described and commonly known as Cameron Park Unit No. 11, is hereby amended and restated in its entirety in the form of two separate Declarations of Covenants, Conditions and Restrictions, namely: (a) this Restated Declaration which is applicable to, and binding upon, the Owners of Lots and the Common Areas located within that certain portion of Cameron Park Unit No. 11 improved by townhouse-style Residences, which Lots and Common Areas are more particularly described as Lots 1-175, Lots A, B, C, D, E and F, and areas designated as "Common Recreational Easement" on the official plat of Cameron Park Unit No. 11, recorded in the office of the County Recorder of El Dorado County, California in Book E of Maps, Page 82 (the"Subdivision Map"); and (b) a document entitled "Restated Declaration of Covenants Conditions and Restrictions of Cameron Park Unit No. 11 Subdivision Relating to Apartment and Dwelling House Lots Only" which is applicable to, and binding upon, the Owners of Lots 176 through 274 as shown on the aforementioned Subdivision Map. The Declaration described in (b) above immediately follows this Restated Declaration in the Official Records of El Dorado County, California.

RECITALS

1. Declarant was the owner of certain property in the County of El Dorado, State of California, which is more particularly described in the aforementioned Subdivision Map ("Cameron Park Unit No. 11").

2. Declarant conveyed the Lots within Cameron Park Unit No. 11, 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 Cameron Park Unit No. 11 and all of which shall run with Cameron Park Unit No. 11 and be binding on all parties having or acquiring any right, title or interest in Cameron Park Unit No. 11 or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

3. It was the further intention of the Declarant to sell and convey residential Lots designated for use as "Dwelling House Lots," "Apartment House Lots," and "Townhouse Lots" 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 the Original Declaration and which, in the case of Townhouse Lots, 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 Cameron Park Unit No. 11 as a "planned development" as that term is defined in Section 11003 of the California Business and Professions Code.

Finally, it was the intention of Declarant that the Association own and maintain the "Common Area" and "Common Facilities" and that the Common Area and Common Facilities be reserved exclusively for the use and enjoyment of the Owners of Lots 1-175, their tenants, lessees, guests and invitees all subject to the terms and conditions of the Declaration, the Articles and the Bylaws, as the same may be amended from time to time.

4. On _____, 1986, 75% of the Owners of all Lots (meaning Lots 1-274) within Cameron Park Unit No. 11 (successors in interest to the Declarant) and a majority of the Townhouse Architectural Committee voted by written ballot to amend and restate the Original Declaration in two documents, one relating solely to Townhouse Lots the other relating solely to Dwelling House Lots and Apartment House Lots, each instrument being complete and capable of standing independent of the other, all in accordance with the procedures for amendment set forth in Section 19 of the Original Declaration. The easements, covenants, restrictions and conditions in this Declaration shall run with Lots 1-175 of Cameron Park Unit No. 11 and shall be binding on all parties having or acquiring any right, title or interest in said Lots or any portion thereof, and shall inure to the benefit of each Owner thereof.

ARTICLE I
Definitions

Section 1. "Articles" shall mean the Articles of Incorporation of Cameron Park Unit No. 11 Corporation, which are filed in the Office of the Secretary of State of the State of California.

Section 2. "Assessment" means any Regular, Special or Special Individual Assessment made or assessed against the Owner of a Lot in accordance with the provisions of Article IV of this Declaration.

Section 3. "Association" shall mean and refer to Cameron Park Unit No. 11 Corporation, a California non-profit mutual benefit corporation, its successors and assigns.

Section 4. "Association Rules" shall mean the rules adopted by the Board of Directors of the Association, as the same may be in effect from time to time pursuant to Article III, Section 7 of this Declaration.

Section 5. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 6. "Bylaws" shall mean the Bylaws of the Association, as such Bylaws may, from time to time, be amended.

Section 7. "Charter Documents" shall refer collectively to this Declaration, the Articles, the Bylaws and the Association Rules, and to any amendments to such documents.

Section 8. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners of Lots. The Common Areas to be owned by the Association as of the date of execution of this Declaration are described as those portions of the real property referred to in the First Recital to this Declaration

designated on the official plat of Cameron Park Unit No. 11 as "Common Recreational Easement," and the area comprising Lots A, B, C, D, E and F.

Section 9. "Common Expense" means any use of Common Funds authorized by Article IV and includes (a) all expenses or charges for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Facilities as incurred or as may be estimated from time to time by the Association and/or its Board of Directors, (b) all expenses or charges for the insurance of residential structures located on Lots and for the exterior maintenance and repair thereof in accordance with Articles X and VII hereof, respectively, (c) any amounts reasonably necessary for reserves for maintenance and for non-payment of any assessments, (d) the costs and expenses of the Association in the performance of its functions as provided for in its Articles of Incorporation, the Bylaws, or this Declaration, and (e) an adequate reserve fund for replacement of Common Facilities, which shall be established by the Association and funded by Regular Assessments.

Section 10. "Common Facilities" means the trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures, and other facilities constructed or installed, or to be constructed or installed, or currently located on any portion of the Common Area.

Section 11. "Common Funds" means all funds collected or received by the Association (a) for use in the maintenance, management, administration, insurance, operation, replacement, repair, addition to, alteration or reconstruction of, all or any portion of the Common Area and Common Facilities and (b) for use in discharging any and all of its functions as provided for in its Articles of Incorporation, the Bylaws and this Declaration.

Section 12. "County" means the County of El Dorado, State of California.

Section 13. "Declarant" shall mean and refer to the original project developer of the Properties, namely, Dorado Estates, a California corporation, its successors and assigns.

Section 14. "Declaration" shall mean this First Restated Declaration of Covenants, Conditions and Restrictions of Cameron Park Unit No. 11 Subdivision Relating to Townhouse Units Only as such Declaration may, from time to time, be amended. The "Original Declaration" shall mean the document referenced in the first sentence of the preamble to this Declaration.

Section 15. "Family" shall mean one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three persons not so related who maintain a common household in a Residence.

Section 16. "Lot" shall mean and refer to each of Lots 1-175 as designated and shown on the Subdivision Map. In the Original Declaration the Lots were referred to as "Townhouse Lots." Unless the context clearly indicates a contrary intention, the term "Lot" shall also include the Residence and any other improvements constructed on a Lot.

Section 17. "Member" shall mean and refer to every person or entity who holds a membership in the Association by virtue of ownership of a Lot and whose rights as a Member are not suspended pursuant to Article XIII, Section 6 hereof.

Section 18. "Mortgage" means any security device encumbering all or any portion of the Lots and Common Area, including a deed of trust. "Mortgagee" means and refers to a beneficiary under a deed of trust as well as a mortgagee in the conventional sense.

Section 19. "Owner" means any person, firm, corporation or other entity which owns a fee simple interest in any Lot and includes (except when the context otherwise requires) the family, guests, tenants, and invitees of such Owner.

Section 20. "Owner of Record" and "Member of the Association" include an Owner and mean any person, firm, corporation or other entity in which title to a Lot is vested as shown by the official records of the Office of the County Recorder.

Section 21. "Party Wall" means any wall of a single family Residence located on a property line dividing any Lots, which wall is commonly used by any Lot and the adjoining Lot. The rights and responsibilities regarding Party Walls shall be governed by Article V of this Declaration.

Section 22. "Properties" means that real property, Common Area and Lots subject to this Declaration, together with all buildings, structures, utilities, Common Facilities and other improvements thereon.

Section 23. "Regular Assessment" means an assessment levied on Owner and his Lot in accordance with Article IV, Section 2 hereof.

Section 24. "Residence" means a townhouse dwelling situated on a Lot and used for single family residential purposes.

Section 25. "Single Family Residential Use" shall mean occupation and use of a Residence for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state or municipal rules and regulations.

Section 26. "Special Assessment" means an assessment levied on an Owner and his Lot in accordance with Article IV, Section 3 hereof.

Section 27. "Special Individual Assessment" means an assessment made against an Owner and his Lot in accordance with Article IV, Section 4 hereof.

Section 28. "Subdivision Map" means the official plat of Cameron Park Unit No. 11, recorded in the office of the County Recorder of El Dorado County, California in Book E of Maps, Page 82, on December 18, 1970.

ARTICLE II
Property Rights and Obligations

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

(a) The right of the Association to charge reasonable admission and other fees or to limit the number of guests who make use of any Common Facilities situated upon the Common Area.

(b) The right of the Association to suspend the voting rights and right to use the recreational Common Facilities by an Owner for any period during which any assessment against his or her Lot remains unpaid.

(c) The right of the Association to adopt rules and regulations as provided in Article III, Section 7 hereof, and, in the event of a breach of such Rules or any provision of the Charter Documents, to temporarily suspend the voting rights and right to the use of recreational Common Facilities by any Owner, the Owner's tenants and guests after prior notice of at least 15 days and a hearing before the Board in accordance with Article XIII, Section 6.

(d) The right of the Association to assign, rent, lease or otherwise designate and control use of unassigned parking and storage spaces within the Common Area.

(e) The right of the Association, or its agents, when necessary, to enter any Lot and to gain access to the exterior of any Residence to perform its obligations under this Declaration, including the enforcement of restrictions, any obligations with respect to construction, maintenance and repair of the Common Area or Common Facilities for the benefit of the Owners in common, or 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, Association property. The Association's right of entry for the purposes aforestated shall be immediate in case of an emergency originating in or threatening such Lot or any adjacent Lot or Common Area, and the Association's work may be performed under such circumstances whether or not the Owner or his lessee is present. In all non-emergency situations the Association, or its agents, shall furnish the Owner or his lessee with at least 24 hours written notice of its intent to enter the Lot, specifying the purpose of such entry and shall make every reasonable effort to perform its work and schedule its entry in a manner which respects the privacy of the Lot Owner or his lessee.

(f) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and Common Facilities and in aid thereof to mortgage said property; provided, the rights of any such mortgagee in said properties shall be subordinate to the rights of the Owners hereunder; and further provided that any such indebtedness shall be considered an expense of the Association for purposes of the Special Assessment provisions of Article IV, Section 3 hereof.

(g) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners. No such dedication or transfer shall be effective unless an instrument, signed by at least 75% of the voting power of the Owners, consenting to such dedication or transfer has been recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any individual Lot. Said instrument may be executed in counterpart so long as each counterpart is in recordable form.

Section 2. Persons Subject to Charter Documents. All present and future Owners, tenants and occupants of any Lot within the Properties shall be subject to, and shall comply with, each and every provision of the Charter Documents, as the same or any of them shall be amended from time to time unless a particular provision is specifically restricted in its application to one or more of such classes of persons (i.e. Owners, tenants, invitees, etc.). The acceptance of a deed to any Lot, the entering into a lease, sublease or contract of sale with respect to any Lot, or the entering into occupancy of

any Lot shall constitute the consent and agreement of such Owner, tenant or occupant that each and all of the provisions of this Declaration, as the same or any of them may be amended from time to time, shall be binding upon said person and that said person(s) will observe and comply with the same.

Section 3. Delegation of Use.

(a) Delegation of Use and Leasing Residences. Any Owner may delegate, in accordance with the Bylaws, this Declaration and the Association Rules, his or her right of enjoyment of the Common Area and Common Facilities to the Members of the Owner's family or to the Owner's tenants or contract purchasers who reside in the Owner's Residence; provided that any rental or lease of the Owners' Residence may only be to a single family for single family residential use and for a term no less than 90 days. It is the intent of this subparagraph (a) to protect, enhance and maintain the single family residential atmosphere which exists within the Properties and to avoid the occupancy of residential structures for short periods of time or by an unreasonable number of unrelated individuals. During any period when a Residence has been rented or leased, the Owner, his family and guests, shall not be entitled to use and enjoy the Common Area and Common Facilities of the Properties except to the extent reasonably necessary to perform the Owner's responsibilities as landlord, unless the Owner is contemporaneously residing in another Residence within the Properties.

Any rental or lease of a Residence shall be subject to the provisions of the Charter Documents, each of which shall be deemed to be incorporated by reference in the lease or rental agreement. Each Owner/lessor shall provide any tenant or lessee with a current copy of the Bylaws, this Declaration and the Association Rules and shall at all times be responsible for compliance of Owner's tenant or lessee with all applicable Charter Document provisions during the tenant's occupancy and use of the Residence.

(b) Contract Purchasers. A contract seller of a Lot must delegate his or her voting rights as members and his or her rights to the use and enjoyment of the Common Area and Common Facilities to the contract purchaser, provided possession is in the contract purchaser. However, 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) Discipline of Lessees. In the event that any tenant or lessee fails to honor any provision of any Charter Document, the Association shall so notify the Owner and give the Owner a reasonable opportunity to take corrective action or be heard before the Board if the Owner feels corrective action is unwarranted or unnecessary. If, within a reasonable time, the Owner fails to take necessary corrective action with respect to a tenant or lessee in violation of the Charter Documents, or in the alternative fails to request a hearing, the Board shall be entitled to take such corrective action as it deems appropriate under the circumstances which may include suspension of the tenant's privileges to use the Common Area and/or Common Facilities (other than roads) or the imposition of fines and penalties on the Owner. Notwithstanding the foregoing, the Association shall be entitled to take immediate corrective action against a tenant or lessee when such action is necessary to prevent damage or destruction of any portion of the Properties or to preserve the rights of quiet enjoyment of other residents.

(d) Association's Right to Initiate Eviction Proceedings to Protect the Common Interests. In the event a tenant's conduct involves material damage to, or misuse of, the Common Area or Common Facilities, or constitutes an unreasonable nuisance to neighboring Lot Owners, the Association shall be entitled to maintain an eviction action

against such tenant to the same extent as the Owner of the subject Lot, the Association being deemed to be a third party beneficiary of any lease agreement involving any Residence located within the Properties. The Association's rights hereunder shall be subject to the due process requirements of subparagraph (e) below.

(e) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate action is necessary to prevent damage or destruction to the Properties or to preserve the right of quiet enjoyment of other residents, the Association shall have no right to initiate disciplinary action against an Owner (or the Owner's lessee or tenant) on account of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied: (i) the Owner has received written notice from the Board, the Association's property manager or an authorized committee of the Board detailing the nature of the lessee's/tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing; (ii) the Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing (conducted in accordance with Article XIII, Section 6 hereof), to present arguments as to why disciplinary action is unnecessary or unwarranted; and (iii) the Owner has failed to prevent or correct the tenant's objectionable actions or misconduct.

(f) 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 tenants of 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 of use and enjoyment in the Common Area and Common Facilities and the relationship that each such person bears to the Owner, contract purchaser or tenant.

Section 4. Notification Regarding Charter Documents.

(a) As more particularly provided in Section 1368 of the California Civil Code, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Residence, the Owner thereof must give the prospective purchaser a current copy of the Charter Documents, the Association's most current financial statements, and a true statement in writing from the Association ("delinquency statement") as to the amount of any delinquent assessments, together with information relating to penalties, attorneys' fees and other charges due with respect to the Residence as of the date the statement is issued.

(b) In order to carry out the intent and purposes of this statutory provision, the Association shall, within 10 days of the mailing or delivery of a request therefor, provide the Owner with a copy of the current Charter Documents, together with the delinquency statement referred to in the immediately preceding paragraph. The Association shall be entitled to impose a fee for providing the Charter Documents and delinquency statement equal to (but not more than) the reasonable cost of preparing and reproducing the materials.

(c) The provisions of this section, except for those provisions relating to the furnishing of a delinquency statement, shall not apply to the transfer of a Lot which is required to be preceded by the furnishing to the prospective purchaser of a copy of subdivision public report pursuant to Section 11018.1 of the California Business and Professions Code.

Section 5. Payment of Assessments and Compliance with Rules. Each Owner shall pay when due each Regular, Special and Special Individual Assessment made 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 pursuant to, any Charter Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities.

Section 6. Discharge of Liens. Each Owner shall promptly discharge any lien that may hereafter become a charge against his or her Lot, other than the lien of any mortgage.

Section 7. Joint Ownership of Lots. In the event of joint ownership of any Lot, the obligations and liabilities of the multiple Owners shall be joint and several. Without limiting the foregoing, this Section 7 shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, but not limited to, the payment of all assessments.

Section 8. Prohibition on Avoidance of Obligations. No Owner, by non-use of the Common Area or Common Facilities, abandonment of the Owner's Lot or otherwise may avoid the burdens and obligations imposed on such Owner by this Declaration.

Section 9. Termination of Obligations. Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the seller shall not be liable for any assessments levied with respect to such Lot after the date of recording of the deed evidencing said transfer and upon such recording, all Association membership rights possessed by the seller by virtue of the ownership of said Lot shall cease.

ARTICLE III
Homeowners Association

Section 1. Association Membership. Every Owner of a Lot shall be a Member of the Association. One Owner shall hold one membership in the Association for each Lot owned. Ownership of a Lot or interest in it shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until his ownership in all Lots within the Properties ceases, at which time his or her membership in the Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not regarded as Members. The Association shall have the responsibility of owning, managing and maintaining the Common Area and discharging the other duties and responsibilities described in the Charter Documents.

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

Section 3. 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 Article XIII, Section 6 hereof.

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

Section 5. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale 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 becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to Article II, Section 3 hereof do not thereby become Members, although the tenant and members of the tenant's family shall, at all times, be subject to the provisions of the Charter 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 his name to the purchaser of his 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 6. Powers and Authority of the Association. The Association shall have all of the powers of a non-profit mutual benefit corporation organized under the laws of the State of California in operating the Common Area and Common Facilities and otherwise discharging 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 Charter Documents. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Charter Documents, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon shall be as set forth in Article IX of the Bylaws.

Section 7. Association Rules.

(a) Rulemaking 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 of Lots within the Properties. Such rules may concern, but need not be limited to: (i) matters pertaining to use of the Common Area and Common Facilities by Owners, their tenants, guests and invitees, or any other person(s) who have rights of use and enjoyment of such Common Area and Common Facilities; (ii) architectural control and the rules of the Architectural Committee under Article VI hereof; (iii) the conduct of disciplinary proceedings in accordance with Article XIII, Section 6 hereof; (iv) regulation of parking, pet ownership and other matters subject to regulation and restriction under Article VIII hereof; (v) collection and disposal of refuse; (vi) minimum standards for the maintenance of landscaping or other improvements on any Lot; and (vii) any other subject or matter within the jurisdiction of the Association as provided in the Charter Documents.

Notwithstanding the foregoing grant of authority the Association Rules shall not be inconsistent with or materially alter any provision of the Articles or Bylaws of the Association or this Declaration, or the rights, preferences and privileges of Members thereunder. In the event of any material conflict between any Association Rule and any

provision of the other Charter Documents, the provisions contained in the Charter Documents shall be deemed to prevail.

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

(c) Adoption and Amendment of Rules. The Association Rules may be adopted, amended or supplemented by a majority vote of the Board. Any duly adopted amendment to the Rules shall become effective immediately from the date of adoption thereof by the Board or at such later date as the Board may deem appropriate.

Section 8. Breach of Rules or Restrictions. Any breach of the Association Rules or other Charter Documents shall give rise to the rights and remedies set forth in Article XIII hereof.

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

(a) No director, officer, committee member, or employee of the Association or any property manager or management company retained by the Association shall be personally liable to any of the Association's Members or to any other person, for any error or omission in the discharge of their duties and responsibilities hereunder or under the Bylaws, or for their failure to provide any service required hereunder or under the Bylaws; provided that such person, officer, employee or manager has, upon the basis of such information as may be possessed by him or her, acted reasonably and 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 shall extend to such matters as the establishment of the Association's annual financial budget and the funding of Association capital replacement and reserve accounts and the repair and maintenance of Common Facilities and enforcement of the Charter Documents.

(b) Neither the Association nor any member of its Board of Directors, nor any of its officers, agents or employees shall be responsible to any Owner or to any member of his family or any of his tenants, guests, servants, employees, licensees, invitees or any others for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or other item of personal property which may be stored by such Owner or other person on any Lot or within any Residence or for any injury to or death of any person or loss or damage to the property of any person caused by fire, explosion, the elements or any other Owner or other person, or by any other cause, unless the same is attributable to its or his own reckless misconduct or gross negligence.

ARTICLE IV
Assessments

Section 1. Assessments Generally.

(a) 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 the Regular Assessments, Special Assessments and Special Individual Assessments provided herein.

(b) Each installment payment of any Regular Assessment and each lump sum or installment payment of any Special Assessment or Special Individual Assessment, together with any interest charge provided for in Section 8 hereof and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall be a separate debt of the Owner against whom the same has been assessed and, with the exception of Special Individual Assessments, is hereby declared and agreed to be a lien upon and against the Lot so assessed in the nature of a mortgage with a power of sale in accordance with California Civil Code Section 2924 (or comparable superseding statute), all as more particularly described in Section 8 of this Article IV. Each Owner who acquires title to a Lot (whether at a judicial sale, trustee's sale or otherwise) shall be personally liable only for assessments attributable to the Lot so purchased which become due and payable after the date of such sale; provided that any unpaid assessment of a previous Owner shall remain the debt of such previous Owner against whom assessed and any lien created pursuant to the provisions of this Article IV by reason of such unpaid assessment shall remain in force and effect as a lien on the Lot sold and may be subject to foreclosure as provided in Section 8 hereof.

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

Section 2. Regular Assessment.

(a) Estimate. Not less than 45 nor more than 60 days prior to the beginning of the Association's fiscal year (which may correspond to the calendar year), the Board shall establish the Regular Assessment necessary to fund the anticipated Common Expenses (including prudent contributions to the capital reserve fund for major repairs or replacement of Common Facilities or the roofs and exterior surfaces of Residences) for the next succeeding fiscal year and shall deduct therefrom the amount of any estimated surplus which will remain from the current year's assessment. No increase or decrease in the amount of a Regular Assessment for a fiscal year which exceeds by more than 20% the Regular Assessment for the immediately preceding fiscal year may be made without the vote or written consent of Owners entitled to vote and holding in the aggregate at least a majority of the voting power of the membership of the Association.

(b) Allocation of Regular Assessment.

(i) Association Common Expenses. Except as otherwise provided in subparagraph (b)(ii) below, the total estimated Common Expenses, determined in accordance with subparagraph (a), shall be divided among, assessed against, and charged to each Owner according to the ratio of the number of Lots within the Properties owned by the assessed Owner to the total number of Lots subject to assessments. Although there are minor variations in the amount of square feet of floor area within the various Lots it is not anticipated that such variations or any other factor will cause any material variation among Owners (10% or more) in the value of common services supplied by the Association and therefore each Lot shall be allocated an equal portion of the total Regular Assessment.

(ii) Any Lot within the Properties having no structural improvements for human occupancy shall be exempt from the payment of that portion of any assessment which is for the purpose of defraying expenses and reserves directly

attributable to the existence and use of the structural improvements. The exemption shall include:

(1) Roof replacement

(2) Exterior maintenance

(3) Walkway and carport lighting

(4) Refuse disposal

(5) Domestic water supplied to living units.

Any such exemption from the payment of assessments shall be in effect only until a final approval of the structural improvement has been issued by the El Dorado County Building Department or until one hundred eighty (180) days after the issuance of a building permit for the structural improvement, whichever occurs first.

(c) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded upon 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 authorized representative. The assessment roll shall show for each Lot the name and address of the Owner of record thereof, all Regular, Special and Special Individual Assessments levied against each Owner and his Lot, and the amount of such assessments which have been paid or remain unpaid. The delinquency statement required by Article II, Section 5 shall be conclusive upon the Association and the Owner of such Lot as to the amount of such indebtedness as of the date of such statement, in favor of all persons who rely thereon in good faith.

(d) Mailing. The Board of Directors shall mail to each Owner at the street address of his Townhouse Lot, or at such other address as such Owner may from time to time designate to the Association in writing, a statement of the amount of the Regular Assessment for the next succeeding fiscal year no less than 45 days prior to the beginning of the next fiscal year.

(e) Failure to Make Estimate. If, for any fiscal year, the Board of Directors shall fail to make an estimate of the Common Expenses, then in such event the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Section 3(a) hereof for that year, shall be assessed against each Owner and his 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 Association.

(f) Installment Payment. The Regular Assessment levied against each Owner shall be due and payable in advance to the Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Association. Monthly installments of Regular Assessments shall be delinquent if not paid by the 15th day of the month.

(g) Current Regular Assessment. Until such time as the Association shall change the Regular Assessment for the fiscal year beginning in 1986, or thereafter pursuant to this Section 2, the Regular Assessment shall be, as to each and every

improved Lot, the sum of $58.00 per month and for each and every unimproved Lot, the sum of $13.50 per month.

Section 3. Special Assessments.

(a) Purposes For Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subparagraph (b) below, the Board of Directors may 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 due to extraordinary expenses not contemplated in the budget prepared for said fiscal year, then the Board of Directors shall levy an additional 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 capital improvements within the Common Area unrelated to repairs for damage or destruction of the Common Facilities. The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance repair and replacement of Common Facilities through the Regular Assessment process (including the funding of reasonable reserves) and to maintain insurance on the Common Facilities in accordance with Article X hereof.

(b) Special Assessments Requiring Membership Approval. No Special Assessment described in subparagraph (a) hereof shall be levied in any fiscal year without the vote or assent by written ballot of a majority of the voting power of the Association if such Special Assessments, in the aggregate, will exceed 5% of the budgeted gross expenses of the Association for that year.

(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 equally divided among, assessed against and charged to the Owners and their Lots. Once levied, the Special Assessment shall be recorded on the Association's assessment roll and notice thereof shall be mailed to each Owner.

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

Section 4. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to Special Assessments provided for in Section 3 hereof, the Association may also impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iv) below; provided that Special Individual Assessments may only be imposed pursuant to this Section 4 after the Owner has been afforded the notice

and hearing rights to which the Owner is entitled pursuant to Article XIII, Section 6 hereof, and, when appropriate, has been given a reasonable opportunity to comply voluntarily with the Association's Charter Documents. The acts and circumstances that may give rise to Special Individual Assessment liability include:

(i) Damage to Common Area. In the event of any damage to or destruction of any portion of the Common Area or the Common Facilities caused by the willful misconduct or negligent act or omission of any Owner, any member of his family, or any of his 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 for by insurance proceeds) shall be assessed and charged solely to and against such Owner and his Lot as a Special Individual Assessment.

(ii) Acts Increasing Insurance Premiums. In the event any act or omission of any Owner, any member of the Owner's family, or any of the Owner's tenants, guests, servants, employees, licensees or invitees, shall in any way cause or be responsible for any increase in the premiums for any insurance purchased or obtained by the Association in accordance with the provisions of Article X hereof, the amount of such increase shall be assessed and charged solely to and against such Owner and his Lot as a Special Individual Assessment.

(iii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses, including reasonable title company, accounting or legal fees, to accomplish (1) the payment of delinquent assessments, (2) any repair, maintenance or replacement for which the Owner is responsible under the Charter Documents but has failed to undertake or complete in a timely fashion, or (3) to otherwise bring the Owner and/or his Lot into compliance with the provisions of the Charter Documents, the amount incurred by the Association (including reasonable fines and penalties duly imposed hereunder, court costs and attorneys' fees) shall be assessed and charged solely to and against such Owner and his Lot as a Special Individual Assessment.

(iv) Required Maintenance on Townhouse Lots. As more particularly provided in Article II, Section 1(e) (and without limiting the generality of that Section), if any Lot is maintained so as to become a nuisance, fire or safety hazard for any reason, including, without limitation, the accumulation of trash, junk automobiles or improper weed and/or vegetation control, the Association shall have the right to enter upon said Lot, correct the offensive or hazardous condition and recover the cost of such action through imposition of a Special Individual Assessment.

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

(c) Limitation on Right to Lien Townhouse Lots For Special Individual Assessments. With the exception of Special Individual Assessments imposed by the Association's Board to recover reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for its reasonable costs (including attorneys' fees) of collecting delinquent assessments, Special Individual Assessments shall not be recoverable through the imposition of a lien against the Owner's Lot enforceable through foreclosure, but the same may be recovered by the Association through other legal processes. Special Individual Assessments relating to delinquent assessments shall be subject to imposition of a lien and enforceable through foreclosure or sale under a power of sale for failure of an Owner to pay such assessment.

Section 5. Purpose and Reasonableness of Assessments. Each Regular, Special or Special Individual 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 the residents of the Lots (b) for the enjoyment and use of the Common Area and Common Facilities by the Owners and their families, tenants, invitees, licensees, guests and employees, or (c) for the repair, maintenance, replacement and protection of the Common Area and Common Facilities. Each and every assessment levied hereunder is further declared to be a reasonable assessment and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created) of the Owner of the Lot against which the assessment is made and shall bind his heirs, successors and assigns; provided that the personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 6. Exemption of Certain of the Properties from Assessments. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

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

(b) The Common Area and Common Facilities; and

(c) Any Lot owned by the Association.

Section 7. Maintenance of Assessment Funds.

(a) Bank Accounts. All sums received or collected by the Association from Regular, Special, or Special Individual Assessments, together with any interest charge thereon, shall be promptly deposited in a federally insured checking, and/or savings account in a bank or savings and loan association selected by the Board of Directors and located within Sacramento or El Dorado County, California. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with 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 over any Association account and shall be responsible to the Owners for the maintenance at all times of accurate records thereof.

(b) Separate Accounts; Commingling of Funds. To preclude a multiplicity of bank accounts, the proceeds of all assessments may be commingled in one or more

accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balance of the respective assessment accounts on which such interest was earned. 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 within the Association's approved budget if the Board determines that it is prudent and in the best interest of the Association and its Members. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was made, such surplus shall be returned proportionately to the contributors thereof.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate account of all funds received by it in payment of each assessment and of all disbursements made therefrom, except that receipts and disbursements of Special Assessments made pursuant to Article IV, Section 3(a)(i) hereof shall be combined with the receipts and disbursements of the Regular Assessments; and the Board shall maintain separate liability accounts for each capital improvement for which reserve funds for replacement are allocated.

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

Section 8. Collection of Assessments; Enforcement of Liens.

(a) Delinquent Assessments; Accrual of Interest. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment assessed to any Owner is not paid within 15 days after the same becomes due, such payment shall be delinquent and the amount thereof shall bear interest at the maximum rate allowed by law from and after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized to promulgate a schedule of reasonable fines and penalties for any delinquent assessments, subject to any limitations on penalties provided by law.

(b) Effect of Non-Payment of Assessments; Enforcement of Liens.

(i) Creation and Imposition of a Lien for Delinquent Assessments. The amount of any delinquent Regular or Special Assessment, together with any penalties, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Lot of the Owner so assessed only when the Association causes to be recorded in the Office of the County Recorder of El Dorado County, State of California, a Notice of Delinquent Assessment executed by an authorized representative of the Association, setting forth (1) the legal description of such Lot, (2) the Owner of Record or reputed Owner thereof, (3) the amount of the delinquent assessment and other costs, late charges and attorneys' fees that are then due and owing, (4) the name and address of the Association, and (5) the name and address of the Trustee authorized by the Association to enforce the lien by sale.

(ii) Remedies Available to the Association to Collect Assessments. The Association may bring legal action against the Owner personally obligated to pay the delinquent assessment, or foreclose its lien against the Owner's Lot. Foreclosure by the Association of its lien may be by judicial foreclosure or by non-judicial foreclosure pursuant to a power of sale, in the same manner as the foreclosure of a mortgage or deed of trust upon real property under the laws of the State of California.

(iii) Non-Judicial Foreclosure. Non-judicial foreclosure shall be commenced by the Association by recording in the Office of the County Recorder a Notice of Default which shall conform to the requirements of Section 2924c(b)(1) of the California Civil Code.

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

The Association or its assignee shall mail a copy of the Notice of Default to the Owner or reputed Owner of the subject Townhouse Lot at the Owner's last address appearing on the books or records of the Association, and to any person to whom the giving of a notice of default is required by applicable provisions of Section 2924b of the California Civil Code. Following receipt of the Association's notice, the Owner and junior encumbrancers shall have reinstatement rights identical to those provided by law for trustors or mortgagors, which rights must be exercised during the period specified by law for reinstatement of obligations secured by deeds of trust.

After the lapse of such time as may then be required by law following the recordation of a Notice of Default under a deed of trust, the Association or its assignee may give Notice of Sale in the manner and for the period required in the case of deeds of trust. After the giving of the Notice of Sale, the Association, or its assignee, without demand on the Owner, may sell the Townhouse Lot at the time and place fixed in the Notice of Sale, at public auction to the highest bidder. At the Trustee's sale, the Trustee shall have the right to require every bidder to show evidence of his ability to deposit with the Trustee the full amount of his final bid in cash, or in a bank or savings and loan association certified check and to require the last and highest bidder to deposit the full amount of his final bid in cash or a bank or savings and loan association certified check.

The Association or its assignee may postpone the noticed sale by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement.

The Association shall deliver to the purchaser at such foreclosure sale the Association's deed conveying the Lot so sold, but without covenant or warranty, express or implied. The recitals in such deeds shall be conclusive proof of the truthfulness thereof. Any person, including the Association, may bid on the property and purchase the same at such sale.

After deducting from the sale proceeds all costs, fees, and expenses incurred by the Association, the net proceeds shall be applied to the payment of all sums secured by the Association's lien at the time of sale, including interest, costs and attorneys' fees, and the remainder, if any, shall be disbursed to the person or persons legally entitled thereto.

(iv) Actions For Money Judgments. In the event of default in payment of assessments, the Association may initiate, in addition to any other remedy provided herein or by law, legal action to recover a money judgment for unpaid assessments, costs, rent and attorneys' fees without foreclosure or waiving the lien securing the same.

Section 9. Transfer of Lot by Sale or Foreclosure. Except as otherwise provided herein, the sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of any first mortgage shall extinguish the lien of such assessments as to payments which become due and payable prior to such sale or transfer. No sale or transfer shall relieve the new Owner, whether it be the former beneficiary of the first encumbrance or another person, from liability for any assessments thereafter becoming due or from the lien thereof.

Where the first mortgagee or other purchaser of a Lot obtains title to the same as a result of foreclosure of any such first mortgage, the person acquiring title, his successors and assigns, shall not be solely liable for assessments chargeable to such Lot which became due prior to the acquisition of title to such Lot by the purchaser. Such unpaid share of assessments shall be deemed to be Common Expenses collectible from Owners of all of the Lots, including such acquirer, his successors and assigns. Foreclosure shall not affect the Association's right to maintain an action for the collection of delinquent assessments against the foreclosed party personally.

Section 10. Priorities. When a Notice of Claim of Lien has been recorded against any Lot, such Notice shall constitute a lien on such Lot prior and superior to all other liens recorded subsequent thereto except (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (b) the lien or charge of any first mortgage of record (meaning any recorded mortgage or deed of trust with first priority over other mortgages or deeds of trust) 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 sale of such property pursuant to a decree of foreclosure of any such mortgage or deed of trust or pursuant to a power of sale in such mortgage or deed of trust. Such foreclosure shall not relieve the affected Lot from liability for any assessments thereafter becoming due or from the lien of any such subsequent assessment.

Section 11. 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 assessments made under the provisions of Section 2 of this Article IV and, if necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes to be paid in two installments, 30 days prior to the due date of each tax installment.

Section 12. Assignment of Rents. Each Owner does hereby presently assign to the Association, absolutely and regardless of possession of the property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupation of any or all parts of any Lot owned by the Owner, now existing or hereafter made for the purpose of collecting all assessments due the Association pursuant to this Declaration which are in default. The Association hereby confers on each Owner the authority to collect and retain the rents and other monies derived from any such lease or agreement as they become due and payable; provided, however, that the Association in its sole discretion, may revoke such authority at any time, upon written notice to the Owner of a default in the payment of any assessment due hereunder. Upon revocation of such authority the Association may, pursuant to court order or by court appointed receiver, collect and retain such monies, whether past due and unpaid or current.

Section 13. Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Article IV, the benefit of any homestead or exemption law of California in effect at the time any assessment or installment thereof becomes delinquent or any lien is imposed.

ARTICLE V
Party Walls

Section 1. General Rules of Law to Apply. Each wall and side yard fence which is built as a part of the original construction of the Residences upon the Properties and placed on the dividing line between any two Townhouse Lots shall constitute a "party wall", and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or side yard fence shall be shared by the Owners who make use of the wall or fence in equal proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall or side yard fence is destroyed or damaged by fire or other casualty, then, to the extent that such damage is not covered by insurance and repaired out of the proceeds of same, any Owner who has used the wall may restore it, and if the other Owner thereafter makes use of the wall, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provisions of this Article, to the extent that such damage is not covered and paid by the insurance provided for herein, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 3. Architectural Committee Rules. The Architectural Committee may, from time to time and in its sole discretion, adopt, amend and repeal, rules and regulations to be known as "Architectural Committee Rules." Said rules shall interpret and implement the provisions of this Declaration by setting forth the standards and procedures for Architectural Committee review (including the conduct of hearings) and guidelines for architectural design, placement of any work of improvement or color schemes, exterior finishes and materials and similar features which are recommended for use within the Properties; provided, however, that said rules shall not be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Committee Rules and this Declaration, the provisions of the Declaration shall prevail. Architectural Committee Rules shall become effective when approved by majority vote of both the Architectural Committee and the Board of Directors.

Section 4. Action By the Committee. In the event the Architectural Committee fails to approve or disapprove the applicant's plans or design within 30 days after plans and specifications have been submitted to the Committee for review, the request shall be deemed denied. In such case, the written request may be resubmitted to the Architectural Committee. In approving a request, the Architectural Committee may condition approval of an improvement upon the adoption of modifications in the plans and specifications or observance of restrictions as to location or noise abatement.

Section 5. Landscaping. As specified in Section 2 of this Article VI, landscaping shall be deemed to be a work of improvement requiring Architectural Committee approval hereunder. All approved landscaping must be completed within 60 days after a notice of occupancy has been filed with the County for the Owner's Residence and, in the event that the landscaping has not been completed by the occupancy date, the Architectural Committee shall be entitled to require an Owner applicant to post a bond in an amount not to exceed 150% of the estimated cost of the landscaping work in order to insure the applicant's timely completion of the landscaping work.

ARTICLE VII
Exterior Maintenance Responsibilities

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

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

(a) The reconstruction, replacement, or refinishing of any Common Facilities or other improvements upon Common Area as necessary in accordance with the original design, finish or standard of construction of such improvement.

(b) The construction, reconstruction, replacement, refinishing of any road or surface upon any portion of Common Area designated on a subdivision map as a private road or parking area.

(c) The replacement of trees or other vegetation and the planting of trees, shrubs and ground cover upon any portion of Common Area.

(d) The placement and maintenance of such signs as the Association may deem necessary for the identification of the development and of roads, the regulation of traffic, including parking, the regulation and use of Common Area and Common Facilities and for the health, welfare and safety of Owners, tenants and guests. Any such signs to be placed within the street area shall be subject to County approval.

Section 2. Association Maintenance Responsibility With Respect to Lot Improvements. The Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows:

(a) Paint, stain, repair and care for exterior building surfaces including roofs, trim, gutters, downspouts and exterior walls; provided, however, that the Association shall not be responsible for the repair and replacement of exterior doors (residential doors and garage doors), screen doors and glass surfaces or deck areas whether located in the rear of the Residences or on the flat roof areas over garages; and provided further that the Association shall not be responsible for repairs or replacement of building surfaces that is necessitated by, or attributable to, substandard or defective original construction of the Residence structure. Determination of which repairs or maintenance work are attributable to substandard or defective original construction shall be in the discretion of the Board, except that in the case of any work estimated to involve more than $500.00 in expense the Board's determination shall be confirmed by a licensed contractor.

The purpose of the above limitation on the Board's maintenance and repair obligations is to avoid the necessity of using association Common Funds to upgrade Residences or to undertake repairs necessitated by the negligent or defective construction practices of the original developer(s), their contractors and agents.

(b) Replace and care for trees, shrubs, grass, walks, and other landscaping improvements except such plantings and improvements located within fenced or enclosed areas on Lots; and,

(c) Maintain the main underground sewer, water and electrical lines within the Common Areas. The Association shall not be responsible for the risers and connecting lines between such service lines and the individual Residences.

Section 3. Owner Maintenance Responsibility.

(a) Except as specifically provided in Section 2 above, the Owner shall be responsible for the maintenance and repair of his or her Residence and Lot, including without limitation (i) the glass surfaces, doors, windows, screens and screen doors, other surfaces within the fenced or enclosed areas on the Lot, (ii) the interior of his Residence; (iii) the plumbing, electrical, heating and air conditioning systems servicing his Residence; (iv) the deck areas, if any, adjoining the Owner's Residence or located on top of the Owner's garage; (v) fences; and (vi) all of the exterior landscaping within the back and side areas on his Lot; and (vii) exterior building repairs for which the Association is not responsible. As more particularly provided in Article V hereof, Owners shall also be responsible for the repair, replacement and maintenance of all fences in cooperation with the adjoining landowner.

(b) Except in the rear yard areas appurtenant to a Residence, no Owner shall undertake any planting or gardening shall be done on any Lot, and there shall be no exterior painting of Residences by or on behalf of the Owners thereof, nor repair or replacing of original roofs or utility laterals by said persons, it being the intention hereunder that such items be maintained and replaced by the Association in conjunction with the Association's maintenance responsibilities in order to preserve the external harmony of the Properties. In order to protect the exterior, roofs and foundation of the Residences, all landscaping plans and projects shall require Architectural Committee review and approval prior to installation.

Section 4. Association Recovery of Costs of Certain Repairs and Maintenance.

(a) In the event that the need for maintenance or repair, which would otherwise be the Association's responsibility is caused through the willful or negligent acts of the Owner, or the Owner's family guests, or invitees, and is not covered or paid for by Association insurance policies, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Article IV, Section 4 hereof.

(b) In the event that an Owner fails to perform maintenance functions for which he is responsible, the Association may, or in the event of a complaint from any other Owner, shall, give written notice to the offending Owner with a request to correct the failure within 15 days after receipt thereof. If the Owner refuses or fails to perform the repair or maintenance and after having the opportunity for a hearing before the Board in accordance with Article XIII, Section 6 hereof, the Association may perform such maintenance or repair and collect the costs thereof from the Owner as a Special Individual Assessment in accordance with Article IV, Section 4 hereof.

Section 5. Cooperative Maintenance Obligations. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of the Common Area and all exterior walls and roofs of Residences, including but not limited to recreation and parking areas and walks, shall be taken by the Board of Directors or by its duly delegated representatives and, to the extent necessary or desirable to accomplish such maintenance, individual Owners shall cooperate with the Association and its agents in the prosecution of its work.

ARTICLE VIII
Property Use Restrictions

In addition to restrictions established by law and by regulations which may from time to time be promulgated hereunder by the Board of Directors, the following restrictions are hereby imposed upon the use of the Lots and Common Area:

Section 1. Single Family Residential Use. The use of the individual Lots in the Properties is hereby restricted to Single Family Residential Use. In no event shall a residence be occupied by more individuals than permitted by applicable zoning laws or governmental regulation.

Section 2. Use of Lots. Each Lot shall be conveyed as a separately designated and legally described fee simple estate subject to this Declaration. No buildings or structures shall be moved from other locations onto any Lot or Lots and no subsequent buildings or structures shall be constructed on any Lot. All Lots, whether occupied or unoccupied, and the Residences and other improvements placed thereon, shall at all

times be maintained in such a manner as to prevent their becoming unsightly by the reason of the accumulation of rubbish, debris or unsightly growth thereon.

Section 3. Common Areas. The Common Areas shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for aesthetic and recreational purposes by the Association's Members, their tenants, families and guests subject to the regulations under the Charter Documents.

Section 4. Prohibition of Noxious Activities. No illegal, noxious or offensive activities shall be carried on or conducted upon any Lot or Common Area nor shall anything be done which is or may become an unreasonable annoyance or nuisance to the neighborhood. Without limiting the foregoing, no Owner shall permit noise, including, but not limited to the barking of dogs, the operation of air conditioners, stereo amplifier systems, television systems, motor vehicles and power tools, to emanate from the Owner's Lot or the Common Area, which would unreasonably disturb the quiet enjoyment of other Owners and residents. Excessive noise levels may be determined in the sole discretion of the Board which may, but shall not be obligated to, rely on the standards established in the County or Municipal Code according to the County or other applicable governmental regulation dealing with such matters.

Section 5. Temporary Structures. No structure of a temporary character, trailer, mobile home, camper, tent, shack, or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently.

Section 6. Household Pets. A reasonable number of common household pets, may be kept in each Lot so long as the same are not kept, bred or maintained for commercial purposes. No other animals, livestock, or poultry of any kind shall be kept, bred or raised in any Lot. Dogs and cats shall only be allowed on the Common Area when they are leashed and otherwise under the supervision and restraint of their Owners. No household pet shall be left chained or otherwise tethered in front of a Lot or in the Common Area. Pet owners shall be responsible for the prompt disposal of pet wastes regardless of whether those wastes are deposited by their pets in the Common Area or on backyard patios.

The Board of Directors shall have the right to establish and enforce additional regulations defining, in a uniform and non-discriminatory manner, what constitutes a "reasonable number" of pets, depending on the size, nature and maintenance requirements of the particular pet and imposing standards for the reasonable control and maintenance of household pets in, upon and around the Lots and Common Area, to ensure that the same do not interfere with the quiet and peaceful enjoyment of the area by the other Owners. Each person bringing or keeping a pet on the Properties shall be solely responsible for the conduct of such pets and the Association, its Board, officers, employees and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants and contract purchasers for any damage or injury to persons or property caused by any such pet.

Section 7. Signs. No advertising signs shall be displayed on any Lot or posted within or upon any portion of the Common Area except such "For Rent," "For Lease" or "For Sale" signs of reasonable dimensions as are approved by the Board, or a committee thereof. Signs permitted hereunder shall not be nailed to the exterior of any Residence or staked in any lawn or green areas in front of any Residences.

Section 8. Business Activities. No business activities of any kind whatsoever shall be conducted in any building or in any portion of any Lot without the prior written approval of the Board; provided, however, the foregoing covenants shall not apply to the activities, signs or the maintenance of buildings, by the Association in furtherance of its powers and purposes as set forth herein. Notwithstanding the foregoing, no restrictions contained in this Article VIII shall be construed in such a manner as to prohibit any Owner from (a) maintaining his personal library therein; (b) keeping his personal business records or accounts therein; (c) handling his personal or professional telephone calls or correspondence therefrom; or (d) conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or governmental regulations without the necessity of first obtaining a special use permit or similar specific governmental authorization. Such uses are expressly declared to be customarily incident to the principal residential use and not in violation of any provision of this Article VIII.

Section 9. Garbage. No rubbish, trash, or garbage shall be allowed to accumulate on Lots. Any rubbish, trash or garbage outside the interior walls of a Residence shall be stored entirely within appropriate covered disposal containers located within the enclosed designated garbage area. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as is often generated upon vacating of premises or during construction or modification of improvements) shall be removed from the Lots or Common Area to a public dump or trash collection area by the Owner or tenant at his or her expense. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in any manner inconsistent with this Section.

Section 10. Storage. Storage of personal property shall be maintained within the enclosed storage areas. There shall be no woodpiles nor storage piles accumulated on top of or outside of any enclosed storage area. The Association shall have the right to establish and maintain on the premises appropriate storage yards and storage buildings for the maintenance of materials and equipment needed for planting, building, repair, maintenance and preservation of the structures, gardens and other improvements of the Lots and the Common Area.

Section 11. Clotheslines. With the exception of clotheslines erected in the rear yard area of a Lot, there shall be no exterior clothesline erected or maintained within the Properties and there shall be no drying or laundering of clothes on the balconies, patios, porches or other areas visible from any neighboring Lot or the Common Area.

Section 12. Interior Improvements. No Owner shall undertake any action or work that will impair the structural soundness or integrity of another Residence or impair any easement or hereditament, or do any act or allow any condition to exist which will adversely affect the other Residences or their Owners.

Section 13. No Antennas. In order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Lots and Common Area no Owner, resident or lessee shall, at his expense or otherwise, place or maintain any objects, such as masts, towers, poles, satellite discs or television and radio antennas, on or about the exterior of any Residence except as authorized by the Architectural Committee.

Section 14. Barbecues. There shall be no exterior fires whatsoever except barbecue fires located only upon Lots and contained within receptacles designed for such purpose.

Section 15. Basketball Standards. No basketball standards or fixed sports apparatus shall be attached to any dwelling unit or carport or be erected on any Lot or within the Common Area.

Section 16. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance or construction of a private Residence.

Section 17. Diseases and Insects. No Owner shall permit any thing or condition to exist upon his Lot which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

Section 18. Parking and Vehicle Restrictions.

(a) The garages are to be used for the parking of standard passenger vehicles. Designated guest parking areas are to remain open for use by guests only and are not to be used by Owners, either permanently or temporarily, for the parking of their passenger vehicles or the storage of boats, trailers or similar items. No vehicle shall be parked or left on any street except within specified parking areas so designated by the Board.

(b) No motor vehicle shall be constructed, reconstructed or repaired within the Lots or on the Common Area and no dilapidated or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored within the Lots or Common Area; provided, however that the provisions of this Section shall not apply to emergency vehicle repairs.

(c) Campers, boats, trailers, motorcycles and commercial vehicles are not to be parked in any garages, parking areas or otherwise, except for the purpose of loading and unloading; provided that campers, boats and other recreational vehicles may be parked in areas specifically designated by the Board or Architectural Committee for periods of time designated by said authorizing body.

(d) The Board shall have the authority to tow, at the Owner's expense, any vehicle parked or stored in violation in this Section. The Board shall post such notices or signs within the parking area as may be required by law to effectuate this towing provision.

(e) The Board shall have the authority to promulgate such further rules and restrictions regarding parking and vehicles within the Lots and Common Area as may be deemed prudent and appropriate.

Section 19. Children. Each Owner shall be accountable to the remaining Owners, their families, visitors, guests and invitees, for the conduct and behavior of their children and that of any children temporarily residing in or visiting his or her Residence and for any property damage caused by such children.

Section 20. Activities Affecting Insurance. Nothing shall be done or kept on any Lot or within the Common Area which will increase the rate of insurance relating thereto without the prior written consent of the Association and no Owner shall permit anything to be done or kept on his Lot or the Common Area which would result in the cancellation of insurance on any Residence or any part of the Common Area or which would be in violation of any law.

Section 21. Restriction on Further Subdivision and Severability. No Lot shall be further subdivided nor shall less than all of any such Lot be conveyed by an Owner thereof and no Owner of a Lot within the Properties shall be entitled to sever that Lot from the Common Area portion of the Properties. No easement or other interest in a Lot shall be given without the prior written approval of the Architectural Committee.

Section 22. Use of Private Streets in Common Area. Private streets in the Common Area shall not be used for recreational purposes, including "joy riding" or vehicle racing. Motorcycle, mopeds, or cars shall be allowed on such private streets only for ingress and egress. In no event shall any motorized vehicles be permitted on any portion of the Common Area open space other than streets.

Section 23. Mining Activities. No derrick or other structure designed for use in boring, mining or quarrying for oil, gas or minerals shall ever be erected, placed, maintained or permitted to remain on the Properties.

Section 24. Variances. The Architectural Committee may allow reasonable variances and adjustments of the property use restrictions provided in this Article VIII in order to overcome practical difficulties and prevent unnecessary hardships in the application of th provisions contained herein; provided, however, that a variance shall only be allowed if the Committee makes written findings that the variance, if approved, would (a) be consistent with the general plan and scheme for the Lots and Common Area as set forth herein; (b) comply with all applicable laws and regulations; and (c) not be materially detrimental or injurious to other property or improvements in the neighborhood of the Lot benefitting from the variance or constitute a nuisance with respect to the Owners of such neighboring Lots. The Architectural Committee, if appropriate may hold a hearing to consider any variance to these use restrictions.

ARTICLE IX
Easements

Section 1. Encroachment Easements. Each Lot is hereby declared to have an easement over adjoining Lots and Common Area for the purpose of accommodating any encroachment due to roof overhang and fences or walls which are built in accordance with the original design, plans and specifications of Declarant, and due to engineering errors, errors in original construction, settlement or shifting of the building, or similar causes. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owner shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurs due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and is repaired or rebuilt, the Owners of each adjoining Lot agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 2. Maintenance Easements. An easement is hereby granted to the Association, its officers, agents, employees, and to any management company selected by the Association to enter in or to cross over the Common Area and any Lot to perform the duties of maintenance and repair of the Residences or Common Area provided for herein.

Section 3. Boundary Changes. An easement shall exist for use and maintenance as Common Area over any portion of a Lot which, because of a change in the boundary of a private structure, including a fence, wall or patio, at the time of original construction lies between that boundary and a Lot line abutting the Common Area.

Section 4. Blanket Utility Easement. There is hereby created a blanket easement upon, across, over and under all of the Lots and Common Area for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones, drainage and electricity and a master television antenna system, if any. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment and underground facilities on said Common Area. Notwithstanding the foregoing, no sewer, electrical lines, water lines, or other utilities may be installed or relocated on the Lots or Common Area except as initially programmed and approved by the Declarant or thereafter approved by the Association's Board of Directors. The easements provided for in this Section 4 shall in no way affect any other recorded easement on the Townhouse Lots or Common Area.

Section 5. Street Easements. Each Owner and the Association shall have and is hereby granted a non-exclusive easement for street, roadway and vehicular traffic purposes over and along the streets within the Common Area, subject to termination of such easement and the rights and restrictions set forth in this Declaration.

Section 6. Other Easements. Each Lot and its Owner, and the Association, as the case may be, is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Common Area and each Lot as shown on the Subdivision Map.

Section 7. Priority of Easements. Wherever easements granted to the County are, in whole or in part, coterminous with any other easements, the easements of the County shall have and are hereby granted priority over said other easements in all respects.

ARTICLE X
Insurance

Section 1. Insurance Coverage. The Association shall purchase, obtain and maintain, with the premiums therefor being paid out of Common Funds, the following types of insurance, if and to the extent they are available:

(a) Public Liability and Property Damage Insurance. A policy of comprehensive public liability insurance insuring the Association, each member of the Association Board of Directors, any manager and the Owners and occupants of Lots, and their respective family members, guests, and the agents and employees of each, against any liability incident to the ownership or 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 ONE MILLION DOLLARS ($1,000,000.00) 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 projects similar in construction, location, and use.

(b) Fire and Casualty Insurance. The Association may, but shall not be obligated to, obtain and maintain a master or blanket policy of fire and casualty insurance, written

on all risk, recovery cost basis, on all Residence improvements and Common Facilities within the Properties. If it is determined that such insurance should be obtained, the Owners shall be notified and thereafter the insurance shall be kept in full force and effect at all times and the full replacement value of the insured property shall be redetermined on an annual basis. Depending on the nature of the insured property and the requirements, if any imposed by institutional mortgagees having an interest in such property, the policy maintained by the Association pursuant to this Section shall contain an agreed amount endorsement or a contingent liability from operation of building laws endorsement or the equivalent, an extended coverage endorsement, vandalism, malicious mischief coverage, a special form endorsement and a clause to permit cash settlements for full insurable value in case of partial destruction. The policies required hereunder shall name as insureds the Association, all Owners and all mortgagees as their respective interests may appear. The policies may contain a loss payable endorsement in favor of the trustee described in Section 5 below.

Section 2. Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by Section 1 is for any reason not available, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage hereinabove described.

Section 3. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon to have been paid) shall be retained by the Association and shall be available for inspection by Owners during regular business hours.

Section 4. Individual Fire and Casualty Insurance Limited.

(a) Except as provided in this Section, if the Association obtains a policy of blanket fire and casualty insurance pursuant to Section 1(b), no Owner shall separately insure his Residence or any part of it against loss by fire or other casualty covered by an insurance policy carried under Section 1(b) of this Article X. If any Owner violates this provision, any diminution in insurance proceeds otherwise payable pursuant to the provisions of Section 1(b) that results from the existence of such other insurance will be chargeable to the Owner who acquired other insurance, and the Owner will be liable to the Association to the extent of any such diminution. An Owner can insure his personal property against loss. In addition, any improvements made by an Owner to his or her Lot may be separately insured by the Owner, but the insurance is to be limited to the type and nature of coverage commonly known as "tenant's improvements." All such insurance that is individually carried must contain a waiver of subrogation rights by the carrier as to other Owners, the Association, and institutional first mortgagee of such Lot.

(b) Unless the Association procures and maintains a blanket policy of fire insurance, with extended coverage, upon the Residences, in an amount sufficient to permit the prompt rebuilding of any Residence in the event of partial or complete destruction, each Owner shall have the responsibility of securing and maintaining such fire insurance in an amount sufficient to permit the rebuilding of his Residence in the event of partial or complete destruction. Upon the request of the Association, any Owner who provides and maintains his own fire insurance policy, as hereinabove provided, shall provide the Association with satisfactory evidence that his Residence is adequately protected against damage or destruction by fire and other hazards ordinarily protected against under the standard extended coverage endorsements.

Section 5. Trustee. All insurance proceeds payable under Section 1 or Section 8 of this Article X, 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 Sacramento or El Dorado County that agrees in writing to accept such trust.

Section 6. Owner's Insurance. An Owner may carry whatever personal liability and property damage liability insurance with respect to his or her Residence that he or she desires. However, any such policy shall include a waiver of subrogation clause acceptable to the Board and to any mortgagee.

Section 7. 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 Sections 1, 2 and 8 of this Article X. 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. Additional Insurance and Bonds. 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 worker's compensation insurance. The Board also shall 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 coverage of any person who may serve as an officer or director 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.

ARTICLE XI
Damage or Destruction

Section 1. Damage or Destruction to Common Facilities.

(a) As soon as practicable after any damage to or destruction of all or any portion of the Common Facilities, the Board of Directors shall obtain bids from at least two reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct and restore the damaged or destroyed portions of the Common Facilities to substantially the same condition as they existed prior to the damage and the itemized price asked for such work. If the insurance proceeds available to the Association are sufficient to cover the costs of repair, reconstruction or restoration, then the Association shall cause such facilities to be repaired, reconstructed and restored to substantially the same condition in which they existed prior to the loss.

(b) In the event of damage or destruction of all or a portion of the Common Facilities in which the insurance proceeds available to the Association are insufficient in an amount exceeding $5,000 to cover the estimated cost of repair, reconstruction or restoration, then the Owners entitled to vote and holding in the aggregate a majority of the voting power of the membership of the Association shall determine whether (i) to repair, reconstruct and restore the damaged or destroyed Common Facilities and assess all Owners for such additional funds as may be needed for such purpose, or (ii) not to repair, reconstruct or restore the damaged or destroyed Common Facilities but utilize the insurance proceeds available to the Association for such purpose, to demolish and remove the damaged or destroyed improvements from the Common Area and to level and landscape the sites thereof.

Section 2. Damage or Destruction of Residences.

(a) Obligation to Rebuild. 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 in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty, subject to the provisions of Article X regarding the distribution of insurance proceeds.

(b) Architectural Committee Approval. Any Owner who has suffered damage shall apply to the Architectural Committee for approval of plans for the reconstruction, rebuilding, or repair of Residence. 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 would result in a finished Residence in harmony with the exterior design of other Residences on the Properties.

(c) Time Limitation. The Owner or Owners of any damaged Residence(s), the Architectural Committee and the Board of Directors (with regard to the disbursement of insurance proceeds) shall be obligated to proceed with all due diligence hereunder, and the Owner(s) shall commence reconstruction within three months after the damage occurs and complete reconstruction within six months after the damage occurs, unless prevented by causes beyond his reasonable control.

ARTICLE XII
Condemnation

Section 1. Sale by Unanimous Consent or Taking. If an action for condemnation of all or a portion of the Lots or Common Area is proposed or threatened by any governmental agency having the right of eminent domain, then, on unanimous written consent of all of the Owners whose property will be directly affected and all institutional mortgagees of such Owners, the Common Area or Lots or a portion thereof may be sold and conveyed to the condemning authority by the Board or its designees acting as the attorney-in-fact of all Owners under an irrevocable power of attorney, which each Owner by accepting a deed to a Lot hereby grants to the Association and which shall be coupled with the interest of all other Owners, for a price deemed fair and equitable by the Board. If the requisite number of Owners or institutional mortgagees do not consent to a sale of all or a portion of the Lots or Common Area, and the condemning authority institutes condemnation proceedings, the court shall fix and determine the condemnation award.

Section 2. Distribution and Sale Proceeds of Condemnation Award.

(a) Total Sale or Taking. A total sale or taking of the Lots and Common Area means a sale or taking (i) that renders more than fifty percent (50%) of the Lots uninhabitable (such determination to be made by the Board in the case of a sale and by the court in the case of a taking) or (ii) that renders the Lots and Common Areas as a whole uneconomical as determined by the vote or written consent of sixty six and two-thirds percent (66 2/3%) of those Owners and their respective institutional mortgagees whose Lots will remain habitable after the taking. However, any determination that a sale or taking is total must be made before the proceeds from any sale or award are distributed. The proceeds of any such total sale or taking of the Lots and Common Area, after payment of all expenses relating to the sale or taking, shall be paid and distributed

to all affected Owners and to their respective mortgagees in the proportion that the fair market value of each affected Lot bears to the fair market value of all Lots. The fair market value of Lots shall be determined in the condemnation action, if such be instituted, or by an appraiser.

(b) Partial Sale or Taking. In the event of a partial sale or taking of the Lots and Common Area, meaning a sale or taking that is not a total taking as determined in Section 2(a), the proceeds from the sale or taking shall be paid or applied in the following order of priority and any judgment of condemnation shall include the following provisions as part of its terms:

(i) To the payment of expenses of the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the Court to be paid from the amount awarded; then

(ii) To Owners and to their respective mortgagees, as their interests may appear, of Lots whose Lots have been sold or taken, an amount up to the fair market value of such Lots as determined by the Court in the condemnation proceeding or by an appraiser selected by the Board meeting the qualifications described in Section 3, hereof, less such Owners' share of expenses paid pursuant to this Section 2(b)(i) (which share shall be in proportion to the ratio that the fair market value of each Owner's Lot bears to the fair market value of all Lots). After such payment, the recipient shall no longer be deemed an Owner and the Board or individuals authorized by the Board, acting as attorney-in-fact of all Owners shall amend the Subdivision Map and this Declaration to eliminate from the Properties the Lots so sold or taken; then

(iii) To any remaining Owner and to his mortgagees, as their interest may appear, whose Lot has been diminished in value as a result of the sale or taking disproportionate to any diminution in value of all Lots, as determined by the Court in the condemnation proceeding or by an appraiser, an amount up to the total diminution in value; then

(iv) To all remaining Owners and to their respective mortgagees, as their interest may appear, the balance of the sale proceeds or award in proportion to the ratio that the fair market value of each remaining Owner's Lot bears to the fair market value of all remaining Owners' Lots as of a date immediately prior to commencement of condemnation proceedings, as determined by the Court in the condemnation proceeding or by an appraiser.

Section 3. Appraiser. Wherever in this Articles XII reference is made to a determination of the value or fair market value of one or more Lots by an appraiser, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraisers (SREA) or other nationally recognized appraiser organization and who shall apply the SREA or other national appraisal organization's standards in determining the value or fair market value of each Lot.

ARTICLE XIII
Breach and Default

Section 1. Remedy at Law Inadequate. Except for the non-payment 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 Charter Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors.

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

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

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

Section 5. Failure Not a Waiver. The failure of any Owner, the Board of Directors or the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants of 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 Association or the Board, or any of its officers or agents.

Section 6. Enforcement Rights and Remedies of the Association; Limitations Thereon.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Charter Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such Rules 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 6. Failure of the Association to take enforcement action for any reason shall not affect the right of any Owner to initiate such action as provided in Section 1354 of the Civil Code.

(b) Schedule of Fines. The Board may implement schedules 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.

more than 15 days after the disciplinary action is imposed or 15 days after receipt of a written request for a hearing from the offending Owner, whichever last occurs. Under such circumstances, any fine imposed pursuant to an established fine schedule shall be due and payable only upon expiration of the 15-day notice period.

(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 and a reference to the specific Charter 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 that if notice is given by mail it shall be sent by first-class or registered 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, shall be entitled to adopt rules that further elaborate the procedures for conducting disciplinary proceedings. Such rules shall form a part of the Association Rules and any additions or amendments thereto shall be subject to approval by the Board.

ARTICLE XIV
Amendment of Declaration

Section 1. Amendment In General. This Declaration may be amended or revoked in any respect by the vote or assent by written ballot of the holders of not less than sixty-six percent (66%) of the voting power of the Members.

Section 2. Effective Date of Amendment. The amendment shall be effective upon the recording of the Office of the Recorder of El Dorado County of an instrument setting forth the terms thereof duly certified and executed by the President and Secretary of the Association. Notwithstanding anything to the contrary herein contained, no such amendment shall affect the rights of the holder of any first deed of trust or mortgage recorded prior to the recording of such amendment unless such beneficiary or mortgage expressly consents thereto.

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

ARTICLE XV
Protection Of Mortgagees

Section 1. Assessment Lien Subordinated. Any lien created or claimed under the provisions of Article IV, Section 1(b) shall be subject and subordinate to the lien of any previously recorded first mortgage given in good faith and for value. No such first mortgagee who acquires title to any Lot by judicial foreclosure or by exercise of power of sale contained in the mortgage shall be obligated to cure any breach of this Declaration by a former Owner of such Lot or shall be liable for any unpaid assessments made against the Lot which accrued prior to the date the mortgagee acquired such title. No lien created or claimed under the provisions of Article IV, Section 1(b) shall in any way defeat, invalidate or impair the rights of any mortgagee under any such recorded mortgage.

Section 2. Amendment of this Declaration. No amendment of this Declaration shall affect any of the rights of the holder of any mortgage described in Section 1 hereof made in good faith and for value, if such mortgage is recorded and notice of the delivery and recording thereof is given to the Association prior to the recording of such amendment, except that the rights of such mortgagee shall be subject to such amendment if the mortgagee joins in the execution of the amendment or, pursuant to the provisions of Section 3 hereof, votes in favor of the amendment or approves the same in writing.

Section 3. Default by Owner; Mortgagee's Right to Vote. In the event of a default by any Owner under a mortgage encumbering such Owner's Lot, the mortgagee under such mortgage shall, upon (a) giving written notice to the defaulting Owner, (b) recording a Notice of Default in accordance with Section 2924 of the California Civil Code, and (c) delivering a copy of such recorded Notice of Default to the Association, have the right to exercise the vote of the Owner at any regular or special meeting of the Association held only during such period as such default continues.

Section 4. Breach; Obligation After Foreclosure. No breach of any provision of this Declaration by the Association or any Owner shall impair or invalidate the lien of any recorded mortgage made in good faith and for value and encumbering any Lot. The Association shall be obligated to abide by all of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes provided for in this Declaration, as it may be amended from time to time, with respect to any person who acquires title to or any beneficial interest in any Lot through foreclosure, trustee's sale or otherwise.

Section 5. Exchange of Information. The Association shall, at the request of any mortgagee of any Lot, report to such mortgagee any unpaid assessment due from the Owner of such Lot and notify the mortgagee in writing of any default by such Owner in the performance of his obligations under this Declaration when such default has been in existence for 30 days and has not been cured. Any mortgagee of any Lot is hereby authorized to furnish to the Board of Directors, upon written request by the Board therefor, the amount of any unpaid balance of any indebtedness secured by a lien of a mortgage and the amount and due date of any delinquent payment or payments of such indebtedness.

Section 6. Certain Restrictions Affecting the Association. Notwithstanding any other provisions of this Declaration, without the prior written consent of at least 75 percent of the Owners and holders of first mortgages on the Lots, such percentage to be based upon the total of number of Lots so mortgaged, with each such mortgagee entitled to one vote, the Association shall not:

(a) By act or omission abandon, partition, subdivide, encumber, sell or transfer the Common Area or any improvements thereon (except that the granting of any easement for public utilities, or for other public purposes consistent with the intended use of the Common Area, shall not be deemed a "transfer" as that term is used in this clause);

(b) Change the method provided for in this Declaration of determining the assessments or other charges which may be assessed against an Owner;

(c) By act or omission waiver or abandon the scheme of maintenance and repair of the Common Area or Lots, or the enforcement thereof, as provided for in this Declaration;

(d) Fail to maintain casualty insurance on the Common Facilities in the amount and against the risks provided for in Article X; and

(e) Use any insurance proceeds received as a result of the loss or damage to the Common Facilities for any purpose other than the repair, replacement or reconstruction of such Common Facilities.

Section 7. Right of First Mortgagees to Make Certain Payments and Right of Reimbursement Therefor. The holders of first mortgages on the Lots shall have the right (but not the obligation), jointly or singly, (a) to pay taxes or other assessments or charges which are in default and which may or have become a lien or charge against the Common Facilities, (b) to pay overdue premiums on casualty insurance policies for the Common Facilities, and (c) to secure and pay for new casualty insurance coverage on the Common Facilities upon the lapse of any such policy, in the amount and against the risks provided for in Article X. Any first mortgagee making such payment shall be entitled to immediate reimbursement therefor from the Association. Upon the request of any first mortgagee, the Association shall, by separate instrument, signed by the President or any Vice President and the Secretary or any Assistant Secretary, evidence its agreement to the provisions of this Section 7 as the same affects the mortgage held by such mortgagee.

Section 8. Right to Examine Books and Records of the Association. The holder of any first mortgage on any Lot or on the Common Area shall have the right to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual financial statement of the Association within 90 days following the end of any fiscal year of the Association, and (c) receive a written notice of all meetings of the Association and designate a representative to attend all such meetings. The requesting mortgagee shall pay the actual expenses of copying and mailing of said information to the Association.

Section 9. Notices to First Mortgagees. The Association shall furnish to the holder of any first mortgage on any Lot or on the Common Area, upon written request by the first mortgagee, prompt notice of: (a) abandonment or termination of the Association, (b) any material amendment to the Declaration, (c) the effectuation of any decision by the Association to terminate professional management, if any, and assume self-management of the Common Area and development, (d) any condemnation or eminent domain proceeding, and (e) any extensive damage to or destruction of any improvements located in or upon the Common Area.

Section 10. Superiority of Mortgage to Condemnation Proceeds. If any Lot, or portion thereof, or the Common Area, or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding, the lien of any first mortgage shall be prior and superior to the claims of the Owners of said Lots or Common Area with respect to any distribution of the proceeds of any condemnation award or settlement.

Section 11. Superiority of Mortgage to Insurance Proceeds. In the event of any substantial damage to or destruction of the improvements on any Lot, or on any part of the Common Area, the lien of any first mortgage shall be prior and superior to the claims of the Owners of said improvements with respect to any distribution of any insurance proceeds relating to such damage or destruction.

Section 12. Amendments to Conform with Mortgagee Requirements. It is the intent of the Association that this Restated Declaration and the Articles and Bylaws of the Association, and the Lots and Common Area in general, shall now and in the future

meet all requirements necessary to purchase, guarantee, insure and subsidize any mortgage of a Lot within the Properties by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration and the Federal Veterans' Administration.

ARTICLE XVI
Notices

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

If to any Owner:	To the street address of his or to such other address as he may from time to time designate in writing to the Association.
If to the Association:	Cameron Park Unit No. 11 Corporation Association to the address of the Association's managing agent if any, otherwise to the residence address of the Secretary of the Association or to such other address as the Association may to the Owner.

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

Section 3. Deposit in U.S. Mails. All notices and demands served by mail shall be by registered or certified mail, with postage prepaid, and shall be deemed delivered 48 hours after deposit in the United States mail in El Dorado County, California.

ARTICLE XVII
Miscellaneous

Section 1. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Lots and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, until January 1, 2020, after which time the same shall be automatically extended for successive periods of 10 years each unless, within six months prior to the expiration of the initial term or any such 10-year extension period, a recordable written instrument, approved by Owners entitled to vote and holding at least a majority of the voting power of the Association terminating the effectiveness of this Declaration shall be filed for recording in the Office of the County Recorder of El Dorado County, California.

Section 2. Construction.

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

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

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

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

DATED: _____, 19____

CAMERON PARK UNIT NO. 11
CORPORATION

By_____
(President)

By_____
(Secretary)