

RECORDING REQUESTED BY:
FIRST AMERICAN TITLE INSURANCE COMPANY
WHEN RECORDED MAIL TO:
SMITH AND GABBERT INC.,
3420 Palmer Drive
Cameron Park, CA 95682

040547

OFFICIAL RECORDS
26,015-69 DORADO COUNTY, CALIF.
RECORD REQUESTED BY:

DECLARATION OF

First American Title Co.

COVENANTS, CONDITIONS, AND RESTRICTIONS JUL 14 9 17 AM '87

FOR

EL DORADO ROYALE

133⁰⁰ DORCEY GARR (LS)
COUNTY RECORDER

This Declaration is made on the date hereinafter set forth by Smith & Gabbert, Inc., a California corporation, hereinafter referred to as "Declarant":

WITNESSETH

WHEREAS, Declarant is the owner of the real property consisting of thirty-seven (37) residential lots in a portion of the development known as Cameron Park, County of El Dorado, which is more particularly described in Exhibit "A".

WHEREAS, it is the intent of Declarant that by this Declaration a common scheme for possession, use, enjoyment, repair, maintenance, restoration and improvement for the subdivision shall be established.

NOW THEREFORE, Declarant hereby declares that all of the property described on Exhibit "A" hereof is held and shall be held, sold, conveyed, encumbered, leased, rented, used, occupied, enjoyed and improved subject to the following declarations, covenants, conditions, restrictions, limitations, reservations, and easements, hereafter sometimes referred to merely as "Declaration" or "Covenants," each and all of which are declared and agreed to by each purchaser, to be in furtherance of a general plan for the subdivision, improvement and sale of the property, and the same shall ensure the benefit of and pass with each and every lot covered hereby, and the same are established and agreed upon for the purposes set forth above, for the mutual benefit of all said lots. All of the Declarations or Covenants shall run with the land and shall be binding on all parties having or acquiring any rights, title, or interest in the said property or any part thereof.

ARTICLE I

Definitions

Section 1. "Articles" shall mean the Articles of Incorporation of El Dorado Royale Association. The Articles of said corporation shall be filed in the Office of the Secretary of State.

Section 2. "Assessment" and "Assessments" means any assessment levied by the Association against an Owner and his or

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her Lot in accordance with Article IV and Article VI hereof. The assessments provided in these Articles include regular assessments, special assessments and special individual assessments.

Section 3. "Association" means and refers to EL DORADO ROYALE ASSOCIATION, a California nonprofit mutual benefit corporation, its successors and assigns.

Section 4. "Association Common Area" means all real property owned by the Association for the common use and enjoyment of all resident Members and the lessees of non-resident Members, as more specifically described as such on Exhibit "A".

Section 5. "Association Common Expense" means any use of Association Common Funds authorized by these Articles or the Association's Bylaws including, without limitation, the use of such funds to: (i) defray all expenses or charges for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Association Common Area and Common Facilities as incurred or as may be estimated from time to time, by the Association's Board of Directors and, when required, approved by vote of the Association's Membership; (ii) establish monetary reserves, as reasonably necessary, for property maintenance, major repair and/or replacement of Association Common Facilities, and for nonpayment of any assessments; and (iii) to defray 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. The Association's total estimated Common Expenses shall be budgeted by the Association's Board of Directors in the manner specified in Article IV, Section 2(a) hereof and shall be charged to all Members as part of the annual Association Regular Assessment.

Section 6. "Association Common Facilities" means the street improvements, off street parking facilities, commonly owned landscaping areas, the security entrance, and any other facilities constructed or installed, or to be constructed or installed, or currently located on the Association Common Areas and owned by the Association.

Section 7. "Association Common Funds" means all funds collected or received by the Association (i) for use in the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of, all or any portion of the Association Common Area and Association Common Facilities and (ii) for use in discharging any and all of the Association's duties and its functions as provided for in its Articles of Incorporation, its Bylaws, and this Declaration.

Section 8. "Association Rules" means all 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 12.

Section 9. "Board of Directors" or "Board" means the Board of Directors of the Association.

Section 10. "Bylaws" shall mean the Bylaws of the Association, as amended from time to time.

Section 11. "County" means the County of El Dorado, State of California.

Section 12. "Declarant" means and refers to the developer of the property, Smith and Gabbert, Inc., a California corporation, and to its successors and assigns.

Section 13. "Declaration" means this Declaration of Covenants, Conditions and Restrictions as such Declaration may, from time to time be amended.

Section 14. "Dwelling" is a collective term referring to any structure constructed on any Lot for purpose of use as a residence.

Section 15. "Family" means one or more persons each related to the other by blood, marriage or legal adoption.

Section 16. "Governing Documents" is a collective term that refers to this Declaration, the Articles, and the Bylaws and the Association Rules.

Section 17. "Lot" means a numbered lot or parcel of land as shown upon the recorded Subdivision Map of the Properties, and any improvements constructed on such Lot, unless the context clearly indicates that the reference is intended to be restricted to those portions of a Lot lying outside the boundaries of the Dwelling structure.

Section 18. "Member" shall mean and refer to any person or entity who holds a Membership in the Association and whose rights as a Member are not suspended pursuant to Article XIII, Section 6 hereof.

Section 19. "Mortgage" shall mean any security devise encumbering all or any portion of the Properties, 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 20. "Owner" means any person, firm, corporation, or other entity which owns a fee simple interest in any Lot (including contract sellers, but excluding those having such interest merely as security for the payment of a debt or the performance of an obligation) and includes (unless the context otherwise requires) the family, guests, tenants, and invitees of such Owner.

Section 21. "Owner of Record" means any Owner, whether a person, firm, corporation or other entity, in which title to a Lot is vested as shown by the official records of the Office of the County Recorder.

Section 22. "Properties" means and refers to those certain real lots and real property more particularly described in Exhibit "A".

Section 23. "Residence" means the residential and other improvements located on a Residence Lot.

Section 24. "Residence Lot" means any Lot improved by a Residence.

Section 25. "Single Family Residential Use" means 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 local rules and regulations. In no event shall any Dwelling be occupied by more individuals than permitted by applicable zoning laws or governmental regulations.

ARTICLE II

Property Rights and Obligations of Owners

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

(a) The right of the Association to adopt uniform rules and regulations regarding the use and enjoyment of the Properties, as provided in Article III, Section 12 hereof (Association Rules) and, subject to the notice and hearing rights hereof, to enforce such rules and the provisions of all Governing Documents through the imposition of fines and/or temporary suspension of (i) the Owner's voting rights and (ii) the Owner's right to use and enjoy Association Common Facilities.

(b) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Areas and Common Facilities, and in aid thereof to mortgage said Association property; provided, however, that in the event that a Special Assessment is required to undertake any such improvement, the Special Assessment may only be imposed in accordance with Article IV, Section 3 hereof; and provided further that in the event that the Common Areas or Common Facilities, or any portion thereof, are encumbered as security for any borrowing hereunder, the rights of any mortgagee in said properties shall be subordinate to the rights of the Owners hereunder.

(c) The right of the Association to dedicate or transfer all or any part of the Common Areas under its jurisdiction and control 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 at least 51% of the voting power of the Owners other than the Declarant execute and record a written instrument consenting to such dedication or transfer. Said instrument may be executed in counterparts so long as each counterpart is in recordable form. No dedication shall be permitted hereunder that impairs the ingress and egress to any Lot.

(d) The right of the Association and its agents and contractors, when necessary, to enter any Lot to (i) perform the Association's obligations under this Declaration, including, without limitation, the enforcement of restrictions, or any obligation with respect to construction, maintenance, landscape upkeep and repair, as necessary for the benefit of the Common Areas or the Owners in common, or (ii) to undertake any necessary repairs or Lot maintenance that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, Association property or the use of enjoyment of adjacent Lots. Cost of any such repair or maintenance shall be charged to the Owner through a Special Individual Assessment as defined and regulated in these Articles.

The right of the Association to enter a lot for the purposes aforesated shall be exercisable immediately in the case of an emergency originating in or threatening any Lot or adjoining property, and the Association's work may be performed under such circumstances whether or not the Owner or occupant is present. In all non-emergency situations the right of the Association or its agents and contractors to enter an Owner's Lot shall require the affirmative vote of two-thirds (2/3) of the Board of Directors and at least 24 hours telephonic or written notice to the Lot Owner advising the Owner of the corporation's intent to enter the Lot. The corporation's notice must specify the purpose for the entry and the estimated time and duration thereof. The Association shall endeavor to discharge its maintenance and repair responsibilities in a manner that minimizes inconvenience to, or disturbance of, any affected occupants.

Section 2. Delegation of Use Rights and Obligations of Lessees.

(a) Delegation of Use and Leasing of Lots, Generally. Any Owner may delegate, in accordance with and subject to the Governing Documents his or her rights of use and enjoyment of the Common areas and the Common Facilities to the Members of the Owner's family or to the Owner's tenants or contract purchasers who reside on the Owner's Lot; provided that any rental or lease of the Owner's Lot may only be to a single Family for Single Family Residential Use. Lots shall not be rented or leased for

transient or hotel purposes, which shall include, but not be limited to, any rental for a period less than thirty (30) days or any other commercial use or use inconsistent with the provisions of this Declaration. In addition thereto, Lots shall not be leased on a time-share basis (as defined in California Business & Professions Code Section 11003.5 or comparable superseding statute).

The restrictions on multiple Family occupancy and short-term rentals imposed by the immediately-preceding paragraph are intended 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. Any rental or lease of any Dwelling shall be subject to the provisions of any applicable Governing Documents which shall be deemed to be incorporated by reference in a written lease or rental agreement.

The Association shall be entitled to adopt rules of uniform and nondiscriminatory application interpreting the requirements of this Section 2 or regulating specific matters or concerns relating to or arising out of the rental or lease of Lots within the Properties.

Any Owner who leases a Dwelling with the Properties shall be responsible for furnishing his or her lessee with current copies of all applicable Governing Documents. Furthermore, the Owner shall at all times be responsible for compliance by the Owner's tenant or lessee with all of the provisions of said Governing Documents during the tenant's/lessee's occupancy and use of the Dwelling.

(b) Use of Recreational Facilities by Lessees. Any Owner who leases his or her Dwelling shall no longer be eligible to use the recreation Common Facilities that the Owner would otherwise be entitled to use by virtue of the ownership of the leased Lot; provided, however, that nothing herein shall be construed or interpreted as preventing a nonresident Owner from using and enjoying the golf course and other Cameron Park Country Club facilities by virtue of a Country Club Membership held by such Owner or from using any Common Facility by virtue of the ownership of another Lot within the Properties that the Owner is not renting or leasing to a third party. C

(c) Discipline of Lessees. In the event that any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall so notify the Owner in accordance with subparagraph (d) below. If, within a reasonable time following receipt of such notice, the Owner fails to take appropriate corrective action with respect to the tenant or lessee or, in the alternative, fails to request a hearing on the matter, 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 Common Areas

and/or Common Facilities, the imposition of fines and penalties on the Owner or tenant or the right to terminate such tenancy upon thirty (30) days written notice to the tenant. If the Board takes any such corrective action, either in the Board's name or the Owner's name, the Owner shall be responsible for all costs thereof, including reasonable attorney's fees, and shall reimburse the Association upon demand for the entire amount of such costs.

(d) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage to, or destruction of, the Properties or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner (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 General 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.

(e) Owner's Duty to Notify Association of the Identity of Tenants and Contract Purchasers. Each Owner shall notify the Association's General Manager of the names of any contract purchaser or lessees of the Owner's Dwelling before such person is given occupancy of the premises.

Section 3. 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 Lot, the Owner thereof must give the prospective purchaser (i) a current copy of the Governing Documents; (ii) a true statement in writing from the Association ("delinquency statement") as to the amount of any Assessments levied against the seller's Lot which are unpaid on the date of the statement, together with information relating to penalties, interest, attorneys' fees and other charges due with respect to the Lot as of the date of the statement, which may become a lien against the Lot; and (iii) a copy of the Association's most recent financial statement previously distributed to the selling Owner.

(b) In order to carry out the intent and purposes of this statutory provision, the Association shall, within ten (10) days of the mailing or delivery of a request therefor, provide the Owner with a copy of the current Governing 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 Governing 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 the public report pursuant to Section 11018.1 of the California Business and Professions Code.

Section 4. Payment of Assessments and Compliance With Rules. Prior to the delinquency date, each Owner shall pay each Regular, Special and Special Individual Assessment levied against the Owner and his or her Lot and shall observe, comply with and abide by any and all rules and regulations set forth in, or promulgated pursuant to, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities.

Section 5. 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 6. 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 6 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 7. Prohibition on Avoidance of Obligations. No Owner, by nonuse of the Common Areas or Common Facilities, abandonment of the Owner's Lot or otherwise may avoid the burdens and obligations imposed on such Owner by this Declaration. Without limiting the foregoing, the Owner specifically waives any right that may otherwise exist to sever or partition his Lot from the Common Area during the term of this Declaration and any extension thereof.

Section 8. Termination of Obligations. Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferor-Owner shall not be liable for any Assessments levied with respect to such Lot after the date of recording of the deed evidencing said transfer and upon such recording, all Associations Membership rights possessed by the transferor by virtue of the ownership of said Lot shall cease.

Section 9. Limitation on Liability Due to Golf Ball Intrusion. Owners, their family members, lessees and guests, being aware of the location of the Subdivision, do hereby waive any and all rights and claims presently existing or which may arise in the future as a result of any golf ball intrusion onto the property of the Subdivision as against Cameron Park Country

Club, El Dorado County. Any individual golf players on said golf course and Declarant. This waiver shall apply to property damage and personal injury.

ARTICLE III

El Dorado Royale Association

Section 1. Description of El Dorado Royale Association. Generally. Within the boundaries of the Properties, El Dorado Royale Association is the nonprofit mutual benefit corporation that owns and maintains the Association Common Areas and Association Common Facilities. The Association also discharges such other rights and duties as are set forth in the Governing Documents.

Section 2. Membership. Each Owner shall be a Member of the Association, and shall remain a Member thereof until such time as ownership ceases for any reason, at which time such Membership in the Association shall automatically cease. Certain Membership rights (including voting rights) may be temporarily suspended under those circumstances described in Article XIII, Section 6 hereof. Association voting rights attributable to the ownership of any Lot within the Properties shall not vest until Assessments against said Lot have commenced by Association. Co-Owners shall exercise their Membership rights as hereinafter provided.

Section 3. Transfer of Membership. 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. In the case of a sale, Membership passes automatically to the purchaser upon transfer of title to the Lot. In the case of an encumbrance of such Lot, a mortgagee does not have Membership rights until the mortgagee becomes an Owner by foreclosure or deed in lieu thereof. Any person or entity acquiring fee title or equitable title to a Lot, whether by reason of a deed from the Owner or through a foreclosure, shall within fifteen (15) days of acquiring such title inform the Association in writing of the date such title transferred and the name(s) in which title is held. Lessees who are delegated rights of use pursuant to Article II, Section 2 hereof do not thereby become Members, although the lessee and Members of the lessee's family shall, at all times, be subject to the provisions of all Governing Documents. Any attempt to make a prohibited transfer of Membership rights in the Association is void.

A contract seller of any Lot must delegate his or her voting rights as a Member of the Association and his or her rights to use and enjoyment of Common Areas and Common Facilities to the contract vendee; provided, however, that the contract seller shall remain liable for any default in the payment of assessments by the contract vendee until title to the Lot has been transferred to the vendee.

Section 4. Classes of Membership and Voting. The Association shall have two classes of voting Members.

Class A. Class A Members shall be all Owners except Declarant and shall be entitled to one vote for each Lot owned. When more than one person or entity own a Lot, all such persons and entities shall be Members and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant, who shall be entitled to three votes for each lot owned.

Section 5. Termination of Class B Membership. The Class B Membership shall cease and be converted to Class A Membership on the occurrence of whichever of the following is first in time:

(a) When the total outstanding votes held by Class A Members equal the total outstanding votes held by Class B Members, or

(b) On the second anniversary date of the original issuance of the Subdivision Public Report for the development.

Section 6. Approval of Members Other than Declarant. With the exception of actions authorized for the Enforcement of Bonded Obligations, no action which requires the approval of a prescribed majority of the voting power of Members of the Association other than the Declarant shall preclude the Declarant from casting votes attributable to subdivision interests which he owns.

Where a two class voting structure is still in effect, any action requiring the approval by the vote or written assent of a prescribed majority of the Class A voting power shall also require the vote or written assent of a bare majority of the Class B voting power.

Where a single class voting structure exists, after the conversion of Class B to Class A Membership, approval of any action by the vote or written assent of a prescribed majority of the total voting power of Owners other than the Declarant shall also require the approval by vote or written assent of a bare majority of the total voting power of the Association.

Section 7. Co-Owner Votes. The vote for each Lot may not be cast on a fractional basis. If the Co-Owners of a Lot are unable to agree among themselves as to how their vote shall be cast, they shall forfeit the vote on the matter in question. If only one Owner exercised the vote of a particular Lot, it shall be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot. If more than one Co-Owner exercises the vote for a particular Lot, their votes shall not be counted and shall be deemed void.

Section 8. Assessments. Each Member of the Association shall be obligated to pay the Assessments imposed by Article IV of this Declaration with respect to each Lot owned by said Member. Any assessments levied by the Association on its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

Section 9. Board of Directors. The affairs of the Association shall be managed by a Board of Directors, which shall be established, and which shall conduct regular and special meetings according to the provisions of the Bylaws.

Section 10. Inspection of Books. All Members shall have reasonable access to inspect the books, records and financial statements of the Association, including annual audited financial statements when such are prepared, pursuant to this Declaration and subject to the same.

Section 11. Powers and Authority of the Association. The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in owning and managing its properties and 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 Governing Documents. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of this Declaration, the Association's Bylaws and California law, 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 the Governing Documents.

Procedures for creating leases hereunder, rental rates and other limitations with respect to such leases, but not in conflict with the above, shall be includable within the Association Rules, referred to in Section 12 of this Article III. The Association shall not be responsible for maintenance of such leased areas and during the term of any lease created hereunder the affected area shall constitute "exclusive use common area" as that term is defined in Section 1351(i) of the California Civil Code.

Any leases executed between the Association and any Owner pursuant to this subparagraph may, in the discretion of the Association Board, be recorded in the Office of the County Recorder, and the installation of appurtenant improvements on the leased property shall be subject to the prior approval of all governmental agencies with jurisdiction over such matters and the Architectural Committee pursuant to Article VII, Section 10 hereof.

Section 12. Association Rules.

(a) **Rule making Power.** The Association Board may, from time to time, act pursuant to subparagraph (b) to 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 Areas and Common Facilities; (ii) architectural control and the rules of the Architectural Control Committee; (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 pursuant to Article VIII hereof; (v) minimum standards of maintenance of landscaping or other improvements on any Lot; and (vi) any other subject or matter within the jurisdiction of the Association as provided in this Declaration and the Association Bylaws.

Notwithstanding the foregoing grant of rule making authority, the Association Rules shall not be inconsistent with or materially alter any provision of, or the rights, preferences and privileges of Members as set forth in the Articles or Bylaws of the Association or this Declaration. In the event of any material conflict between any Association Rule and any provision of the Articles, Bylaws or this Declaration, the provision contained in the Articles, Bylaws or Declaration (as the case may be) shall prevail.

(b) **Adoption and Amendment of Rules.** The Board may, from time to time, and subject to the provisions of this Declaration, propose such Association Rules and amendments or modifications thereto as the Board of Directors may deem necessary or appropriate for the proper and efficient management of the Properties and the discharge of the Association's responsibilities hereunder. Prior to adoption of any Rule or amendment thereto, the entire text of the proposed Rule or amendment shall be distributed among the Association's Members, either by separate mailing or as part of the Association's newsletter, at least thirty (30) days in advance of the date established for Board action on the proposal. In the event that any objections or proposed modifications to the proposal are received from 5% or more of the Members, the Board shall place the matter for discussion on the agenda for its next regularly scheduled Board meeting. At the conclusion of such meeting or, in the event that a discussion of the proposed rule or amendment is not required, at the end of the thirty (30) day publication period, the Board shall be entitled to take action on the proposal by majority vote. If the Rule or amendment is adopted, it shall become effective immediately, unless otherwise specified in the Board's resolution of adoption.

(c) **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 and Lessee and a current copy thereof shall be maintained in the Association's corporate records. The requirements of this

paragraph may be satisfied by publication of the complete text of any rule or amendment thereto in the next edition of the Association's newsletter.

Section 13. Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XIII, Section 6 hereof.

Section 14. Limitation on Liability of the Association and the Association's Directors and Officers.

(a) No member of the Board of Directors or officers, committee members or employees of the Association or any 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 of any such person, their agents, representatives and employees 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, acted reasonably and in good faith. Without limiting the generality of the foregoing, this limitation on liability 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.

(b) Neither the Association nor any member of its Board of Directors, nor any of its officers, committee members, agents or employees shall be responsible to any Owner or to any member of his family or any of his lessees, guests, servants, employees, licensees, invitees or any others for any loss or damage suffered by reason of damage, theft or other loss 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 Dwelling or for any injury to or death of any person or loss or damage to the property of any person caused by fire, explosion or the elements or the act or omission of any other Owner or person within the Properties, or by any other cause, unless the same is attributable to its or his own willful misconduct or negligence.

Section 15. Reasonable Arrangements - Budgets and Financial Statements.

(a) The following financial and related information shall be regularly prepared and distributed by the governing body to all members of the Association:

(1) A budget for each fiscal year consisting of at least the following information shall be distributed not less than 45 days and not more than 60 days prior to the beginning of the fiscal year.

(A) Estimated revenue and expenses on an

accrual basis.

(B) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.

(C) An itemized estimate of the remaining life of, and the methods of funding to defray the costs of repair, replacement or additions to, major components of the Common Areas and Facilities for which the Association is responsible.

(D) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Areas and Facilities for which the Association is responsible.

(2) A balance sheet - as of an accounting date which is the last day of the month closest in time to six months from the date of closing of the first sale of an interest in the subdivision - and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within 60 days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the subdivision interest and the name of the entity assessed.

(3) A report consisting of the following shall be distributed within 120 days after the close of the fiscal year.

(A) A balance sheet as of the end of the fiscal year.

(B) An operating (income) statement for the fiscal year.

(C) A statement of changes in financial position for the fiscal year.

(D) For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

(b) If the report referred to in (a)(3) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

(c) In addition to financial statements, the governing body shall annually distribute within 60 days prior to the beginning of the fiscal year, a statement of the Association's

policies and practices in enforcing its remedies against Members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against Members' subdivision interests.

ARTICLE IV

Assessments

Section 1. Assessments Generally.

(a) Declarant for each Lot it owns within the Properties, and 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 levied pursuant to this Declaration. Regular Assessments shall commence with respect to all Lots within any phase of the Properties on the first day of the month next following the closing of the first date of a Lot within said phase to an Owner other than the Declarant.

(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 late charges, reasonable costs of collection (including attorneys' fees) and interest attributable thereto or incurred in the collection thereof, shall be a separate debt of the Owner against whom the same has been assessed. Furthermore, each Regular and Special Assessment and related charges, costs and interest are 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 1367 and Civil Code Section 2924 (or comparable superseding statutes), all as more particularly described in Section 9 of this Article IV. Special Individual Assessments may only become a lien against the Owner's Lot in those instances specified in Section 4 of this Article IV.

(c) The late charges, interest and costs that can be imposed and collected with respect to any delinquent assessment shall be subject to the restrictions imposed by California Civil Code Section 1366(c) or comparable superseding statute.

(d) Except as otherwise provided in Section 10 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 purchase by such Owner; 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 9 hereof.

(e) If any installment payment of a Regular Assessment or lump sum of installment payment of any Special Assessment or Special Individual Assessment assessed to any Owner is not paid prior to the delinquency date established by the Board (which shall be no less than 15 days following the due date for the Assessment), such payment shall be delinquent and the amount thereof shall bear interest at a rate established by the Association Board not to exceed the maximum rate allowed by law commencing 30 days following the due date until the same is paid.

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

Section 2. Regular Assessment.

(a) Establishing Amount of Regular Assessment. Not less than 45 days nor more than 60 days prior to the beginning of each fiscal year of the Association, the Board of Directors, assisted by the Budget and Finance Committee, if any is established, shall estimate the required Regular Assessment for the next succeeding fiscal year by preparing and distributing to all Association Members a budget satisfying the requirements of Article XII, Section 4 of the Association's Bylaws. Except as provided in subparagraph (b) below, the total Association Common Expenses estimated in the Association's budget shall, upon adoption by the Board, become the Regular Assessment for the next succeeding fiscal year and shall be allocated among all the Lots within the Properties in the manner described in subparagraph (c) of this Section 2.

(b) Membership Approval for Certain Regular Assessments. Although establishing the amount of the Annual Regular Assessment is within the province and authority of the Board, the Board of Directors of the Association may not impose, except as provided in this subsection, a regular assessment that is more than ten percent (10%) greater than the regular assessment for the Association's preceding fiscal year or impose special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the approval of Owners casting a majority of the votes at a meeting or election of the Association with said votes being cast by members other than the Declarant whose Lots are subject to the increase. The provisions of this Paragraph do not limit assessment increases for the following purposes:

(1) The maintenance or repair of the common areas or other areas which the Association is obligated to maintain or repair, including, but not limited to, the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining or repairing structures or improvements, and funding reserves.

(2) Assessments for emergency situations shall be as limited in §1366(b) of the California Civil Code.

(3) The Board may not, without the vote or written consent of a majority of the voting power of the Association residing in members other than the Declarant, impose a regular annual assessment which is more than twenty percent (20%) greater than the regular annual assessment for the immediately preceding fiscal year or as provided in Regulation §2792.16(d), Title 10, of the Administrative Procedures Act.

(4) The provisions of this limitation to ten percent (10%) do not apply to an assessment levied by the governing body against a member to reimburse the Association for costs incurred in bringing the member and his subdivision interest into compliance with provisions of the governing instruments for this Subdivision provided such is in compliance with the provisions herein set forth with regard to disciplining members and provided such is subject to reasonable arrangements as provided in §2792.26 of the Regulations of the Real Estate Commissioner of the State of California.

(c) Allocation of Regular Assessments Among the Owners. The total Regular Assessment shall be allocated among and assessed against the Owners and their Lots on an equal basis.

(d) 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 and his Lot, and the amount of such Assessments which have been paid or remain unpaid. The assessment roll can also serve as the delinquency statement required by Article II, Section 3 hereof and shall be conclusive upon the Association and the Owner of such Lot as to the amount of such indebtedness as of the date the statement is issued, in favor of all persons who rely thereon in good faith, and a copy of the delinquency statement shall be furnished by the Association to any Owner or to any first Mortgagee under a Mortgage encumbering a Lot upon written request thereof. The assessment roll may be maintained by the Association in the form of a computerized list generated by either the Association or its accountants or other property management contractors retained by the Association.

(e) Mailing Notice of Regular Assessment. The Board of Directors shall cause to be mailed to each Owner at the street address of his Lot, or at such other address as such Owner may from time to time designate to the Association in writing, a copy of the budget prepared in accordance with Section 2(a) hereof, together with a statement of the amount of the Regular Assessment assessed against his Lot for the next succeeding fiscal year.

(f) Failure to Make Estimate. If, for any fiscal year, the Board of Directors shall fail to make an estimate of

the Association Common Expenses, then in such event the Regular Assessment made for the immediately 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.

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

Section 3. Special Assessments.

(a) Circumstances Authorizing Imposition of Special Assessments. Subject to the Membership approval requirements set forth in subparagraph (b) below, the Board of Directors of the Association shall be entitled to impose a Special Assessment against Lots within the Properties under the following circumstances:

(1) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment imposed with respect to all Lots for any fiscal year is insufficient due to extraordinary expenses (i.e., expenses that could not reasonably have been anticipated in preparing the budget for that fiscal year), then the Association Board of Directors shall levy an additional Special Assessment, applicable to the Lots for the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association would otherwise incur in the performance of its duties and the discharge of its obligations hereunder. The determination of the Board to impose a Special Assessment pursuant to this subparagraph 3(a)(1) shall be supported by recommendation therefor from the Board's Budget and Finance Committee.

(2) Capital Improvements to Common Area. The Board Association may also levy Special Assessments for capital improvements within the Association Common Area, including the addition of landscaping and landscaping related structures (i.e., gazebos, fountains) that are in keeping with the General Plan and intent of this Declaration and that Common Area landscaping installed by Declarant as part of the initial improvements. 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 Area improvements through the Regular Assessment budgetary process and by funding capital reserve accounts.

(b) Special Assessments Requiring Membership Approval.

No Special Assessment described in subparagraphs (a)(1) or (a)(2) hereof shall be made in any fiscal year without the vote or assent by written ballot of a majority of the voting power of the Association residing in Members other than the Declarant if such Special Assessments, in the aggregate and when added to other Special Assessments for that year, will exceed 5% of the budgeted gross expenses of the Association for that fiscal year. As used herein, the term "budgeted gross expenses" shall not include any amounts budgeted for allocation to replacement reserves. The restrictions of this Paragraph do not limit increases for the following purposes:

(1) The maintenance or repair of the common areas or other areas which the Association is obligated to maintain or repair, including, but not limited to, the payment of utility bills, the costs incurred in maintaining or repairing structures or improvements, and funding reserve.

(2) Addressing emergency situations.

(c) Allocation and Payment of Special Assessments.

When levied by the Board, or recommended by the Board and approved by the Members as provided above, the Special Assessments shall be equally divided among, assessed against and charged to the Members affected thereby, and shall be recorded on the Association's Assessment Roll. Notice thereof shall be mailed to each Owner subject thereto.

Special Assessments for purposes described in Section 3(a)(1) shall thereafter be due as a separate debt of the Owner and a lien against his or her Lot, which debt shall be payable to the Association in equal monthly installments during the remainder of the then current year. Special Assessments for purposes described in Section 3(a)(2) shall thereafter be due as a separate debt and payable in full to the Association within 60 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 the Special Assessments authorized by Section 3 hereof, the Association may also impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (a)(i) and (a)(ii) below. Special Individual Assessments imposed pursuant to subparagraphs (a)(i) shall be a personal obligation of the Owner, as well as a lien against the Owner's Lot as described in Section 4(c) below, but any Special Individual Assessment imposed pursuant to subparagraph (a)(ii) shall constitute a personal obligation of the assessed Owner only, and may not become a lien against his or her property.

(i) Special Individual Assessments for Particular Recreation or Parking Privileges, Insurance Premium Costs, and Certain Late Payment Penalties.

(A) Parking Assessment. A Special Individual Assessment, in an amount determined by the Association Board, shall be levied for the continued use by permit of a parking space located in any Recreation Vehicle Lot established and maintained by the Association for the benefit of its Members.

(B) Rental Assessment. Owners who wish to rent any of the Common Facilities that are available for rental may do so at such rental rates as are determined by the Association Board from time to time. Any rental charges thus incurred shall be payable by the Owner so renting as a Special Individual Assessment.

(C) Acts or Coverages Increasing Insurance Premiums. In the event any act or omission of any Owner, any member of his family, or any of his tenants, guests, servants, employees, licensees or invitees, or any special insurance coverage required of the Association by the mortgagee of any Owner, 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 XI 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. The right to impose a Special Individual Assessment pursuant to this subparagraph (a)(1)(D) shall only arise in those instances where the Board can establish that the increase in insurance premiums is directly attributable to the act or omission of the Owner or his family, lessees or contractors.

(ii) Special Individual Assessments to Recover for Certain Damages and Enforcement Expenses. Subject to the due process requirements of Section 4(b) below, the Association shall be entitled to impose a Special Individual Assessment to recover the following sums expended by the Association as the result of an Owner's violation of the Governing Documents:

(A) Damage to Common Area. In the event of any damage to or destruction of any portion of the Common Areas 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, contractors, licensees or invitees, the Board of Directors 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. The mere fact that the damage or destruction is covered by insurance maintained by the Association shall not preclude the Association from taking other disciplinary action against the Owner and/or his tenant in accordance with Article

XIII, Section 6 hereof, or from recovering any increase in insurance premiums resulting from resort to said insurance in accordance with subsection 4(a)(1)(D) above.

(B) Other 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: (1) collect delinquent assessments (and any interest accrued thereon), (2) undertake any repair, maintenance or replacement project for which the Owner is responsible under the Governing Documents, or (3) to prevent the continued maintenance of a nuisance or otherwise bring the Owner and/or his Lot into compliance with the provisions of the Governing Documents, the sums expended by the Association (including reasonable fines, interest and penalties duly imposed hereunder together with reasonable attorneys' fees) in its efforts to gain the Owner's compliance with the Governing Documents shall be assessed and charged solely to and against such Owner and his Lot as a Special Individual Assessment.

(b) Due Process Requirements as Condition to Imposing Certain Special Individual Assessments. Prior to the imposition of a Special Individual Assessment against an Owner pursuant to any provision of Section 4(a)(ii) hereof, the Owner must be afforded the notice and hearing rights to which the Owner is entitled pursuant to Article XIII, Section 6 hereof, and been given a reasonable opportunity to comply voluntarily with the relevant provisions of the Governing Documents before the assessment is imposed.

(c) Levy of Special Individual Assessments.

(i) Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed, in subparagraph (a) of this Section 4, such Special Individual Assessments shall be recorded on the Assessment Rolls of the Association, 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, in the case of Special Individual Assessments imposed pursuant to subparagraph (a)(i) of this Section 4, shall also become a lien against the Owner's Lot, payable as set forth in Section 4(d) below.

(ii) With the exception of Special Individual Assessments imposed by the Association's Board to recover reasonable late payment penalties for delinquent reassessments and/or charges to reimburse the Association for its reasonable costs (including attorneys' fees) of collecting delinquent assessments, Special Individual Assessments imposed pursuant to subparagraph (a)(ii) of this Section 4 may not be characterized nor treated as an assessment which may become a lien against the offending Owner's Lot enforceable by a sale of the Lot in accordance with the provisions of Sections 2924(b) and 2924(c) of the Civil Code.

(d) Payment of Special Individual Assessments. Special Individual Assessments imposed pursuant to any subparagraph of Sections 4(a) or 4(b) shall be payable in full to the Association within 30 days after the mailing of notice of the assessment to the affected Owner.

Section 5. Purpose and Reasonableness of Assessments. Each Assessment, whether it be a 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 Properties, (b) to promote the enjoyment and use of the Properties by the Owners and their families, tenants, invitees, licensees, guests and employees, or (c) to provide for the repair, maintenance, replacement and protection of the Common Areas and Common Facilities. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Lot against which the Assessment is made that shall be binding on the Owner's 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, and provided further that the liens imposed with respect to Special Individual Assessments shall be subject to the limitations on enforcement through foreclosure set forth in Section 4(c) of this Article IV.

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 Association Assessments and any lien with respect thereto:

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

Section 7. Notice and Procedure for any Action Authorized Under Sections 2 and 3. Any action authorized under Sections 2 and 3 of this Article IV requiring the vote of the Association Members shall be taken either by written ballot or at a meeting of the Members called for that purpose, written notice of which shall be sent to all Members not less than 15 days nor more than 60 days in advance of the meeting or mailing of the written ballots.

Section 8. Deposit of Assessment Funds and Maintenance of Records.

(a) Deposit Bank Accounts. All sums received or collected by the Association from Assessments, whether Regular or Special, together with any penalty or interest charges thereon, shall be promptly deposited by the Association in checking, savings or cash mover accounts, certificates of deposit, money market accounts or similar prudent investments offered by banks or other insured financial institutions selected by the Board of Directors. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof.

To preclude a multiplicity of bank accounts, Assessment funds need not be physically segregated so long as they are maintained as provided herein. Any interest received on Association deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b) below.

(b) Maintaining Records of Accounts. The proceeds of each Assessment shall be used only for the purpose for which such Assessment was levied, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board may, in its discretion, move general operating funds from one line item in the Associations' approved budget to another line item if the Board determines that it is prudent and in the best interests of the Association and its Members to do so. If the proceeds of any Special Assessment exceed the requirement for which such Assessment was made, the surplus may, in the discretion of the Board, either be returned proportionately to the contributors thereof or applied in reduction of the next year's Regular Assessment.

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, including without limitation each category of regular Assessment for the various Areas within the Properties, and of all disbursements made therefrom, except that receipts and disbursements of Special Assessments made pursuant to Section 3(a) of this Article IV 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 9. Collection of Assessments; Enforcement of Liens.

(a) Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment assessed to any Owner is not paid prior to the delinquency date established by the Board, such payment shall be delinquent and the amount thereof shall bear interest at the maximum rate allowed by law commencing 30 days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable fines and late payment penalties for any delinquent assessment, consistent with the limitations contained in Section 1366 of the California Civil Code or similar superseding statute.

(b) Effect of Nonpayment of Assessments.

(i) Creation and Imposition of a Lien for Delinquent Assessments. The amount of any delinquent Regular or Special Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Lot of the Owner so assessed only when the Association causes to be recorded in the Office of the County Recorder of 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 assessment and other charges claimed, (4) the name and address of the Association, and (5) the name and address of the trustee authorized 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, foreclose its lien against the Owner's Lot or accept a deed in lieu of foreclosure. Foreclosure by the Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure 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) Nonjudicial Foreclosure. Nonjudicial foreclosure shall be commenced by the Association by recording in the Office of the County Recorder a Notice of Default, which notice shall state all amounts which have become delinquent with respect to the Owner's Lot and the costs (including attorneys' fees), penalties and interest that have accrued thereon, the amount of any assessment which is due and payable although not delinquent, a legal description of the property with respect to which the delinquent assessment is owed, and the name of the Owner of Record or reputed Owner thereof. The Notice of Default shall state the election of the Association to sell the Lot or other property to which the amounts relate and shall otherwise conform with the requirements for a notice of default under

Section 2924c or any superseding statute of the California Civil Code.

The Association shall have the rights conferred by Section 2934a, or any superseding statute of the Civil Code, to assign its rights and obligations as trustee in any nonjudicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust and for purposes of said Section 2934a, or any superseding statute, 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 nonjudicial foreclosure proceedings to act as an agent on behalf of the Association in commencing and prosecuting any nonjudicial 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 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, or any superseding statute, of the California Civil Code. Following receipt of the Association's notice, the Owner and junior encumbrances 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 recording 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 Lot at the time and place fixed in the Notice of Sale, at public auction to the highest bidder for cash in lawful money of the United States, payable at the time of sale. 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) Action for Money Judgment. In the event of a default in payment of any assessment, the Association, in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid assessments, costs and attorneys' fees without foreclosure or waiver of the lien securing same.

Section 10. 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 the foreclosure of any first mortgage shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Where the first mortgage 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 the share of the common expenses or assessments chargeable to such Lot which became due prior to the acquisition of title. Instead, such unpaid share of common expenses or assessments shall be deemed to be common expenses which, in the discretion of the Board, may be allocated among the Owners of all the Lots (including such acquirer, his successor and assigns) as part of the common expenses that form the next succeeding association budget. Furthermore, foreclosure shall not affect the Association's right to maintain an action for the collection of delinquent assessments against the foreclosed Owner personally.

Section 11. Priorities. When a Notice of Delinquent Assessment has been recorded in the manner provided in Section 9(b)(1) above, such Notice shall constitute a lien on the Lot prior and superior to all other liens recorded subsequent to the Notice 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 such property from liability for any assessments thereafter becoming due or from the lien of any such subsequent assessment.

Section 12. Unallocated Taxes. In the event that any taxes are assessed against the Common Areas, 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 Sections 2 or 3 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 13. 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 collection 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 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 Assessments. 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 14. 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

Common Driveways

Section 1. General Rules of Law to Apply. Each driveway which is constructed for the use and enjoyment of any two adjacent Lots in the Properties, and is located on both such Lots, shall constitute a common driveway for that portion of the driveway necessary for ingress and egress to any garages or parking areas. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding common driveways and liability for property damage due to negligence or willful acts shall apply thereto.

Section 2. Repair and Maintenance. Each Owner shall be responsible for the cost of reasonable repair and maintenance for that portion of the driveway located upon his or her Lot, subject, however, to the obligations of the respective Owners, at their sole expense, to immediately repair any damage to a common driveway resulting solely from the Owner's willful misconduct, negligence or neglect.

Section 3. Destruction of Common Driveways. If a driveway is destroyed or damaged, 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 driveway may restore it, and if the other Owner thereafter makes use of the driveway, they shall contribute to the cost of restoration thereof equally 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. Right to Contribute 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 5. Arbitration. In the event of any dispute arising concerning a driveway, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators. Should any party refuse to appoint an arbitrator within 10 days after written request therefor, the Board of Directors of the Association shall select an arbitrator for the refusing party. Said arbitrators shall render a decision within 30 days after appointment, and said decision shall be final and binding.

Section 6. Common Driveway Easements.

(a) In all cases where a common driveway exists between adjacent Lots, the Owners of said adjacent Lots shall have reciprocal mutual non-exclusive easements over each adjoining Lot for that portion of the driveway described as common driveway, for the use, maintenance, and reconstruction associated with said driveway.

(b) The Owner or Lessee of any Lot having an easement for a common driveway between his Lot and the adjoining Lot shall not block the normal ingress or egress to the adjoining Lot, nor shall either Owner permit any guests or family members to park on the adjacent Lot.

ARTICLE VI

Maintenance Obligations

Section 1. Maintenance of Common Areas. The Association shall have the sole and exclusive right, and duty, and as more fully set forth in its Articles and Bylaws, to manage, operate, control, repair, replace, or restore all of the property designated as Lot A, including any trees, shrubbery, plants, grass, waterways, ponds, buildings, roadways, and other improvements in any of the Common Areas in addition to all landscape easements acquired by Association.

Section 2. Maintenance of Residence Lots. Each Owner shall be responsible for the maintenance of his or her Lot and the improvements thereon, including exterior and interior walls

and fences. With Architectural Control Committee review, a Residence Owner shall establish his or her landscaping plan and shall maintain and repair all of the exterior areas of the Owner's Lot, including the Owner's own swimming pool.

With respect to Residence Lots, unless approved in writing by the Architectural Committee, any and all maintenance and repair of the exterior portion (including the roofs, exterior walls and pediments) of all Residence dwellings shall preserve, without any alteration whatsoever in appearance, the exact color and type of paint originally applied to said dwelling, and in the event that any portion or portions of the roof, sidewall, or pediments thereof are removed, the same shall be replaced with like materials so as to preserve the same texture and general appearance of the dwelling's original construction. The purpose and intent of this provision is to maintain and perpetuate the neighborhood design and color harmony originally established and thereby to protect the aesthetics and property values for Owners and residents as a whole within the Properties. Any violation of these provisions shall be considered a nuisance and subject to the provisions of Article XIII, Section 6 hereof.

Section 3. Maintenance of Certain Appurtenances on Leased Common Areas. Notwithstanding Section 1 of this Article VI or any other provision of this Declaration to the contrary, any Owner of a Residence Lot who installs and maintains any improvement, appurtenant to the residence structure erected on his Lot, on lands leased or licensed from the Association (see Article III, Section 11(b)), shall be solely responsible for the proper repair, maintenance and replacement thereof at no cost to the Association.

Section 4. Cost of Certain Repairs and Maintenance. In the event that any maintenance or repair work that would normally be the responsibility of the Association under Section 1, is caused through the willful or negligent acts or omissions of an individual Owner, his Family, his tenant, guests, or invitees, and is not covered or paid for by insurance on such Lot, the cost of such maintenance or repairs shall be subject to recovery by the Association through imposition of a Special Individual Assessment against the offending Owner.

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

accordance with Article XIII, Section 6 hereof. Any costs incurred by the Association in performing maintenance or repairs pursuant to the immediately preceding sentence shall be recoverable from the responsible Owner through imposition of a Special Individual Assessment. Entry by the Association to conduct its work may be effected in accordance with Article II, Section 1(f) of this Declaration.

ARTICLE VII

Architectural Control Committee

Section 1. Architectural Control Committee. There shall be an Architectural Control Committee consisting of three (3) persons, all of whom are to be Members of the Association, to be appointed by the Declarant. Each of such persons so appointed shall be subject to removal by the Declarant at any time and from time to time, and all vacancies shall be filled by appointment by the Declarant. In the event of the failure of the Declarant to appoint such Committee or fill any vacancies therein which have existed for a period not less than three months, then in such event such vacancies shall be filled by the Association by a Member of the Association acting by and through its Board of Directors. In selecting Members for the Architectural Control Committee, the Declarant and the Board of Directors shall endeavor to select individuals whose occupations or education will provide technical knowledge and expertise relevant to matters within the Committee's jurisdiction. Persons appointed to such Committee by Association shall be subject to removal by Association or Declarant at any time or from time to time. Any and all appointments or removals shall be in writing and shall be recorded with the County Recorder of the County of El Dorado.

At such time as Declarant has sold greater than ninety percent (90%) of Declarant's interest in this subdivision, that being 34 lots with appurtenant memberships in Association, or until seven (7) years has elapsed from the time of the granting of the public report for this subdivision, whichever event occurs sooner, Association shall have the sole right to appoint and remove all three members to the Architectural Committee.

Section 2. Prior Written Approval Required for all Improvements. Prior to undertaking any work of improvement (as defined below) on any Lot within the Properties, the Owner thereof shall first complete and submit the Application for Improvement, available at the Association office, along with detailed plans and specifications therefor to the Architectural Control Committee for review and approval. The plans and specifications shall be delivered to the Association's office within the Properties and shall meet the requirements of Section 3 and Section 6 of this Article VII. No work shall commence until such time as said plans and specifications have received the Committee's written approval. The Committee's responsibilities and authority shall extend to all rents within the Properties, including those to Common Areas and to individual

Lots.

As used herein, the term "improvement" shall include any building, fence, wall, sign, or other structure, landscaping or any act which would interfere with the natural or established drainage systems or patterns within the Properties, or other improvement that is proposed to be erected upon, placed or moved to any Lot. The term shall also include any later additions, alterations, reconstruction, remodeling, removal or changes (including, without limitation, exterior color changes) of existing improvements or structures.

Section 3. Submittal of Plans. The plans and specifications required to be delivered to the Architectural Control Committee in accordance with Section 2 of this Article VII shall be prepared by a duly licensed architect, or other person approved by the Committee, and shall include the following:

(a) **Preliminary Design Documents.** Prior to submitting final construction documents (see subparagraph (b) below), any Owner intending to undertake a work of improvement shall furnish the Architectural Control Committee with three complete sets of preliminary design documents in order to eliminate or mitigate design or location concerns before the project has proceeded to a point where changes are more difficult and costly to implement. These preliminary design documents shall include, at a minimum, the following:

(i) exterior elevations for the improvement, showing all sides (including garage), exterior materials and roof pitch; and

(ii) a site plan which shall include, without limitation:

(A) the location of all existing trees and which are to be removed;

(B) the location of existing structures, if any, on the Lot and on any adjacent Lots;

(C) existing grades and finish grades;

(D) projected surface drainage;

(E) proposed location for the improvement and finish floor elevations; and

(F) location of driveways, walks, patios, planters and other paving work, and any outside recreational facilities (for example - a pool).

The Architectural Control Committee shall be entitled to require such modifications or changes in the Owner's

preliminary design documents as the Committee considers necessary or appropriate to preserve and protect the integrity, beauty and aesthetic qualities of the Properties, and to conform the proposed work to the published rules and guidelines of the Committee.

(b) Construction Documents (Final). Following approval of the preliminary design documents, the Owner shall submit, in triplicate, complete construction plans and specifications meeting the requirements of all applicable state and local regulatory agencies but, at a minimum, including:

(i) A site plan, including, without limitation:

(A) The Lot number;

(B) The information detailed in subparagraph (a), indicating a notation of any proposed modifications in the previously approved preliminary design;

(C) The square footage of the improvement;

(D) Landscape plan (may be included in the site plan) showing the type, location, maximum height and elevations of fences, trees, bushes, shrubs, plants and hedges.

(E) Site lighting plan (may be included in the site plan), showing type and location of all exterior lights; and

(F) Location and proposed method of screening of mechanical equipment and garbage containers.

(ii) Floor plan for the improvement.

(iii) Exterior elevations indicating all exterior materials and color samples (including fences and mail/paper delivery box);

(iv) Foundation and roof plans; and

(v) Any additional plans and/or drawings required to clearly indicate the structural, mechanical and electrical adequacy of the proposed improvement.

(c) As-Built Plans. Prior to occupancy, the Owner shall furnish the Architectural Control Committee with one set of construction documents showing all major revisions made during construction that affect site drainage or the exterior finish, color or appearance of the improvement. Revisions shall be marked in red.

(d) Other Requirements. In addition to the minimum requirements set forth in subparagraphs (a) through (c) above, improvement plans shall meet such further requirements as imposed by the Committee based on their experience in discharging their

duties hereunder. Any such further requirements shall be published in the Committee's rules and regulations, as the same may be amended from time to time (see Section 5 below).

Section 4. Filing Fee. As a means of defraying its expenses, the Association Board may institute and require a reasonable filing fee to accompany the submission of any plans to the Committee. The Architectural Control Committee Rules may also provide for a cash deposit procedure to help ensure proper and timely completion of works of improvement in accordance with approved plans and specifications. No additional fee shall be required for resubmission of plans revised in accordance with the Architectural Control Committee's recommendations. Information regarding Architectural Control fees shall be available at the Association's principal office.

Section 5. Architectural Control Committee Rules. The Architectural Control Committee may, from time to time and in its sole discretion and by majority vote, propose rules and regulations (or amendments thereto) setting forth review procedures and more specific details or requirements relating to the submission of plans, the location of building improvements, color schemes, acceptable building materials or any other matter or concern within the jurisdiction of the Committee. These rules and regulations shall be known as the "Architectural Control Committee Rules." Said rules shall interpret and implement the provisions of this Article by setting forth the standards and procedures for Architectural Control Committee review and guidelines for architectural design, placement of buildings, landscaping in the Common Areas, 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 architectural standards required by this Declaration. In the event of any conflict between the Architectural Control Committee Rules and this Declaration, the provisions of the Declaration shall prevail. A copy of the Architectural Control Committee Rules shall be submitted to any Owner upon request and to any Owner or builder applying for plan approval.

Section 6. BASIS FOR APPROVAL. The plans and specifications required to be delivered to the Architectural Control Committee in accordance with Section 2 of this Article VII shall be subject to approval, among other things, on adequacy of site dimensions; adequacy of structural design and material; conformity and external design with neighboring structures; effect of location and use of improvements and landscaping on neighboring property; improvements, landscaping, operations and uses; relation of topography, grade and finished ground elevation of the property being improved to that of neighboring property; proper facing of main elevations with respect to nearby streets; preservation of view and aesthetic beauty; with respect to fences, walls, and landscaping, assurance of adequate access by Association in connection with the performance of its duties hereunder; conformity with such rules and regulations as may be

adopted by the Architectural Committee in accordance with this Section, conformity to the purpose and general plan and intent of this Declaration; and conformity to Article VIII, Section 5.

Section 7. Approval of Plans. The Architectural Review Committee shall approve or disapprove plans, specifications, and details within 30 days from the receipt thereof or shall notify the person submitting them that an additional period of time, not to exceed 30 days, is required for such approval or disapproval. Plans, specifications, and details not approved or disapproved within the time limits provided herein shall be deemed approved as submitted. Two sets of said plans and specifications and details, with the approval or disapproval endorsed thereon, shall be returned to the person submitting them and the other copy shall be retained by the Architectural Review Committee for its permanent files. Once a set of plans and specifications has been approved by the Architectural Review Committee no material changes may be made therein without the prior written consent of the Committee.

Review and approval by the Architectural Review Committee of any proposals, plans or other submittals shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the respective Lot Owner.

As a matter of policy the Architectural Review Committee prefers to have a single project of construction prosecuted to completion by the same contractor or contractors. In the event that an Owner changes contractors prior to completion of the project or if the Owner conveys his or her interest in the subject Lot(s) prior to completion of the project, the Architectural Review Committee shall be entitled to require the new Owner and/or Contractor to appear before the Committee and to submit such additional plans, specifications or documents as may be necessary or appropriate to ensure that the project will be completed in accordance with the approved plans and specifications.

No work for which Architectural Control Committee approval is required shall be deemed approved simply because it has been completed without a complaint, notice of violation, or injunction.

Section 8. Proceeding with Work. Upon receipt of approval from the Architectural Review Committee pursuant to Section 7 above, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement of construction and excavation pursuant to said approval, said commencement to be, in all cases, within one (1) year from date of such approval. Before work actually commences, the Owner or his builder shall place a trash container approved by the Architectural Review Committee at the job site. All debris at the site shall be placed in the container on a daily basis.

If the Owner shall fail to comply with the construction time limit imposed by this Section 8, any approval given pursuant to Section 7 above, shall be deemed revoked unless the Architectural Committee, upon written request of the Owner made prior to the expiration of the initial one year period, extends the time for commencement or completion. No such extension shall be granted except upon a finding by the Architectural Review Committee that there has been no change in the circumstances upon which the original approval was granted and that the Owner has a bonafide intention and ability to complete the project within the time of the requested extension.

Section 9. Failure to Complete Work. Unless the Owner has been granted an extension of time to complete the project by the Architectural Control Committee, construction, reconstruction, refinishing or alteration of any such improvement must be completed within nine (9) months after construction has commenced, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his agents. In the case of building improvements the requirements of this Section shall be deemed to have been met if, within the nine (9) month construction period, the Owner has completed construction of the building's foundation and all exterior surfaces (including the roof, exterior walls, windows and doors).

Notwithstanding the nine (9) months construction limitation set forth above, the Architectural Control Committee shall be entitled to impose a shorter construction period if, in the opinion of the Committee the improvement project can reasonably be completed in a workmanlike manner in a shorter period of time.

If Owner fails to comply with this paragraph, the Architectural Control Committee shall notify the Board of such failure, and the Board shall proceed in accordance with the provisions of Section 10(c), (d) and (e) below as though the failure to complete the improvement was a noncompliance with approved plans.

Section 10. Inspection of Work by Architectural Control Committee Enforcement Procedures. Inspection of the work relating to any approved improvement and correction of defects therein shall proceed as follows:

(a) Representatives of the Architectural Control Committee shall be entitled to enter upon the affected Lot at reasonable times during construction to inspect the work and verify that the improvement is being built in accordance with the approved plans and specifications. In the event that a project is being constructed contrary to approved plans or the Architectural Control Committee Rules, the Architectural Control Committee shall be entitled to "red tag" the project, withhold

authorization for permanent connection of the subject residence to water, sewer, television and other on-site utilities installed by the Declarant until the plans or Architectural Control Committee Rules are followed or seek an injunction or other appropriate relief from any court of competent jurisdiction; provided, however, that the Owner or builder shall first be entitled to appeal any decision of the Committee to the Board which, upon receipt of a written request from the Owner or builder, shall promptly schedule a hearing in accordance with subparagraphs (c) - (e) below.

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

(c) Within 30 days thereafter, the Architectural Control Committee, or its duly authorized representative, may inspect the improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approved plans. If the Architectural Control Committee finds that the improvement was not done in substantial compliance with the approved plans, then within the 30 day inspection period the Committee shall give the Owner a written notice of noncompliance detailing those aspects of the project that must be modified, completed or corrected.

(d) If the Owner fails to remedy any noticed noncompliance within 30 days from the date of such notification, the Architectural Control Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing date shall be not more than 30 days nor less than 15 days after the notice of the noncompliance is given by the Board to the Owner, to the Architectural Control Committee and, in the discretion of the Board, to any other interested party. In all other respects the hearing shall be conducted in the same manner as any other enforcement hearing under Article XIII, Section 6 below.

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

properly repaid by the Owner to the Association, the Board shall recover such expenses through the levy of a Special Individual Assessment against such Owner.

(f) If for any reason the Architectural Control Committee fails to notify the Owner of any noncompliance within 30 days after receipt of the Owner's notice for completion, the improvement shall be deemed to have been constructed in accordance with the approved plans.

Section 11. Landscaping. As specified in Section 2 of this Article VII, landscaping shall be deemed to be a work of improvement requiring Architectural Control Committee approval hereunder. All approved landscaping must be completed within 90 days after the notice of completion has been filed for the residence. In the event that the landscaping has not been completed by the completion date, Architectural Control Committee may, in its discretion, require the Owner-Applicant to post a bond in an amount not to exceed the estimated cost of the landscaping work, or a cash deposit not to exceed \$500 in lieu thereof, in order to ensure the Applicant's timely completion of the landscaping work. Instead of requiring a separate landscaping deposit the Architectural Control Committee may elect to rely on a single cash deposit covering all aspects of the project (see Section 4 above).

Section 12. Nonresponsibility for Defects. Notwithstanding the approval by the Architectural Control Committee of any plans or specifications for any structure or improvement as provided above, each person submitting such plans or specifications shall be solely responsible for the sufficiency thereof. Accordingly, by acceptance of a Grant Deed to any Lot from Declarant, the grantee and his successors or assigns hereby and thereby release the Architectural Control Committee, the Association, Declarant, their agents, employees and independent contractors from any and all claims, demands and causes of action for loss or damage arising from or relating to any defect or alleged defect in such plans and specifications; and the grantee further waives the benefit of Section 1542 of the California Civil Code relating to the release of unknown claims. Also, the grantee agrees to indemnify, hold harmless, and defend the Architectural Control Committee, the Association, the Declarant, and the agents, employees and independent contractors of each from any claim asserted by third parties arising out of any such defects. Nothing contained in this Section 13 is intended to deprive any party affected thereby of any constitutional or other rights of due process.

Section 13. Works of Improvement to Association Common Areas. No improvement, excavation or work which in any way alters any part of the Common Areas from their natural or existing state shall be made or undertaken except within the restrictions and limitations of, and compliance with any requirement for Membership approval of the funding thereof (Article IV, Section 3(a)(2)). Subject to compliance, the Association may at any

time, and from time to time:

(a) Reconstruct, replace, or refinish any Common Facility or other improvement or portion thereof upon Common Areas in accordance with the original design, finish or standard of construction of such improvement of such Common Facility which was approved by the governmental entity having jurisdiction.

(b) Construct, reconstruct, replace, refinish any road improvement or surface upon any portion of the Common Areas designated on a subdivision map as a private road or parking area.

(c) Replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of Common Areas.

(d) Place and maintain within the Common Areas 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 Areas and Common Facilities and for the health, welfare and safety of Owners, tenants and guests.

Section 14. Non-Waiver. The approval by the Architectural Control Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Control Committee under this Declaration, or any waiver thereof, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval by the same or some other Owner.

Section 15. Variances. Where circumstances such as topography, location of property lines, location of trees, configuration of Lots effect on neighboring Lots, or other similar matters, the Architectural Committee, by written consent of a majority of the Members thereof, may allow reasonable variances as to any of the Restrictions contained in this Declaration under the jurisdiction of this Committee, on such terms and conditions as they shall require; provided, however, that all such variances shall be in keeping with the general plan for improvement and development of the Properties, and shall be conditioned upon the Owner complying with all applicable governmental requirements. Declarant shall not be required to apply for or obtain a variance, as herein provided, for any development work or construction accomplished or authorized by Declarant.

Section 16. Estoppel Certificate. Within 30 days after written demand is delivered to the Architectural Control Committee by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Architectural Control Committee shall record an estoppel certificate, executed by any two of its members, certifying (with

respect to any Lot owned by the applicant Owner) that as of the date thereof, either: (a) all improvements made and other work completed by said Owner comply with this Declaration, or (b) such improvements or work do not so comply, in which event the certificate shall also identify the noncomplying improvements or work and set forth with particularity the bases of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in said Lot through the Owner, shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, Declarant, all Owners and any persons deriving any interest through them.

ARTICLE VIII

Use of Properties and Restrictions

Each Owner, contract purchaser, lessee, tenant, guest, invitee or other occupant of a Lot or user of any Common Area within the Properties shall be subject to the following rules and regulations in addition to any others contained in this Declaration. In the event that the Association is compelled to expend funds to gain compliance with such rules and restrictions, whether for attorneys' fees or otherwise, the same may be recovered by the Association from the offending Owner by means of a Special Individual Assessment. The Association Board of Directors shall be entitled to adopt Association Rules that further define and supplement the rules and restrictions set forth herein.

Section 1. Use of the Properties in General. The use of all Properties shall be limited to those uses, as strictly interpreted, which are specified in this Declaration and the Bylaws.

Section 2. Restriction on Further Subdivision and Severability. Each Lot shall be conveyed as a separately designated and legally described fee simple estate, and not less than all of any such Lot shall be conveyed by an Owner thereof. No Lot shall be further subdivided and no Owner of a Lot within the Properties shall be entitled to sever that Lot from the Common Area portions of the Properties. No easement or other interest in a Lot shall be given prior to a review by the Architectural Control Committee and written approval by the Association Board of Directors. Notwithstanding the foregoing, adjacent Lot Owners may, subject to the approval of the Architectural Control Committee, make minor boundary line adjustments between said adjacent Lots.

Section 3. Single Family Residential Use of Lots. The use of the Lots within the Properties is hereby restricted to Single Family Residential Use. 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 without Architectural Control Committee review and approval in accordance

with Article VII, Section 2 hereof and, when applicable, without approval by a majority of the voting power of the relevant Membership. No dwelling shall be occupied prior to its completion as incidental to and during the period of construction of a dwelling on any Lot. No trailer, mobile home, basement, tent, shack, garage, or other out-building or temporary structure shall be inhabited or used for residential purposes, either temporarily or permanently.

Section 4. Use of Common Areas and Facilities. The Common Areas shall be preserved as open space and used for those service or recreational purposes originally planned as Common Facilities by the Declarant or subsequently installed by the Association in accordance with the provisions of this Declaration or the Bylaws. Nothing shall be altered, constructed, placed or stored in the Common Areas without Membership approval where applicable, except upon the direction and under the authority of the Association and the Architectural Control Committee in accordance with Article VII hereof. Use and enjoyment of Common Areas and Common Facilities shall at all times be subject to the Governing Documents and other purposes incidental and ancillary to the authorized use of the Lots.

Without limiting the foregoing it is specifically provided that the Common Areas and Common Facilities shall be used only for the following purposes and shall be subject to the following limitations:

(a) Subject to any fee imposed by the Association and subject to this Declaration and the Association Rules, the Common Areas and Common Facilities shall be available for, and limited to, the private use, for aesthetic and recreational purposes, of the Association's resident Members, nonresident Owners who are not lessors of their Lots, the Lessees of nonresident Members and the families and guest of each when all such persons are in compliance with the applicable Governing Documents.

(b) Streets and roadways within the Properties shall be used for affording vehicular and pedestrian access and movement within the communities and to the individual Lots.

(c) Construction, installation, operation and maintenance by the Association of additional recreation and community service facilities for the use and enjoyment of Members, Associate Members, and the permitted delegates of Members.

(d) Beautification of the real property and provisions for maintaining the privacy of the users thereof and of adjoining Lot Owners through landscaping and such other means as the Association shall deem appropriate.

(e) Except as otherwise provided in this Section 3 and Article VIII, Section 10, no person shall make any alteration or improvement in such areas or remove any planting, structure, or

other object therefrom. The Member or Associate Member shall be liable to the Association for any and all damages to such areas caused by him or by persons to whom he delegates any right of usage.

(f) Lot "A" as shown on Exhibit "A" consists of a parkway and variously named Drives, Courts, and Ways which are part of the Common Area. All of Lot "A" is usable for vehicular and pedestrian movement on a restricted basis. Subject to compliance with rules and regulations established by the Association, no restriction shall be placed thereon for use as a means of ingress and egress by Members; Associate Members; delegates of Members; police, fire, and other emergency vehicles, public utility and other service vehicles; vehicles operated by contractors, subcontractors, and their employees engaged by Declarant, the Association or Members of the Association; and such other persons or classes of persons who may subsequently be granted ingress and egress privileges by the Association. Nothing herein contained shall be in any way considered as a grant of an easement or a dedication of Lot "A" to general public uses.

(g) Notwithstanding the foregoing provisions of this Section 2 or any other similar provisions of this Declaration to the contrary, portions of the Common Areas may be leased by the Association to an Owner as provided in Article III, Section 6(b) hereof.

Section 5. Improvements of Lots. No building or other structure shall be erected, placed or permitted to remain on any Lot unless it is approved in writing by the Architectural Control Committee as provided in Article VII, Section 2 hereof.

(a) **No Alterations without Architectural Approval.** In order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Properties, no Owner or Lessee shall, at his expense or otherwise, construct fences, walls, or make any alterations, additions or modifications to or on any part or portion of the Common Areas or exterior surfaces of any Residence structures (including, without limitation, the erection of awnings, exterior window coverings, hangings and the like), or place or maintain any objects, such as masts, towers, poles, television and radio antennas or satellite transmitting or reception equipment of any kind, on or about the exterior of any building or on any Lot within the Properties unless authorized by the Architectural Control Committee pursuant to Article VII hereof.

(b) **Construction.** All construction must be performed by contractors and subcontractors holding either a State of California or County certified license to do residential construction in the County and which are approved by the Corporation Board in writing prior to entering El Dorado Royale and performing such construction. In the event a contractor fails to comply with any of the terms and provisions of the

Governing Documents, the Committee shall have the right to revoke such written approval and to prohibit such contractor or subcontractor, as the case may be, from entering upon the Property.

(c) Time Requirements for Improvements. When erection of a dwelling or other improvements have been once begun, the work thereon must be prosecuted diligently and such improvements completed within a reasonable time, as more particularly provided in Article VII, Section 9.

(d) Casualty Destruction to Improvements. In the event a Dwelling unit or other improvements upon a Lot are damaged or destroyed by casualty, hazard or other loss, then, within a reasonable period of time after such incident, the Owner thereof or the Association responsible for operating and maintaining such improvements shall either commence to rebuild or repair the damaged Dwelling Unit or improvements upon compliance with the determinations of the Committee and diligently continue such rebuilding or repairing activities to completion or (upon a determination by the Owner thereof or the aforementioned Association that the improvements will not be repaired or replaced) promptly clear damaged improvements and grass over and landscape the Lot in a sightly manner. Any repair, rebuilding, or reconstruction of damaged improvements shall be in accordance with the provisions of Article VII, Section 2 of this Declaration.

(e) Cutting of Trees. No tree in excess of three (3) inches in diameter shall be removed from any Lot or Common Area by any person without first obtaining the written consent of the Architectural Control Committee.

(f) Setbacks. No enclosed living space, garage or other enclosed building, exclusive of decks, patios and fences, shall be constructed, placed, or permitted to be located within the following setbacks:

(i) At the front: minimum of twenty-five (25) feet from the front Lot line.

(ii) At side street: minimum of twenty (20) feet from the side Lot line.

(iii) At side other than street: minimum of ten (10) feet from the side Lot line.

(iv) At the rear: minimum of twenty-five (25) feet from the rear Lot line.

Should the County permit adjacent Lots to be combined into a single Lot, then the setback requirements as stated in this Article VIII Section 5(f) shall apply to the new combined Lot. Nothing in this section shall be construed, however, to relieve the Owner from any of his obligations under this

Declaration including where applicable the treatment of the combined Lot as the sum of its original components (ie- for Regular Assessments).

(g) Size Requirements. No residence shall be erected on any of the lots having a total floor area of the main structure, exclusive of open porches, garages, patios, exterior stairways and landings, of less than two thousand (2,000) square feet.

(h) Foundations. If a slab foundation is used for the house foundation, it must extend 12 inches out of the ground so that it does not have a slab appearance. Raised foundations shall be encouraged.

(i) Height and Placement Limitations. No residence or other structure shall be built which, in the opinion of the Architectural Committee, would unreasonably and substantially impair the view to the golf course from any other homes in El Dorado Royale. All homes should be designed with an effort to minimize any view obstruction to surrounding properties, with structures being constructed as close to existing grade as possible.

(j) Exterior Elevations. All exterior wood and manufactured services with the exception of brick and masonry shall be painted or stained. No reflective external surfaces shall be used in either materials or paint. There shall be no prescribed siding material. No vertical side of any structure shall have a finished surface of imitation wooded shingles, composition or board of other siding which is not in keeping with the intent of this Declaration. The Committee shall discourage the use of T-1 11 plywood siding or similar or successor type sidings. All vertical sides of any structure shall be consistent.

(k) Roofs. Visible roof top heating, air conditioning units, and antennas are prohibited. Any roof top solar panels shall be installed parallel to the roof surface and be of a design in conformity with the general intent of this Declaration. Roof top solar panels may be used provided they are not unsightly either because of the nature of their design or because of the configuration of their installation when contrasted with the angles and pitch of the roof. Roofing materials shall be clay fired tile, concrete tile products, wood shakes, slate or heavy or medium split cedar shakes. Other quality roofing material may be submitted for review by the Architectural Control Committee with acceptance based on conformity to the general intent of this Declaration. All roofs must have a pitch of at least 4 degrees and not exceeding 12 degrees, except in cases of Mansard designs, porches and patios.

(l) Garages. Each Dwelling shall have at least a two car garage which may be either of an attached or detached design. No garages, including golf cart garages, may be located at the

rear of a Dwelling. Builders will be encouraged to locate garages in such a manner that they face away from the street side of the Lot where the size, shape and configuration of the Lot permits. Garages must be equipped with either roll-type or sectional doors. Metal garage doors may be accepted at the discretion of the Committee when in keeping with the intent of this Declaration. Garages are subject to the requirements set forth in this Section 5 Subsection (i). All garages must have garage doors that are operated by electric door openers and garage doors and electric door openers shall be kept in usable conditions.

(a) Driveways. "Driveways" include, for the purpose of this Declaration, those constructed for use by golf carts. Driveways shall only access the private streets to the front of the house constructed by Declarant. The gradient between any two points on the surface of Driveways shall not exceed a maximum of ten percent (10%). Unless prior written approval of the Committee is obtained, the driveway base shall be concrete. Any finish above the concrete base must be approved by the Committee in writing and the use of plain white concrete as a driveway finish shall not be permitted. However, decorative borders and other decorative uses of plain white concrete are permitted for a driveway if approved by the Committee in writing. Driveways shall be surfaced with one or more of the following materials: cobblestone, brick, clay, concrete, asphaltic concrete, bituminous mix, or alternate materials which may be submitted for review by the Committee (with acceptance based on the requirements listed in this subsection and conformity to external design with neighboring structures and to the intent of this Declaration). No coloring except the natural coloring of said materials will be allowed.

Room for two (2) guest parking positions will be required on the lot, unless in the discretion of the Committee there is not room to accommodate it on a particular lot. It is strongly encouraged that guest parking positions not block the normal ingress and egress from the garage, and in any event shall not be located paralleling the property line on the street. In an attempt to maximize the aesthetic nature of the Properties and, for certain Lots where topography, location of trees, size, configuration of residence Lots or other similar matters, the Architectural Control Committee will encourage the use of common driveways between neighboring Lots.

(n) Outside Lighting. Any outside lighting fixture shall be either clear, white or yellow in color, and of a non-glare type. Outside lighting shall not be of an intensity or face in such a direction that it unreasonably interferes with neighboring homeowner's enjoyment of their respective Lot and view.

(o) Window Coverings. Windows shall be covered by drapes, shades or shutters and shall not be painted or covered by foil, cardboard or similar materials. Window coverings shall be

of a material, design and color which, in the opinion of the Architectural Control Committee, is compatible with the exterior design and coloration of adjacent portions of the Properties, including the structure on which the window covering is planned.

(p) Landscaping. Permanent landscaping shall be installed around all dwellings in the front, side and rear yard areas within the time limits set forth in this Article VII, Section 11. Landscaping must be consistent with the overall design of El Dorado Royale, neighboring dwellings, and the landscaping installed by Declarant as part of the initial development.

(i) Each Owner shall be responsible to maintain and, where appropriate, to landscape in accordance with the landscape theme as prescribed in the Architectural Control Committee Rules the following:

(A) The portion of the Owner's Lot that the Association has an easement to landscape and maintain and as described in Article IX Section 4;

(B) That portion of the right of way between the Owner's front property boundary and the street paving extending the entire width of the Owner's property as if the side property line were extended in a straight line inward to the street paving.

Notwithstanding the foregoing the Association shall continue to maintain that portion of the Association landscape easements upon Lots 8, 24 and 29 more particularly described as landscape theme corners in the Architectural Control Committee Rules.

(ii) A budget of at least Seven Thousand Five Hundred (\$7,500.00) Dollars for each Lot is required (unless the Committee, in consideration of the preservation of certain of the existing landscaping on a Lot determines a lesser amount is sufficient) for initial plant materials and trees, excluding the cost of sodding which also is required on all Lots.

(iii) No artificial grass, plant or other artificial vegetation shall be placed or maintained upon the exterior portion of any Property unless approved by the Committee in writing.

(iv) No variety of grass shall be planted on any Residential Property or Corporation Property unless such variety has been approved by the Committee in writing. The purpose of this restriction is as follows: (i) to prevent the planting of a variety of grass on any portions of the Property which would spread into or be detrimental to the Country Club Area; and (ii) to prevent the planting of a variety of grass which does not maintain a good appearance for the entire year.

(v) No aggressive ivy or other vegetation shall be permitted which may encroach on a neighboring property either because of its rapid growth or spreading by roots (ie- morning glory).

(q) Mail/Paper Delivery Box. Mail/paper delivery boxes must be free standing and support and enhance the house style and design. Delivery boxes must meet the requirements set forth in this Section 5, subsection (i).

(r) Fences. Fences not more than 4 1/2 feet in height and open fencing is preferred. The purpose of this restriction is to ensure that no Lot Owner will unreasonably limit the view of any other Lot Owner in the Properties to other portions of the Properties or to the golf course. Under no circumstances will fences exceeding 6 feet in height or chain link fences be permitted. Fences exceeding 4 1/2 feet in height and of a non-see-through type shall be considered by the Architectural Control Committee for screening and storage purposes only and in conformance with this subsection (q). The Committee shall be entitled to adopt uniform criteria and/or restrictions regarding the design and construction of fences and permitted construction materials for fences. Alternate fence designs may be submitted for review. Fences must meet the requirements set forth in this Section 5, subsection (i).

Section 6. Signs. No sign or advertising device of any kind shall be erected or permitted upon any Lot, attached to the exterior of any dwelling, displayed from any window of a dwelling, attached to any tree, attached in any way to any Common Area, or in any way be displayed to the public view or from any Lot or portion thereof except as follows:

(a) A single sign may be placed at the rear of the residence and a second sign at the front, for the purpose of advertising a property for sale, lease, rent or exchange. Said signs shall be uniform and have only the agent's name and number, in addition to one of the following phrases: "For Sale," "For Lease," "For Rent," "For Exchange." Such signs shall be further regulated by the Architectural Control Committee in the Architectural Control Committee Rules and in accordance with Article VII above, as to color, quality, size and dimensions, content and location. For any uniform sign or signs of non-standard dimensions that may be required, the Association shall purchase and make available such signs for individual use upon deposit, to be determined by the Association, which in no event shall exceed the cost to replace such sign(s).

(b) Such signs as may be used by Declarant or its assignees in connection with the development of the Properties and sale of Lots.

(c) Such other signs or notices as are required by law or as are otherwise necessary to perfect a right provided for in law.

(d) At such time as plans of improvement have been approved by the Architectural Control Committee and construction in accordance with said plans has begun, a single sign may be posted and remain posted, but only after approval by the Committee as to location and appearance, designating the following types of contractors and for the following periods of time:

(i) General Contractors. Until such time as the residence is sold or until three months after the notice of completion has been filed, whichever occurs first.

(ii) Landscaping and Swimming Pool Contractors. Until thirty days after completion of respective improvements.

There shall be no signs placed on the Property indicating the names of any other contractors or brokers except as set forth above.

The Architectural Control Committee shall have the right to further regulate the posting of signs under this Section 6(a) and 6(d).

Section 7. Model Homes. No Owner of any Lot shall build or permit the building thereon of any dwelling that is to be used as a model house or exhibit unless prior written permission to do so shall have been obtained from the Architectural Control Committee. Notwithstanding the foregoing, any Lot or dwelling unit owned by the Declarant or its nominees may be used as models, sales offices or construction offices for the purpose of selling the Dwellings and Lots within the Properties until all the Dwellings and Lots owned by Declarant are sold.

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 approval of the Architectural Control Committee; provided, however, the foregoing covenants shall not apply to the activities, signs or the maintenance of buildings (including Declarant's model homes) by the Association or Declarant, their successors and assigns, in furtherance of their 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 within his Residence; (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 incidental to the principal residential use of the property and not in violation of

any provision of this Article VIII; provided, however, that an activity shall not be considered as "compatible with residential use" within the meaning of subparagraph (d) above, unless:

(a) The use or activity is clearly incidental and subordinate to use of the Lot for residential purposes;

(b) The use or activity does not involve the advertising or display of products produced by occupants of the Dwelling which are visible in any manner from the outside of the Dwelling unit;

(c) The use or activity does not generate pedestrian or vehicular traffic beyond that which is normal in a residential district, and shall not, under any circumstances, require the parking of more than two additional vehicles at any one time;

(d) The activity does not result in the storage of material or supplies out-of-doors;

(e) The activity does not require remodeling or construction of Lot improvements or facilities to accommodate the activity or use that changes the exterior of the Dwelling from a residential appearance to a commercial appearance;

(f) The activity does not result in any visible evidence of the conduct of such home occupation outside the structure.

As an exception to this Section 8, Declarant or its successors and assigns may use any lot(s) in the project owned by Declarant for a model home site and display and sales office during construction and until the last lot is sold by Declarant. Dwelling Units for model homes or sales offices shall be restored to their use and appearance as residential dwelling units at the close of any sales program.

Section 9. Radio Stations, Television Antennas and Community Television System. No radio station or shortwave operators of any kind shall operate from any lot or Residence unless such activities (i) are first approved in writing by the Board, (ii) require no exterior antennas and (iii) do not interfere with radio or television reception by neighboring Owners. Attic antennas may be utilized until such time as a community television antennae system has been made available to residents within the Properties at rates of charge for installation and monthly service commensurate with the rates charged by comparable community antenna systems. No satellite television reception equipment shall be installed or maintained on any Lot unless hidden from view from any neighboring Lots or from within the Properties.

Section 10. Propane Tanks. Propane tanks exceeding 5 gallons shall be permitted on an Owner's Lot for so long as the Association cannot make available to that Owner propane or

natural gas, at rates of charge for installation and monthly service commensurate with the rates charged by comparable community systems, adequate to meet the Owner's needs, and then only in accordance to Article VII.

Section 11. Derricks. No derrick or other structure for use in boring, mining, quarrying or drilling for oil, gas water, or minerals shall be erected, placed, maintained, or permitted to remain on any portion of the Properties.

Section 12. Clotheslines, etc. No exterior clothesline shall be erected or maintained, and there shall be no clothes washers, clothes dryers, refrigerators, freezers, no drying, airing or laundering of clothes on the balconies, decks, porches, or patios or on other such exterior areas in any manner which is visible from any neighboring Lot. In addition, no item that alters the exterior appearance of any Lot shall be hung outside any Dwelling without approval of the Architectural Control Committee pursuant to Article VII hereof.

Section 13. Barbeques. There shall be no exterior fires whatsoever except barbeque fires contained within receptacles designed for such purpose.

Section 14. Basketball Standards. Basketball standards or other fixed apparatuses shall be permitted at the discretion of the Committee based on conformance with this Declaration. Sports fixtures shall be installed to aesthetically blend in with its surroundings (i.e. painted or stained in the same color as the residence to which it is attached).

Section 15. Garbage and Storage. No rubbish, trash, or garbage shall be allowed to accumulate on Lots, and any trash placed outside the interior walls of a Dwelling temporarily shall be stored entirely within appropriate covered disposal containers maintained in good, clean condition. Garbage and trash shall be placed for pick up as required by the disposal service and any rules adopted by the Architectural Control Committee. No disposal containers, other than those maintained by the Association, shall be allowed in the Common Areas except on days when refuse is collected or during those periods when repair, reconstruction or improvements are being made by the Association or by an Owner-Member according to Article VII hereof. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as is often generated upon vacating of premises or during holidays) shall be promptly removed from the Properties to a public dump or trash collection area by the Owner or tenant at his or her expense. Furthermore, all woodpiles or storage piles shall be kept screened and concealed from view of other Lots, streets, and Common Areas. The Association shall be entitled to impose reasonable fines and penalties for collection of garbage and refuse which is disposed of in any manner inconsistent with this Section.

Nothing in this Section shall be interpreted so as to

preclude the Association from establishing and maintaining within the Properties appropriate storage yards and storage buildings for the maintenance and retention 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 Areas.

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 Residence or appurtenant structures within the Properties. No external air conditioning units shall be attached to the window or wall of any Dwelling Unit and no external air conditioning unit shall be visible from any Roadway. Heating and air conditioning units shall be located in such a manner that they will not unreasonably interfere with any other Member's quiet enjoyment of his or her Lot or any Common Area. Barriers or vegetation to reduce visibility and noise shall be encouraged.

Section 17. Car Maintenance. No motor vehicle shall be constructed, reconstructed or repaired within the Properties and no dilapidated or inoperable vehicle including vehicles without wheel(s) or an engine, shall be stored on the Properties; provided, however, that the provisions of this paragraph shall not apply to emergency vehicle repairs or routine tune-up maintenance performed within a garage.

Section 18. Parking, Vehicles and Garages.

(a) The homeowner shall keep his garage area, including the driveway, in a neat and orderly condition. Garage doors shall be kept closed when not in use, with any storage areas completely enclosed within the garage.

(b) No garage shall be remodeled or used as a workshop, storage space, hobby facility or for any other use or facility which would interfere with its use for the accommodation of two (2) full-sized passenger vehicles.

(c) No off-road vehicles, golf carts, boats, motorcycles, campers, motor homes, trailers or other recreational vehicles of any type (all of which are hereinafter referred to as "recreation vehicle") shall be kept or parked in any driveway, sidewalk, or yard area within the Lots or upon the Common Area, and garages may not be used for storing or parking any recreational vehicle unless such recreational vehicle may be enclosed in the garage (i.e. 3 car garage) without taking space needed for the two passenger vehicles which are required to be parked therein. No commercial vehicles of any nature shall be parked or stored on any Lot, street or Common Area within the Properties, except for commercial vehicles providing services to the Owners or the Association, and in that event only for the duration necessary to provide such service.

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(d) There shall be no on street parking or parking in or along any Common Areas except in designated areas as shown on the plat of Lot A.

(e) Each property owner shall take all steps reasonably necessary to ensure that vehicles are not parked on driveways or parking areas adjacent to residences for protracted periods of time or used as permanent locations for the parking of said vehicles.

Section 19. Use of Streets Within the Properties. Streets within the Properties shall not be used for recreational purposes, including "joy riding," "racing, etc.". All vehicles shall be driven, at all times, at reasonable posted speeds and otherwise in accordance with applicable laws.

Section 20. Golf Carts. No homeowner shall permit any golf cart to access the Club or any of its properties from within the Properties except at the following locations:

(a) Where the cart path connects Gallery Court and the Club's cart path between the existing Seventeenth Green and the Eighteenth Tee.

(b) Where the Club's golf cart path between the Seventeenth Men's and Ladies' Tee crosses El Dorado Royale Drive.

(c) Where the Club's golf cart path between the Twelfth Green and Thirteenth Tee crosses El Dorado Royale Drive.

Section 21. Security. Each Dwelling Unit shall have an electronic security system ("Unit Security System") meeting the minimum requirements established by the Committee and which is approved in writing by the Committee and installed by a security company approved, in writing, by the Committee. Each Unit Security System shall be connected in a manner approved by the Committee, in writing. The Committee shall review each Unit Security System solely for the purpose of determining whether or not the Unit Security System meets the minimum requirements established by the Committee. The Committee, the Corporation and the Developer shall not be responsible in the event a Unit Security System fails to provide adequate security for a Dwelling Unit.

Section 22. Household Pets. The following restrictions shall govern the maintenance and ownership of pets within the Properties:

(a) No animals, livestock or poultry of any kind shall be raised, bred or kept on any residential Lot or Common Area except that dogs, cats or other small household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose on the afore designated residential lots.

(b) No more than two (2) ordinary household pets

(except caged birds, aquarium-contained live water animals and similar animals normally maintained indoors) shall be kept on any Lot.

(c) No dogs shall be allowed in the Common Area except on a leash.

(d) No household pet shall be left chained or otherwise tethered in the front or rear of any Lot or within the Common Areas.

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

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

(g) Each Owner shall comply with all applicable governmental licensing requirements and shall be solely responsible for the conduct of, or damage or injury caused by, the Owner's pet 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, lessees, contract purchasers or other persons for any damage or injury to persons or property caused by any pet maintained by an Owner.

Section 23. Prohibition of Noxious Activities. No noxious, illegal or offensive activities shall be carried out or conducted upon any Lot, or in any other part of the Properties, nor shall anything be done thereon that shall be or become and unreasonable annoyance or nuisance to the neighborhood. Without limiting any of the foregoing, no Owner or Lessee shall permit noise, including, but not limited to the barking of dogs, the excessively noisy operation of air conditioners, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from any Lot, or the Common Areas, which would unreasonably disturb any other Member's enjoyment of his Lot or the Common Area. Excessive noise levels may be determined according to the El Dorado County or other applicable governmental regulation dealing with such matters. The Association Board may, in its sole discretion, prohibit maintenance within the Properties of any animal that constitutes a nuisance (whether due to its size, viciousness, unreasonable noise or otherwise) with respect to any other Owner(s).

In the event that there is any dispute over whether a particular noise, animal, improvement or activity constitutes a nuisance, the same shall be conclusively presumed to be a nuisance if it is offensive to at least 75 percent of the Owners

or occupants of any Dwelling that are within a 250 foot radius of, the center of the Lot or structure from which the alleged nuisance emanates. The Association Board shall determine that a nuisance exists when seventy-five percent (75%) of the Owners or occupants of Lots within the herein prescribed radius or area of the nuisance, or when the Declarant, as long as it shall own any Lots, shall sign a petition or statement objecting to the alleged nuisance. Upon receipt of said petition, and verification of the signatures thereon, the Board shall cause a notice of abatement to be mailed or delivered to the offending Owner or occupant of the Lot, advising that the nuisance exists and requesting immediate abatement thereof. The Board shall also be entitled to issue an abatement notice on its own volition.

If the nuisance specified in the abatement notice is not abated within ten days after receipt of such notice, the Association, the Declarant or any Owner of a Lot within the Properties may, by appropriate proceeding, institute legal action to enforce abatement. Notices of abatement shall be personally delivered to the offending Owner or sent such Owner by registered or certified mail, postage prepaid and addressed to the last known address of Owner or occupant. Notices mailed in accordance with this paragraph shall be presumed to be received on the second day after such mailing.

Section 24. Children. Each Owner and each Lessee shall be accountable to the remaining Owners, their families, visitors, guests and invitees, for the conduct and behavior of their children and any visiting children temporarily residing in or visiting his Residence and for any property damage caused by such children. In addition, each Lot Owner shall take all reasonable steps to inform families, visitors, guests and children of the requirements of this Declaration so as to prevent their unknowingly breaching any of its terms.

Section 25. Diseases and Insects. No Owner or Lessee shall unreasonably permit a condition to exist upon his Lot which shall induce, breed, or harbor infectious plant diseases or noxious or destructive insects.

Section 26. Compliance with Local Laws and Activities Affecting Insurance. Subject to rights of reasonable contest, nothing shall be done or kept on any Lot or within the Common Areas 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 Areas which would result in the cancellation of insurance on any Residence or any part of the Common Areas or which would be in violation of any applicable statute, ordinance, law or administrative ruling or regulation.

ARTICLE IX

Easements

Section 1. Easements in General. Each Lot Owner shall be subject to all easements of record or as shown on Exhibit "A" of this Subdivision. In addition thereto, each Lot Owner shall be subject to all easements contained in this Declaration.

Section 2. Easements for Utilities and Maintenance. Easements over and under the Project for the installation, repair and maintenance of electric, telephone, water, gas and sanitary sewer lines and facilities, heating facilities, cable or master television antenna lines, drainage facilities, walkways and landscaping as shown on the recorded map of the property, and as may be hereafter required or needed to service the Properties, are hereby reserved by Declarant and its successors and assigns, including the Association, together with the right to grant and transfer the same.

Section 3. Maintenance Easements. An easement is hereby granted to the Association and its officers, agents, contractors and employees to enter in or to cross over the Common Areas and any Lot to perform the duties of maintenance and repair of the Common Areas provided for herein.

Section 4. Landscape Easements. The Association shall have an easement to maintain and landscape the property, including lighting, and as more fully described in the Architectural Control Committee Rules, in and across the portion of all Lots where said Lot intersects, and where appropriate, the following:

(a) The region defined as beginning at the outermost edge of roadway curb paving extending outward a normal distance of thirteen feet, and;

(b) A distance extending eight feet from the boundary of all Common Area lots, exclusive of the right of way.

Section 5. Creation of Easements. Declarant shall have the right at any time prior to acquisition of title by grantee to establish additional easements, reservations and rights of way to itself, its successors and assigns in any conveyance of the property or any portion thereof. Declarant or the organization for whose benefit easements, reservations and rights of way have been established shall have the right at any time to cut and remove any trees or branches or any other unauthorized object from easements, reservations and rights of way.

ARTICLE X

Insurance

Section 1. Liability Insurance. To the extent such insurance is reasonably obtainable, the Association shall secure and maintain comprehensive public liability insurance insuring the Association, any manager and the agents and employees of each, against any liability incident to the ownership or use of

the Common Areas and Common Facilities, 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 FIVE MILLION (\$5,000,000.00) DOLLARS 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 when reasonably available, liability for nonowned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar to the Properties in construction, location and use.

Section 2. Fire and Extended Coverage Insurance.

(a) **Common Facilities.** To the extent such insurance is reasonably obtainable, the Association also shall secure and maintain a policy of Fire and Extended Coverage insurance for the full insurable value or of all the Association's Common Area and Common Facility property.

(b) **Coverage Generally.** The insurance required of the Association under this Section shall be kept in full force and effect at all times and full replacement value of the insured property shall be redetermined on an annual basis. Depending upon the nature of the insured property and the requirements, if any, imposed by institutional mortgages having an interest in such property, the policies maintained by the Association pursuant to this section shall contain a blanket endorsement or their equivalent, an extended coverage endorsement, vandalism, malicious mischief coverage, a special form endorsement. The policies required hereunder shall be in such amounts as shall be determined by the Board (consistent with the coverage requirements of this Section 2), and shall name as insured the Association, all Owner-Members 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 6 below.

(c) **Individuals.** An Owner may carry whatever personal liability insurance with respect to the ownership of a Lot within the Properties as he or she desires. Furthermore, Owners of Residences shall be responsible for carrying their own fire and extended coverage insurance.

Section 3. Other Insurance. The Board of Directors of the Association may obtain such additional insurance as it deems necessary or appropriate to adequately protect the Association, and its directors, officers, Members, employees, agents and contractors from risks that can reasonably be anticipated given the nature of the property owned by the Association and of the responsibilities and services each is obligated to discharge. Without limiting the foregoing:

(a) The Board of Directors of the Association shall

purchase and maintain worker's compensation insurance to the extent that the Association is required by law to maintain such coverage for all of its employees or uninsured contractors.

(b) The Association Board shall purchase and maintain: (i) fidelity bonds or insurance (which shall be in an amount not less than 100% of each year's estimated annual operating expenses and which shall contain an endorsement of coverage for any person who may serve without compensation and a monies and securities endorsement); (ii) directors' and officers' liability insurance; and (iii) such additional insurance on its personal property as the Board of the insuring corporation deems appropriate or as required by institutional mortgagees.

Section 4. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon to have been paid) maintained by the Association shall be retained by the Association at its principal offices and shall be available for inspection by Owners at any reasonable time.

Section 5. Trustee. All insurance proceeds payable pursuant to policies maintained under Section 2 of this Article may, in the discretion of the Board of Directors of the insured corporation, 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 El Dorado County that agrees in writing to accept such trust. If repair or reconstruction is authorized, the Board of the insured corporation shall have the duty to contract for such work as provided for in this Declaration

Section 6. Adjustment of Losses. The Board of Directors of the Association is hereby appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried by said corporations pursuant to Sections 1, 2 and 3 of this Article X. Furthermore, the Board of the Association 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 insurer with respect to insurance maintained by said corporations.

ARTICLE XI

Damage or Destruction

Section 1. Insurance Proceeds. In the event of damage to or destruction of the Common Area then all insurance proceeds, whether or not subject to liens of mortgages or deeds of trust, shall be paid to the Association as trustee for the Owners, Association and their mortgagees to be used for rebuilding.

Section 2. Insurance Proceeds Exceed Cost to Rebuild. If the insurance proceeds are sufficient to effect total restoration, then the Association shall cause such Common Area to be repaired and reconstructed substantially as it previously

existed.

Section 3. Insurance Proceeds Slightly Less than Cost to Rebuild. If the insurance proceeds are within five thousand (\$5,000.00) dollars of being sufficient to effect total restoration, then the Association shall cause such Common Area to be restored and reconstructed substantially as it previously existed.

Section 4. Insurance Proceeds Greatly Less than Cost to Rebuild. If the insurance proceeds are insufficient by more than five thousand (\$5,000.00) dollars of being sufficient to effect total restoration, then the determination as to what action to take shall be made by vote or written consent of the majority of the Members.

ARTICLE XII

Amendment of Declaration

Section 1. Prior to First Conveyance. Prior to the close of escrow on the sale of the first Lot, Declarant may amend or revoke this Declaration subject to the requirements of Business and Professions Code §11012 and §11018.7.

Section 2. After First Conveyance. After sale of the first Lot, this Declaration may be amended or revoked only by an affirmative vote (in person or by proxy) or written consent of Members representing a majority of the voting power of each class of Members of the Association. If only one class of Membership exists at the time an amendment is proposed, then it must be approved by at least a bare majority of the total voting power of the Association which shall include at least a bare majority of the votes of Members other than the Declarant. The percentage of the voting power necessary to amend a specific clause provision of this Declaration shall be not less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

Section 3. Consent for Specific Amendments. The consent of all Owners shall be required for any amendment of project documents effecting a change in (a) the boundaries of any unit; (b) the undivided interest in the common elements pertaining to the unit or the liability for common expenses appertaining thereto; (c) the number of votes in the Owner's Association appertaining to the unit; or (d) the fundamental purpose to which any unit or the common elements are restricted.

ARTICLE XIII

Breach or Default

Section 1. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach,

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

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

Section 3. Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the Court may award to any party 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 right 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 Declarant, any Owner, the Board of Directors, the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same or thereafter, nor shall such failure result in or impose any liability upon the Declarant, the Association or the Board, or any of its officers or agents.

Section 6. Rights and Remedies of the Association.

(a) **Rights Generally.** In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, shall 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.

(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.

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

(d) Limitations of Disciplinary Rights.

(i) The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Lot due to the failure by the Owner (or his or her family Members, tenants or invitees) to comply with any provision of the Governing Documents or of any duly enacted Association Rule except where the loss or forfeiture is the result of the judgment of a court of competent jurisdiction, a decision arising out of arbitration or a foreclosure or sale under a power of sale for failure of the Owner to pay assessments levied by the Association, or where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member of the Association (including, without limitation, the imposition of monetary penalties) for failure to comply with any Governing Documents so long as the Association's actions satisfy the due process requirements of subparagraph (iii) below.

(ii) Monetary penalties imposed by the Association for (1) failure of a Member to comply with the Governing Documents, (2) as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas or Common Facilities allegedly caused by a Member, or (3) in bringing the Member and his or her Lot into compliance with the Governing Documents, may not be characterized nor treated as an Assessment which may become a lien against the Member's Lot enforceable by a sale of the Lot in nonjudicial foreclosure; provided, however, that this limitation

on the Association's lien rights shall not apply to charges imposed against an Owner consisting of reasonable late payment penalties to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in the Association's efforts to collect delinquent assessments.

(iii) No penalty or temporary suspension of rights shall be imposed pursuant to this Article XIII unless the Owner alleged to be in violation is given at least 15 days' prior notice of the proposed penalty or temporary suspension and is given an opportunity to be heard before the Board of Directors or appropriate Committee established by the Board with respect to the alleged violation(s) at a hearing conducted at least 5 days before the effective date of the proposed disciplinary action. Notwithstanding the foregoing, under circumstances involving conduct that constitutes (1) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (2) a traffic or fire hazard; (3) a threat of material damage to, or destruction of, the Common Areas or Common Facilities; or (4) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of assessments or parking violations), the Board of Directors, or its duly authorized agents, can undertake immediate corrective or disciplinary action and, upon request of the offending Owner or on its own initiative, conduct a hearing as soon thereafter as reasonably possible, but in no event more than 15 days after the disciplinary action is imposed or 15 days after the request by the offending Owner for a hearing, whichever is later. 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 Governing Document provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice; provided 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.

ARTICLE XIV

General Provisions

Section 1. Term. The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be binding on the Association and the Owner of any Lots, their legal representatives, heirs, grantees, tenants, successors and assigns, subject to this Declaration, for a term of 30 years from the date this Declaration is recorded. Thereafter, they shall be automatically extended for successive

periods of 10 years, unless an instrument in writing, signed by a majority of the then Owners of the Lots, has been recorded within the year preceding the beginning of each successive period of 10 years, agreeing to change said covenants and restrictions in whole or in part, or to terminate the same.

Section 2. Compliance with the Governing Documents. Each Owner, contract purchaser, lessee, tenant, guest, invitee or other occupant of a Lot or user of the Common Area shall comply with the provisions of this Declaration, and (to the extent they are not in conflict with the Declaration), the Governing Documents and the decisions and resolutions of the Association or the Board, and the Architectural Control Committee, as lawfully amended from time to time. Failure to comply with any such provisions, decisions, or resolutions shall be grounds for an action to recover sums due, for damages, for injunctive relief, or to enforce such provisions, decisions or resolutions.

All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in the Governing Documents shall be deemed to be binding on all Owners of Lots, their successors and assigns.

Section 3. Notices. Any notice permitted or required by the Governing Documents may be delivered either personally or by mail. If delivery is by mail, it shall be deemed to have been delivered 72 hours after a copy of the same has been deposited in the United States mail, first class or registered, postage prepaid, addressed to the person to be notified at the current address given by such person to the Secretary of the Board or addressed to the Lot of such person if no address has been given to the Secretary.

Section 4. Fair Housing. No Owner shall, either directly or indirectly, forbid or restrict the conveyance, encumbrance, leasing or mortgaging or occupancy of his Lot to any person of a specified race, sex, marital status, color, religion, ancestry, physical handicap or national origin.

Section 5. Conflict with Governing Documents. If there is a conflict among or between the Governing Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Governing Documents in the following order: Articles, Bylaws, Rules and Regulations of the Association and Architectural Control Committee Rules.

Section 6. Construction and Severability: Singular and Plural; Captions.

(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 its terms or provisions of the Declaration.

Section 7. Enforcement of Bonded Obligations. When the California Real Estate Commissioner issues a final subdivision public report for the development, if any of the Common Area improvements within the Properties has not been completed, and if the Association is the obligee under a bond or other arrangement ("bond") to secure performance of a commitment of the Declarant or its successors or assigns to complete such Common Area improvements, then the Board shall consider and vote on the question of action by the Association to enforce the obligations under the bond with respect to any improvements for which a notice of completion has not been filed within 60 days after the completion date specified for that improvement in the "planned construction statement" appended to the bond. However, if the Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the action to enforce the obligations under the bond only if a notice of completion has not been filed within 30 days after the expiration of the extension. If the Board fails to consider and vote on the action to enforce the obligations under the bond or if the Board decides not to initiate action to enforce the obligations under the bond, then on the petition in writing to the Board signed by Members of the Association representing not less than 5% of the total voting power of the Association other than the Declarant, the Board shall call a special meeting of Members for the purpose of voting to override the decision of the Board not to initiate action or to compel the Board to take action to enforce the obligations under the bond. The meeting shall be called by the Board by fixing a date not less than 35 days nor more than 45 days after receipt by the Board of said petition and by giving written notice to all Owners entitled to vote in the manner provided in this Declaration or in the Bylaws for notices of special meetings of Members of the Association. At the meeting, the vote in person or by proxy of a majority of

the Owners entitled to vote (other than Declarant) in favor of taking action to enforce the obligations under the bond shall be deemed to be the decision of the Association and the Board shall then implement this decision by initiating and pursuing appropriate action in the name of the Association.

Section 8. Limitation of Restrictions on Declarant.

Declarant is undertaking the construction of a subdivision and incidental improvements upon the Properties. The completion of that work and the sale, rental and other disposal of Lots is essential to the establishment and welfare of the Properties as a residential community. In order that said work may be completed and said Properties be established as a fully occupied residential community as rapidly as possible, for a period of seven (7) years following the first sale of a Lot within any phase of the Properties or until the Declarant owns no Lots within the phase, whichever first occurs, nothing in this Declaration shall be interpreted or construed to prevent Declarant, its contractors, subcontractors or representatives from doing any of the following within the relevant phase:

(a) Doing on the Properties or any unsold Residence whatever is reasonably necessary or advisable in connection with the completion of Declarant's work; or

(b) Erecting, constructing and maintaining on any part or parts of the Properties not already improved as Common Area such structures as may be reasonable and necessary for the conduct of its business of completing said work and disposing of same in parcels by sale, lease or otherwise; or

(c) Conducting on any part of the Properties, other than privately owned Lots, Declarant's business of completing said work and establishing a plan of ownership and of disposing of Declarant's Lots by sale, lease or otherwise.

(d) Maintaining such sign or signs on any of the Lots as may be necessary for the sale, lease or disposition thereof, provided, however, that the maintenance of any such sign shall not unreasonably interfere with the use by any Owner of his Lot or the Common Area.

Section 9. References to Limitations on Declarant's Voting Rights. With the exception of Section 8 of this Article XIV, no provision of this Declaration which requires the approval of a prescribed majority of the voting power of the Members other than the Declarant is intended to preclude the Declarant from casting votes attributable to the Lots owned by the Declarant. Instead, the intent is to require the vote or written assent of a bare majority of the total voting power of all Members entitled to vote on the matter as well as the vote or written assent of the prescribed majority of the total voting power of Members other than the Declarant.

Section 10. Mortgagee Protections.

(a) Mortgages Permitted. Any Owner may encumber his Lot with Mortgages.

(b) Priority of Mortgage. Notwithstanding any other provision of this Declaration, it is hereby provided that a breach of any of the conditions contained in the Project Documents by any Owner or of any re-entry by reason of such breach, shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value as to said Lot or any part thereof. Any lien which the Association may have on any Lot in the Project for the payment of common expense assessments attributable to such Lot will be subordinate to the lien or equivalent security interest of any first mortgage on the Lot recorded prior to the date any such common expense assessments became due.

(c) Payment of Taxes or Premiums by Mortgagees. Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area, unless such taxes or charges are separately assessed against the Owners, in which case the rights of Mortgagees shall be governed by the provisions of their Mortgages. Mortgagees may, jointly or singly, also pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for Common Area and Mortgagees making such payment shall be owed immediate reimbursement therefore from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of any Mortgagee which requests the same to be executed by the Association.

(d) Effect of Breach. No breach of any provision of this Declaration shall invalidate the lien of any Mortgage made in good faith and for value, but all of the covenants, conditions and restrictions shall be binding on any owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

Executed this 24th day of June, 1987.

SMITH & GABBERT, INC.,
a California corporation
By Richard L. V. Smith
Richard L. V. Smith, President

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

On this the 24th day of JUNE, 1987, before me, the undersigned Notary Public, personally appeared RICHARD L. V. SMITH, personally known to me to be the person who executed the

within instrument as President of the corporation therein named,
and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.

Launa Marilyn Tong



EXHIBIT "A" DESCRIPTION

Lots 1 through 37, inclusive, and Lot A as shown on that certain map
entitled "El Dorado Royale", filed in the office of the County Recorder
of El Dorado County, State of California, on April 23, 1987, in Map Book "G",
at page 61.