

ATTACHMENT

Attached is the document you (or someone on your behalf) requested. As required by Section 12956.1(b)(1) of the California Government Code, please take note of the following:

"If the document contains any restriction based on race, color, religion, sex, sexual orientation, familial status, disability, handicap, national origin, genetic information, gender, gender identity, gender expression, source of income (as defined in California Government Code § 12955(p)) or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status."

If this cover page is a copy which has been transmitted to you by facsimile, email or other form of electronic transmission, please note that the notice above appears in the original cover page in 14-point bold face type.

2010R-011929

TERRY A. HANSEN
YUBA COUNTY RECORDER
MARYSVILLE, CA

RECORDED ON
09/28/2010 12:09PM
REC FEE: 146.00
CONF FEE: 1.00
PAGE 1 OF 45
DEPUTY INITIALS: SG

Recording Requested By
And When Recorded Return to:

Daniel V. Martinez, Esq.
Martinez Hayes Hyatt & Hill LLP
422 Century Park Drive, Suite A
Yuba City, CA 95991

**FIRST RESTATED DECLARATION
OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR BROWNS VALLEY
RIDGE PROPERTY OWNERS ASSOCIATION**

A Declaration of Covenants, Conditions, and Restrictions of The Ridge, The Ridge being an unincorporated association, which is the predecessor in interest of Browns Valley Ridge Property Owners Association ("Association"), was executed by John P. Belza, Virginia D. Belza, Gary J. Miller, June W. Miller, James S. Kennedy, Wendy G. Kennedy, and John P. Belza, Trustee, Belza Development Profit Sharing Trust ("collectively Declarant or Declarants"), and recorded on March 25, 2004, as instrument number 2004R-005038, in the Official Records of Yuba County, California (the "Original Declaration"). This Original Declaration, which affects the development described as Parcels 1-32 of the Ridge subdivision, is hereby amended and restated in its entirety by this First Restated Declaration of Covenants, Conditions, and Restrictions for Browns Valley Ridge Property Owners Association ("Declaration"), to read as follows:

45
3

RECITALS

A. Declarants were the owners of that certain real property located in the County of Yuba, State of California, which is more particularly described as parcels 1-32 of the Ridge Subdivision as shown on the subdivision map recorded in the Office of the Yuba County Recorder on February 25, 2004 in book 77, page 15 ("property"). The Ridge Subdivision shall be referred to herein interchangeably either as the "Ridge," "Development," or the "Subdivision".

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

C. It was the further intention of the Declarant to sell and convey residential lots to the

Owners subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights of way, liens, charges, and equitable servitudes that are set forth in this Declaration and that are intended to be in furtherance of a general plan for the subdivision, development, sale, and use of the property comprising the Development as a “planned development” as the term is defined in Civil Code §1351(k). Finally, it was the intention of Declarant that the “Common Areas” and “Common Facilities”, as defined below, be owned and maintained by the Association, but reserved exclusively for the use and enjoyment of the Members, their tenants, lessees, guests, and invitees, all subject to covenants, restrictions, terms, and conditions of this Declaration and the other Governing Documents of the Association.

D. On January 18, 2010, the Owners of 59% percent of the Lots within the Development voted by written ballot to amend and restate the Original Declaration, all in accordance with the procedures for amendments set forth in the Original Declaration and California Civil Code Section 1355(b). It is the intention of the Owners to replace the Original Declaration, in its entirety, with this recorded Declaration. The Owners’ action to amend and restate the Original Declaration, as set forth herein and the fact that the requisite percentage of affirmative votes required by California Civil Code section 1355(b) was achieved is attested by the execution of this First Restated Declaration by duly authorized officers of the Association. As so amended and restated, the easements, covenants, restrictions, and conditions set forth herein shall constitute equitable servitudes and covenants that run with the land comprising the Development and shall be binding on all parties having or acquiring any right, title, or interest in the property or any portion thereof, and shall inure to the benefit of each Owner thereof.

ARTICLE I

Definitions

Section 1.1. “Articles” means the Articles of Incorporation of the Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

Section 1.2. “Assessment” means any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of Article IV below.

Section 1.3. “Association” means Browns Valley Ridge Property Owners Association, a California nonprofit mutual benefit corporation, its successors and assigns. The Association is an “association” as defined in Civil Code §1351(a).

Section 1.4. “Association Rules” means the rules, regulations, and policies adopted by the Board of Directors, under Section 3.7, as the same may be in effect from time to time. Without limiting the foregoing, the Association Rules shall also include any Environmental Rules adopted under Article VI, and any rules relating to Association disciplinary procedures adopted under Section 12.6.

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

Section 1.6. “Bylaws” means the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 1.7. “Civil Code” means the California Civil Code, as amended from time to time.

Section 1.8. “Common Area” means the property or real property rights reserved to the Association in the Original Declaration for the common use and enjoyment of Owners. The Common Area reserved to the Association at the time of the recordation of this Declaration is described as follows: all roadways, utilities, landscaped and groundskeeping areas designated on the subdivision map recorded in the Office of the Yuba County Recorder on February 25, 2004 in Book 77, at Page 15, as being designated and restricted from development and to be used as an accommodation for the common benefit of all Owners within the Development. Unless the context clearly indicates a contrary intent, any reference herein to the “Common Areas” shall include any facilities and/or improvements (“Common Facilities”) located thereon, now or in the future.

Section 1.9. “Declaration” means this instrument, as it may be amended from time to time. The “Original Declaration” means and refers to the document referenced in the preamble to this Declaration.

Section 1.10. “Development” means all parcels of real property (Common Area and Lots) described in Recital A, together with all buildings, structures, utilities, Common Facilities, and other Improvements now located or hereafter constructed or installed thereon, and all appurtenances thereto. At times herein the Development is referred to by its common name, which is the “Ridge”.

Section 1.11. “Easements” shall mean those designated areas on the subdivision map restricted from development to be used as an accommodation and for the benefit of all Owners.

Section 1.12. “Environmental Control Committee” or “ECC” means the committee created in accordance with Article V below.

Section 1.13. “Fence” shall mean a fence of any height that you can easily see through, such as a rail fence as seen on horse farms, chain link, barbed wire, or combinations of such materials.

Section 1.14. “Governing Documents” is a collective term that means and refers to this Declaration and to the Articles, the Bylaws, and the Association Rules.

Section 1.15. “Guest Dwelling” shall mean an accessory structure, which consists of

detached living quarters of a permanent type of construction with no provisions for appliances and fixtures for the storage and/or preparation of food, including refrigerators, dishwashers, or cooking facilities and which is not leased, subleased, rented, or subrented separately from the main dwelling.

Section 1.16. “Improvements” shall mean all buildings, residences, outbuildings, streets, roads, driveways, parking areas, fences, retaining and other walls, antennas, and any other structures of any type or kind, and changes, modifications and/or alterations to any such Improvements.

Section 1.17. “Lot” shall mean any numbered lot as designated on the Map.

Section 1.18. “Majority of a Quorum” means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting in person or by proxy, or casting written ballots equals or exceeds the minimum quorum required for member action, as specified in the Bylaws of the Association or by statute.

Section 1.19. “Map” shall mean the final subdivision map of the Ridge subdivision as recorded in the Official Records of the County Recorder of Yuba County, State of California, on February 25, 2004 in Book 77, at Page 15.

Section 1.20. “Member” means every person or entity who is an Owner of record of a separate parcel within the Subdivision and whose rights as a Member are not suspended under Section 12.6. A person or entity who owns a separate interest in more than one (1) parcel may hold a separate membership interest in the Owner’s association for each parcel owned.

Section 1.21. “Office” shall mean a building, or room wherein a business or service is transacted, but not including the storage or sale of merchandise on the premises as a primary function.

Section 1.22. “Owner” shall mean the recorded owner holding fee simple title to any parcel in the Subdivision, whether a person, persons, or legal entity, including Declarants, or any person, persons or legal entity who has contracted to purchase the title to a parcel in the subdivision pursuant to a written agreement with the record owner of said parcel.

Section 1.23. “Parcel” shall mean and refer to any parcel of land of record as shown on the Map.

Section 1.24. “Reserves” means those common expenses for which Association funds are set aside under Section 4.7 of this Declaration and Civil Code §1365.5 for funding the periodic painting, maintenance, repair, and replacement of the major components of the Common Areas that would not reasonably be expected to recur on an annual or less frequent basis.

Section 1.25. “Single Family Residence” shall mean a building designed and used exclusively for residence purposes by one family on a single lot and no portion of which is to be rented separately.

Section 1.26. “Subdivision” shall mean all of that property comprised of The Ridge Subdivision as identified on the Map.

Section 1.27. “Wall” shall mean a fence or wall that is higher than four (4) feet that you cannot easily see through, such as redwood board fence or a brick wall.

Section 1.28. “Voting Member” means Members who are eligible to vote for the election of directors or with respect to any other matter, issue, or proposal properly presented to the Members for approval at any time a determination of voting rights is made, with the “Voting Member” being more specifically described in Article VIII of the Bylaws of the Association.

ARTICLE II

Property Rights and Obligations of Owners

Section 2.1. Declaration Regarding Common Plan for the Development.

(a) Declarant's Intent. It was the intention of the Declarant and is the intention of the Owners that the property and improvements comprising the Development are to be held, conveyed, divided, encumbered, hypothecated, leased, rented, used, occupied, and improved only in compliance with and subject to the provisions of this Declaration, which is hereby declared to (i) be in furtherance of a plan for the subdivision of the Development and the sale, use, and occupancy of the Residences and Lots within the Development; (ii) be for the benefit and protection of the Development and to enhance the desirability, value, and attractiveness of the real property and Improvements contained therein; (iii) be for the benefit of the Owners and residents; (iv) run with the land and be binding on all parties having or acquiring any right, title, or interest in any portion of the Development; (v) inure to the benefit of every portion of the Development and any interest therein; and (vi) inure to the benefit of and be binding on each Owner and the successors in interest to each Owner who acquires an interest in any portion of the Development.

(b) Binding Effect on Successors in Interest. Each conveyance, transfer, sale, assignment, lease, or sublease made by Declarant of the Common Area and of any Lot shall be deemed to incorporate by reference all of the provisions of this Declaration. All present and future Owners, tenants, and occupants of Lots and Residences in the Development shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same shall be amended from time to time, unless a particular provision of the Governing Documents is specifically restricted to one or more classes of persons (e.g., Owners, tenants, invitees). The acceptance of a deed to any Lot, the execution of a lease, sublease, or contract of sale with respect to any Lot, or the entering into occupancy of any Residence shall make the provisions of this

4

Declaration binding on such persons and they shall thereafter be obligated to observe and comply with all Governing Documents.

Section 2.2. Property Rights in Common Area.

(a) Easement for Benefit of Association. Declarant reserved a nonexclusive easement in the Common Area of the Development for the benefit of the Association free of all encumbrances and liens, except for current real property taxes (prorated as of the date of such conveyance) and any easements, conditions, and reservations then of record, including those set forth in the Original Declaration.

(b) Rights of Owners in Common Area. The interest of each Lot Owner in and to the use and benefit of the Common Area shall be appurtenant to the Lot owned by the Owner and shall not be sold, conveyed, or otherwise transferred by the Owner separately from the ownership interest in the Lot. Any sale, transfer, or conveyance of such Lot, whether by deed, gift, devise, or operation of law, shall transfer the appurtenant right to use and enjoy the Common Area and Common Facilities. The rights of all Owners in the Common Area shall be further subject to the requirements and restrictions set forth in Section 2.3 (regarding Owners' nonexclusive easements of enjoyment).

Section 2.3. Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement for use and enjoyment in and to the Common Areas within the Development, including ingress and egress to and from his or her Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the right of the Association to adopt Association Rules, as provided in Section 3.7, regulating the use and enjoyment of the property and improvements comprising the Development for the benefit and well-being of the Owners in common, and, in the event of the breach of such rules or any provision of any Governing Document by any Owner or tenant, to initiate disciplinary action against the violating Owner or tenant in accordance with Section 12.6. Such action may include the levying of fines and/or the temporary suspension of the voting rights and/or the right to use the Common Facilities.

Section 2.4. Delegation of Use.

(a) Delegation of Use and Leasing of Residences. Any Owner may delegate his or her rights to use and enjoy the Common Area to his or her family members, tenants, lessees, or contract purchasers who reside in the Residence, provided, however, that any rental or lease may only be to a single family for residential use. Any rental or lease of a residence in the Development shall be subject to the provisions of the Governing Documents all of which shall be deemed incorporated by reference in the lease or rental agreement. Each Owner-lessor shall provide any tenant or lessee with a current copy of all Governing Documents and shall be responsible for compliance by the tenant or lessee with all of the provisions of the Governing Documents during the tenant's/ lessee's occupancy and use of the Residence.

(b) Discipline of Lessees. Subject to subparagraph (c), below, if any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action, as it deems necessary or appropriate under the circumstances to preserve the quiet enjoyment of other Owners and residents of the Development. Without limitation, the Association's actions in response to a tenant's violation of the Governing Documents may include the imposition of fines and penalties against the Owner-lessor of the Residence.

(c) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to any portion of the Development or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner-lessor (or the Owner's lessee or tenant) on account of the misconduct of the Owner's lessee or tenant unless and until the process described in Article XII has been satisfied.

Section 2.5. Obligations of Owners. Owners of Lots within the Development shall be subject to the following:

(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the secretary of the Association or the Association's property manager, if any, of the names of any contract purchaser or tenant residing in the Owner's Lot.

(b) Notification to Prospective Purchasers. As more particularly provided in California Civil Code §1368, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser: (i) a copy of the Governing Documents; (ii) a copy of the most recent documents distributed by the Association under California Civil Code §1365 (see Article XII of the Bylaws); (iii) a true statement in writing from an authorized representative of the Association (delinquency statement) as to (1) the amount of the Association's current regular and special assessments and fees, and (2) the amount of any assessments levied on the Owner's Lot that remain unpaid as of the date of the delinquency statement and any monetary fines or penalties levied on the Owner's Lot and unpaid as of the date of the delinquency statement. The delinquency statement shall also include true information on late charges, interest, and costs of collection that, as of the date of the delinquency statement, are or may become a lien against the Owner's Lot under Civil Code §§1367 and 1367.1; (iv) a copy or a summary of any notice previously sent to the Owner under Civil Code §1363(h) that sets forth any alleged violations of the Governing Documents that remain unresolved at the time of the request; and (v) a statement disclosing any change in the Association's current Regular and Special Assessments and fees that have been approved by the Board but have not become due and payable as of the date the information is provided.

(c) Payment of Assessments and Compliance with Rules. Each Owner shall pay, when due, each Regular, Special and Special Individual Assessment levied against

B

the Owner and his or her Lot and shall observe, comply with, and abide by any and all rules and regulations set forth in, or promulgated by the Association under, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities.

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

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

ARTICLE III Homeowners Association

Section 3.1. Association Membership. Every Owner of a Lot shall be a Member of the Association. Each Owner shall hold one membership in the Association for each Lot owned and the membership shall be appurtenant to such Lot. Sole or joint ownership of a Lot shall be the sole qualification for membership in the Association. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or receipt of a deed in lieu thereof.

Section 3.2. One Class of Membership. The Association shall have one class of membership and the rights, duties, obligations, and privileges of the Members shall be as set forth in the Governing Documents.

Section 3.3. Voting Rights of Members. Each Member shall be entitled to one vote for each Lot owned by that Member. When more than one person holds an interest in any Lot, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot. The Members shall designate a Voting Member in accordance with the provisions of Article VIII of the Bylaws. Voting rights may be temporarily suspended under those circumstances described in Section 12.6.

Section 3.4. Assessments. The Association shall have the power to establish, fix, and levy Assessments against the Owners of Lots within the Development and to enforce payment of such Assessments in accordance with Article IV. Any Assessment levied by the Association against its Members shall be levied in accordance with and under the provisions of this Declaration (see particularly Section 4.1).

Section 3.5. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except on the sale of the Lot to which it is appurtenant and then, only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Lot shall pass automatically to the purchaser

on recording of a deed evidencing the transfer of title. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use under Section 2.4, do not thereby become Members, although the tenant and his or her family and guests shall, at all times, be subject to the provisions of all Governing Documents.

Section 3.6. Powers and Authority of the Association.

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

(b) Association's Limited Right of Entry. Without limiting the foregoing description of powers, but in addition thereto, the Association and its agents shall have the right and power to enter any Lot to perform the Association's obligations under this Declaration. In no event shall the Association's right of entry hereunder be construed to permit the Association or its agents to enter any residence without the Owner's or the resident's express permission.

Section 3.7 Association Rules.

(a) Rule Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact, and amend rules and regulations of general application to the Owners (Association Rules). The Association Rules may concern, but need not be limited to: (i) matters pertaining to the maintenance, repair, management, and use of the Common Area by Owners, their tenants, guests, and invitees, or any other person(s) who have rights of use and enjoyment of such Common Area; (ii) the ECC and the rules of the ECC under Section 5.5; (iii) the conduct of disciplinary proceedings in accordance with Section 12.6; (iv) the regulation of parking, pet ownership, signs, and other matters subject to regulation and restriction under Article VIII; (v) the collection and disposal of refuse; (vi) minimum standards for the maintenance of landscaping or other Improvements on any Lot or in the Common Areas in accordance with Article VII; (vii) collection of delinquent

Assessments; and (ix) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents. Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the other Governing Documents or the rights, preferences, and privileges of Members thereunder. In the event of any material conflict between any Association Rules and any provision of another Governing Document, the conflicting provisions contained in the other Governing Document shall prevail. All Association Rules shall be adopted, amended, and repealed (as the case may be) in good faith and in substantial compliance with this Declaration and Civil Code §§1357.100- 1357.150.

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

(c) Adoption and Amendment of Rules. The adoption and amendment of Association Rules or other changes to the operating rules of the Association shall be made with notice in accordance with the provisions of Civil Code §1357.10 through 1357.150 and in accordance with Article 13, Section H of the Bylaws.

Section 3.8. Breach of Rules or Restrictions. Any breach of the Association Rules, the Design Guidelines, or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XII.

Section 3.9. Limitation on Liability of the Association's Directors and Officers.

(a) Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Members or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the Governing Documents; provided that such Released Party has, on the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damages. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortious act or omission of a volunteer Member of the Board or volunteer officer of the Association shall recover damages from such Board Member or officer if all of the conditions of Civil Code Section 1365.7 are satisfied.

11

ARTICLE IV

Assessments

Section 4.1. Assessments Generally.

(a) Covenant to Pay Assessments. Each Owner of one or more Lots, by acceptance of a deed or other conveyance therefor (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association: (i) Regular Assessments; (ii) Special Assessments; (iii) Special Individual Assessments; and (iv) Emergency Assessments, as defined and levied under this Article IV.

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

(c) Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorney fees) for the collection thereof, shall be a charge on the Lot and shall be a continuing lien on the Lot against which such Assessment is made from and after the time that the Association records a Notice of Delinquent Assessment in accordance with Section 4.8(i). Any lien for unpaid Assessments created under the provisions of this Article may be subject to foreclosure as provided in Section 4.8.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself or herself from personal liability for Assessments duly levied by the Association, nor release the Lot or other property owned by him/her from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area, or any facilities thereon or by abandonment or nonuse of his/her Lot or any other portion of the Development.

(e) Limitation on Amount of Assessments. The Association shall not impose or collect an Assessment or fee that exceeds the amount necessary to defray the costs for which the Assessment or fee is levied.

Section 4.2. Regular Assessments.

(a) Preparation of Annual Budget: Establishment of Regular Assessments. Not less than 30 days nor more than 90 days before the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated common expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement, or additions to the Common Facilities or portions of the Lots that the Association is obligated to maintain) by preparing and distributing to all Members a budget satisfying the requirements of Article XII of the Bylaws. If the Board fails to distribute the budget for any fiscal year within the time period specified in the first sentence of this Section, the Regular Assessment for that fiscal year shall be determined in accordance with Section 4.2(f).

(b) Establishment of Regular Assessment by Board: Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year, provided, however, that, except as provided in Section 4.5 (relating to Emergency Assessments), the Board may not impose a Regular Assessment that is more than 20 percent greater than the Regular Assessment for the Association's immediately preceding fiscal year without the Members' prior approval in accordance with Section 4.6.

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

(d) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member. The Assessment roll (which may be maintained in electronic form) shall show, for each Lot, the name and address of the Owner of Record, all Regular, Special and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments, which have been paid or remain unpaid. The delinquency statement required by Section 2.5(b)(iii) shall be conclusive on the Association and the Owner of such Lot as to the amount of such indebtedness appearing on the Association's Assessment roll as of the date of such statement, in favor of all persons who rely thereon in good faith.

(e) Mailing Notice of Assessment. Within the time requirements specified in subparagraph (a), above, the Board shall mail to each Owner, at the street address of

the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year.

(f) Failure to Make Estimate. If, for any reason, the Board fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made under 4.3(a), for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based on such automatic Assessment shall be payable on the regular payment dates established by the Board.

(g) Payment of Assessment. The total Regular Assessment levied against each Owner and his or her Lot shall be all due and payable in two equal installments to the Association on or before June 1 and December 1 of each year, and shall be deemed delinquent if not paid within ninety (90) days thereafter.

Section 4.3. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subparagraph (b), below, the Board shall have the authority to levy Special Assessments against the Owners and their Lots when Regular Assessments are insufficient due to additional expenses not contemplated in the budget prepared for the fiscal year, or for additional capital improvements within the Common Area.

(b) Special Assessments Requiring Membership Approval. Special Assessments shall require prior membership approval in accordance with Section 4.6 if the Special Assessments in the aggregate exceeds five percent (5%) of the Association's budgeted gross expense for the fiscal year in which the Special Assessment is levied, and if the Board has failed to distribute a budget to the Members within the time specified in Section 4.2(a).

(c) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments under Section 4.2(c). The Special Assessment so levied shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner. A Special Assessment shall be payable to the Association within thirty (30) days after the mailing of such notice or within such extended period as the Board shall determine be appropriate under the circumstances giving rise to the Special Assessment.

Section 4.4. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition

to the Special Assessments levied against all Owners in accordance with Section 4.3, the Board may impose Special Individual Assessments against an Owner in any of the circumstances identified in subparagraphs (i) through (iii), below, provided, however, that no Special Individual Assessments may be imposed against an Owner under this section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled under Section 12.6, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following: (i) Damage to Common Area caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees or invitees; (ii) in the event that the Association incurs expenses in gaining Members' compliance with the Governing Documents, or in the payment of Assessments; and (iii) if the Association incurs any cost to obtain compliance with the required maintenance of an individual Owners Lots or residence.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed in subparagraph (a) of this section, such Special Individual Assessment shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within 30 days after the mailing of notice of the Assessment.

(c) Limitation on Right to Lien Lots for Special Individual Assessments. The right of the Association to collect delinquent Special Individual Assessments through the use of lien and foreclosure remedies is subject to the limitations set forth in Section 4.8(i), below. However, Special Individual Assessments may be collected by the Association through the use of other legal processes, including, without limitation, an action in small claims court.

Section 4.5. Assessments to Address Emergency Situations. The requirement of a membership vote to approve (i) Regular Assessment increases in excess of 20 percent of the previous year's Regular Assessment, or (ii) Special Assessments which, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment is levied, shall not apply to Assessments necessary to address emergency situations (Emergency Assessments). For purposes of this Section, an emergency situation includes, and is limited to, any of the situations described in California Civil Code Section 1366(b). The Emergency Assessment shall be due and payable in the same manner as a Special Assessment as provided in Section 4.3(c).

Section 4.6. Notice and Procedure for Member Approval. If Member approval is required in connection with any increase or imposition of Assessments under Sections 4.2 and 4.3, the affirmative vote required to approve the increase shall be a majority of a quorum of the Members. The quorum required for such membership action shall be

more than 50 percent (50%) of the Owners of the Association.

Section 4.7. Maintenance of Assessment Funds.

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

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

(c) Separate Accounts; Commingling of Funds. To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom, provided, however, that receipts and disbursements of Special Assessments made under Section 4.3(a), shall be accounted for together with the receipts and disbursements of Regular Assessments, and a separate accounting shall be maintained for each capital improvement for which reserve funds for replacement are required to be maintained by the Association. Unless the Association is exempt from federal or state taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner

authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Association.

(d) Reserve Funds. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components of the Development that the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within 1 year of the date of the initial transfer, except that the Board may, on making a finding supported by documentation that a temporary delay would be in the best interests of the Development, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this subparagraph. When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of that decision in the next available mailing to all Members under Corporations Code §5016, and of the availability of an accounting of those expenses. The Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Association's principal office.

Section 4.8. Collection of Assessments; Enforcement of Liens.

(a) Collection. Installments of Regular Assessments shall be delinquent if not paid within (a) ninety (90) days of the due date as established by the Board. Special Assessments, Special Individual Assessments, and Emergency Assessments shall be delinquent if not paid within the times prescribed in Sections 4.3(c), 4.4(b) and 4.5, respectively. When an Assessment becomes delinquent, the amount thereof may, at the Board's election, bear interest at rate of ten percent (10%) per annum, or the maximum rate allowed by law, whichever amount is greater, commencing on the date the assessment becomes delinquent until the same is paid. In addition to the accrual of interest, the Board is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by California Civil Code §§1366(c) and 1366.1 or comparable successor statutes. Once an assessment becomes delinquent, the Association may elect one or both of the following remedies:

1. Enforcement of an Owner's Personal Obligation to Pay Assessments. The Association may bring a legal action directly against the Owner for breach of the Owner's personal obligation to pay the Assessment and in such action shall be entitled to recover the delinquent Assessment or Assessments, accompanying late charges, interest, costs, and reasonable attorney fees. Commencement of a legal action shall not constitute a waiver of any lien rights as described in subparagraph (2), below.

2. Imposition and Enforcement of Assessment Lien; Limitations. Except as otherwise provided in subparagraph (i), below, the Association may impose a lien against the Owner's Lot for the amount of the delinquent Assessment or Assessments, plus any reasonable costs of collection (including reasonable attorney fees), late charges, and interest by notifying the Owner, in writing by certified mail with a "Delinquency Notice" in compliance with California Civil Code Section 1367.1(a), at least thirty (30) days before recording a lien against the Owner's Lot.

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

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

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

(e) Association Assessment Lien Rights. Except as provided in subparagraph (i), below (relating to Special Individual Assessments), the amount of the Assessment, plus any costs of collection, late charges, and interest assessed in accordance with

Civil Code §1366 shall be a lien on the Owner's Lot from and after the time the Association causes to be recorded in the Office of the County Recorder a Notice of Delinquent Assessment ("Notice of Delinquent Assessment"), which shall state the amount of the Assessment and other sums imposed in accordance with §1366, a legal description of the Owner's Lot against which the Assessment and other sums are levied, and the name of the record owner of the Lot against which the lien is imposed. For the lien to be enforced by nonjudicial foreclosure as provided in subparagraph (g), below, the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed by any officer of the Association or by the person designated by the Association for that purpose and mailed in the manner set forth in Civil Code §2924b to all record owners of the Owner's Lot no later than 10 calendar days after Recordation.

(f) Priority of Assessment Liens. A lien created under subparagraphs (e) or (i) of this Section 4.8 shall have priority before all other liens recorded against the Owner's Lot after the Notice of Delinquent Assessment, except as described in Section 4.10.

(g) Enforcement of Assessment Liens. Subject to the limitations of this Section 4.8 after the expiration of 30 days following the recording of a Notice of Delinquent Assessment, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted under Civil Code §2934a. Any sale by the trustee shall be conducted in accordance with Civil Code §§2924, 2924b, and 2924c (applicable to the exercise of powers of sale in mortgages and deeds of trusts). The fees of a trustee may not exceed the amounts prescribed in Civil Code §§2924c and 2924d.

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

(i) Limitation on Authority to Use Lien and Foreclosure Remedies to Collect Special Individual Assessments. Only the following categories of Special Individual Assessments shall be subject to collection by the Association through the lien and foreclosure remedies described in subparagraphs (e) through (h), above: (A) Special Individual Assessments or other monetary charges imposed by the Association as a means of reimbursing the Association for costs incurred in the repair of damage to

19

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

(j) Effect of Failure to Adhere to Lien Restrictions. If the Association fails to comply with the procedures set forth in this Section 4.8 before recording a lien, the Association shall recommence the required notice process. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Lot Owner.

(k) Compliance with Code. The provisions of this Section 4.8 are intended to comply with the requirements of Civil Code Section 1367 through 1367.6 in effect as of the date of recordation of this Declaration. If these Civil Code sections are amended or modified in the future in a way that is binding on the Association and causes this Section 4.8 to be in conflict with applicable law, the provisions of this Section 4.8 automatically shall be amended or modified in the same manner by action of the Board without necessity of approval of the amendment by the Members.

Section 4.9. Transfer of Lot by Sale or Foreclosure. The following rules shall govern the right of the Association to enforce its Assessment collection remedies following the sale or foreclosure of a Lot:

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

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

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

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

Section 4.10. Priorities. When a Notice of Delinquent Assessment has been recorded, such notice shall constitute a lien on the Lot prior and superior to all other liens or encumbrances recorded subsequent thereto, except (a) all taxes, bonds, assessments, and other levies that, by law, would be superior thereto, and (b) the lien or charge of any first mortgage of record (meaning any recorded mortgage with first priority over other mortgages) made in good faith and for value, provided, however, that such subordination shall apply only to the Assessments that have become due and payable before the transfer of such property under the exercise of a power of sale or a judicial foreclosure involving a default under such first mortgage or other prior encumbrance.

Section 4.11. Unallocated Taxes. If any taxes are assessed against the Common Area, or the personal property of the Association, rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments imposed under Section 4.2, and, if necessary, a Special Assessment may be levied against the Lots in accordance with Section 4.3(a) in an amount equal to such taxes to be paid in two installments, 30 days before the due date of each tax installment.

Section 4.12. Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created under this Article, 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

Environmental Control

Section 5.1. Environmental Control Committee Approval of improvements.

(a) Approval Generally. Before commencing construction or installation of any Improvement, as defined in Section 1.16, within the Development, the Owner planning such Improvement must submit to the ECC a written request for approval. The Owner's request shall include structural plans and specifications satisfying the minimum requirements specified in Article VI. The documents submitted by Owner shall be delivered to the Association at P.O. Box 293, Browns Valley, CA 95918. Upon receipt of the application for approval, the ECC will provide to the Owner a builders packet, which will include guidelines regarding construction within the Development.

(b) Modifications to Approved Plans Must Also Be Approved. Once a proposed work of Improvement has been duly approved by the ECC, no material modifications shall be made in the approved plans and specifications, and no subsequent alteration, relocation, addition or modification shall be made to the work of Improvement, as approved, without a separate submittal to, and review and approval by, the ECC. If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the work, the ECC, in its discretion, may order the Owner and his or her contractors and agents to cease working not only on the modified component of the Improvement, but also on any other affected component. In the event that it comes to the knowledge and attention of the Association, its ECC, or

the agents or employees of either, that a work of Improvement, or any modification thereof, is proceeding or has been completed without proper approval, the Association shall be entitled to exercise the enforcement remedies specified in Section 5.10, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement until such time as proper ECC review and approval is obtained.

Section 5.2. Committee Membership. The ECC shall be composed of five (5) Members of the Association appointed by the Board. In selecting Members for the ECC, the Board shall endeavor to select individuals whose occupations or education will provide technical knowledge and expertise relevant to matters within the Committee's jurisdiction. Committee members shall serve staggered two (2) year terms subject to the Board's power to remove any Committee member and to appoint his or her successor. Neither the members of the ECC nor its designated representatives shall be entitled to any compensation for services performed under this Declaration.

Section 5.3. Duties of the Committee. It shall be the duty of the ECC to consider and act on the proposals and plans for Improvement submitted to it under this Declaration, to implement the Environmental Rules under Article VI, to perform other duties delegated to it by the Board and to carry out all other duties imposed on it by this Declaration. The Committee shall maintain a copy of all approved plans and specifications on file at the business office of the Association.

Section 5.4. Meetings. The ECC shall meet from time to time as necessary to properly perform its duties hereunder. In order to take action, there must be three (3) Members of the ECC participating in the decision to constitute a quorum. The vote or written consent of a majority of a quorum of the Committee members (i.e., a minimum of two (2)) shall constitute the action of the Committee and the Committee shall keep and maintain a written record of all actions taken. The applicant Owner shall be entitled to appear at any meeting of the ECC at which his or her proposal has been scheduled for review and consideration. The applicant shall be entitled to be heard on the matter and may be accompanied by his or her architect, engineer, and/or contractor. Other Owners whose Development may be affected by the proposed Improvement in terms of the structural integrity of any adjoining Residence, view or solar access of the applicant's or any adjacent Lot, noise, or other considerations shall also be entitled to attend the meeting. Reasonable notice of the time, place and proposed agenda for ECC meetings shall be communicated before the date of the meeting to any applicant whose application is scheduled to be heard. If the ECC is considering granting the applicant a variance from the Environmental Rules, the variance must be approved in accordance with Section 5.11.

Section 5.5. Basis for Approval of Improvements. When a proposed Improvement is submitted to the ECC for review, the ECC shall grant the requested approval only if the committee, in its sole discretion, exercised in good faith, makes the following findings regarding the proposed project: (i) the Owner's plans and specifications conform to this Declaration at the time such plans are submitted to the Committee; (ii)

the Improvement will be in harmony with the external design of other structures and landscaping within the Development; (iii) the Improvement, as a result of its appearance, location, or anticipated use, will not interfere with the reasonable enjoyment of any other Owner of his or her Lot; and (iv) the proposed Improvement(s), if approved, will otherwise be consistent with the architectural and aesthetic standards prevailing within the Development and with the overall plan and scheme of development within the Development. The decision of the Committee shall be in writing and shall be made in good faith and shall not be arbitrary, unreasonable, or capricious. Decisions shall be consistent with any governing provision of law, including, without limitation, the Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the California Government Code). The ECC's approval of any plans, drawings, or specifications for any work of Improvement done or proposed, or for any other matter requiring the approval of the 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. In approving a request for construction of an Improvement, the ECC may condition approval on the adoption of modifications in the Owner's plans and specifications or observance of restrictions as to location, noise abatement, or similar mitigating conditions applicable to the Improvement.

Section 5.6. Time Limits for Approval or Rejection; Right of Appeal to the Board.

(a) Approval or Disapproval by the Committee. Within 30 days after submission of plans and specifications satisfying the requirements of the Environmental Rules, the ECC shall return one set of such plans to the applicant, with written notice of either approval or disapproval. If the proposed improvement is approved, the ECC shall provide the applicant with a builder's packet, which shall include guidelines for construction in the development. If the proposed improvement is disapproved, the written decision of the Committee shall include both an explanation of why the proposal was disapproved and a description of the procedure for reconsideration of the Committee's decision by the Board. If written suggestions of changes required for approval of the project accompany the returned set of plans, the applicant may implement such changes to the plans and within 30 days resubmit plans incorporating such changes for approval to the Committee, which shall not unreasonably withhold its approval so long as the Owner has complied in all material respects with the requested changes. If no written notice of approval or disapproval is received by the applicant within 30 days after the Owner's plans and specifications (or revisions thereto) are submitted to the Committee, the plans shall be deemed to have been approved as submitted.

(b) Right to Seek Reconsideration by the Board. If a proposed Improvement project is disapproved by the Committee and the applicant is unwilling to make changes to the plans and specifications that the Committee may recommend as a condition of approval, the applicant shall have the right to seek reconsideration of the Committee's decision by the Board in accordance with the provisions set forth in Civil

Code Section 1378(a)(5). Any reconsideration by the Board is not a dispute resolution action within the meaning of Civil Code §1363.820 and is not subject to the open meeting rules set forth in Civil Code §1363.05.

Section 5.7. Proceeding With Work. On receipt of approval of an Improvement project from the ECC, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement of construction pursuant to the approval. In all cases, work on an Improvement project shall commence within twelve (12) months from the date of such approval. If the Owner fails to comply with this Section, any approval given under this Article shall be deemed revoked unless the ECC, on written request of the Owner before the expiration of the initial twelve (12) month period, extends the time for commencement or completion. No such extension shall be granted except on a finding by the ECC that there has been no change in the circumstances on which the original approval was granted and that the Owner has a bona fide intention and ability to complete the Improvement project within the time specified in the extension request.

Section 5.8. Failure to Complete Work. Unless the Owner has been granted an extension of time to complete the project by the ECC, construction, reconstruction, refinishing, or alteration of any such Improvement must be complete within eighteen (18) 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 because of strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or the Owner's agents. The Committee shall be entitled to grant longer times for completion of a particular Improvement project as part of the project approval process. If the Owner fails to comply with this section, the ECC shall notify the Board of such failure, and the Board shall proceed in accordance with the provisions of Section 5.9, as though the failure to complete the Improvement was a noncompliance with approved plans.

Section 5.9. Inspection of Work by ECC. Inspection of the work relating to any approved Improvement and correction of defects therein shall proceed as set forth in this section. During the course of construction, representatives of the ECC shall have the right to inspect the job site to confirm that the Improvement project is proceeding in accordance with the approved plans and specifications. On the completion of any work of Improvement for which ECC approval is required under this Article, the Owner shall give the ECC a written notice of completion. Within 30 days thereafter, the ECC, 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 ECC finds that the Improvement was not erected, constructed, or installed in substantial compliance with the Owner's approved plans, then within the 30-day inspection period the ECC shall give the Owner a written notice of noncompliance detailing those aspects of the Improvement project that must be modified, completed, or corrected. If the violation or nonconforming work is not corrected, the Association and its ECC shall have the enforcement rights and remedies set forth in Section 5.10. If for any reason the ECC fails to notify the Owner, in

writing, of any noncompliance within 30 days after receipt of the Owner's notice of completion, the Improvement shall be deemed to have been constructed in accordance with the approved plans for the project, unless it can be demonstrated that the Owner knew of the noncompliance and intentionally misled the ECC with respect to it.

Section 5.10. Enforcement of Environmental Rules and Approval Requirements.

In addition to other enforcement remedies set forth in this Declaration, the ECC shall have the authority to order an abatement (red tag) of any construction, alteration, or other matter for which approval is required, to the extent that it has not been approved by the Committee or if it does not conform to the plans and specifications submitted to and approved by the Committee. If an Improvement project is red tagged, the Owner and his or her contractor shall cease all construction activity until such time as the issue giving rise to the red tag order is resolved. The red tag notice shall clearly state the reasons why the abatement has been ordered. No work for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of violation, or commencement of a suit to enjoin such work. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorney fees in addition to the costs of such proceeding. If the Owner fails to remedy any noticed noncompliance within 30 days from the date of such notification, or if the Owner feels that the project has been red tagged without justification, the 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 shall be conducted in accordance with Section 12.6(e).

Section 5.11. Variances. The ECC shall be entitled to make recommendations regarding variances in any procedures specified in this Article V or in any minimum improvement standards imposed by Article VI to overcome practical difficulties, avoid unnecessary expense, or prevent unnecessary hardship to applicants. However, approval of any variance shall be permitted only by the vote of a majority of all Owners entitled to vote. The variance shall be considered at a Special Meeting of all Members called for the specific purpose of considering the variance. Prior to approving any variance, the voting Owners should first determine that the variance is consistent with one or more of the following criteria: (i) the requested variance will not constitute a material deviation from any restriction contained herein; (ii) the variance relates to a land use restriction or minimum construction standard otherwise applicable hereunder that is unnecessary or burdensome under the circumstances; or (iii) the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance with respect to any other Lot or Common Area.

Section 5.12. Compliance Certificate. Within 30 days after written request is delivered to the ECC by any Owner, and on payment to the Association of a reasonable fee (as established from time to time by the Board), the ECC shall Record a compliance certificate, executed by any two of its members, certifying (with respect to any Lot owned by the applicant) that as of the date thereof, either that (a) all Improvements made and other work completed by the 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 basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in the Lot through the Owner, shall be entitled to rely on the Association's Compliance Certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, all Owners and any persons deriving any interest through them.

Section 5.13. Limitation on Liability. Neither the Association, its ECC, nor any member thereof shall be liable to any Owner for any damage, loss, or prejudice suffered or claimed on account of any mistakes in judgment, negligence, or nonfeasance arising out of (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; or (b) the construction or performance of any Improvement project, whether or not under approved plans, drawings, or specifications. It shall also be the duty of the ECC to regulate, inspect and confirm the continued compliance of the improvements on the Lots with the provisions of Articles V and VI.

Section 5.14. Compliance With Governmental Regulations. Review and approval by the ECC of any proposals, plans or other submittals pertaining to Improvements 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 Owner who desires to construct, install, or modify the Improvement.

ARTICLE VI

Minimum Improvement Standards

Unless a variance is requested from, and granted by, the ECC in accordance with Section 5.11, Improvements constructed on any Lot in the Development shall conform to the following minimum improvement standards also referred to herein as the "Environmental Rules":

Section 6.1. Building Plans. All building and Improvement plans must be submitted to, and approved by, the ECC before being submitted to any governmental agency to obtain a building permit.

Section 6.2. Compliance with Approved Plans and Applicable Improvement Requirements. Once approved by the ECC, the Improvement project must be constructed and completed in accordance with the approved plans and specifications and any applicable minimum construction standards imposed by the Environmental Rules (unless the Committee has approved a specific variance from those standards).

Section 6.3. Site and Drainage Review. General site considerations, including site layout, open space and topography, orientation and locations of buildings, vehicular access, circulation and parking, setbacks, height, walls, fences, and similar elements shall be designed to provide a desirable environment and to avoid alteration of

established drainage courses.

Section 6.4. Minimum Area of Dwellings. Every single family residence constructed on a Lot shall contain at least 2,500 square feet of fully enclosed floor area devoted to living purposes.

Section 6.5. Height and Size Limitation. In addition to regulating the size of single family residential dwellings, the ECC shall have the authority to set up regulations as to the height and size requirements for all other types of buildings and structures, including fences, walls, chimneys, copings, flag poles, etc.

Section 6.6. Fences. Where, in the opinion of the ECC, a fence or other enclosure will contribute to and be in keeping with the character of the development, fences will be permitted, enclosing the area approved by the ECC and of the type of construction approved by the ECC. No fences will be constructed within the sixty (60) feet roadway easement.

Section 6.7. Setback Requirements. The following minimum dimensions shall govern the forfront, side and rear setbacks on all lots (except fences or walls where approved or required by the ECC): (i) fifty (50) feet from the front line of each lot abutting the street; (ii) fifty (50) feet from all side lot lines; and (iii) fifty (50) feet from the rear of each lot line.

Section 6.8. Underground Power. Power to be underground from mainline to all uses unless approved by the ECC.

Section 6.9. Quality of Construction. All structures constructed or placed on any Lot shall be constructed with a substantial quantity of new material and no used structure shall be relocated or placed on any such Lot.

Section 6.10. Occupancy of Residences. No residences shall be occupied until the same has been substantially completed in accordance with its plans and specifications.

Section 6.11. Driveways. All driveways on Lots shall be paved with asphalt or concrete for a minimum distance of 30 feet back from the roadway. Paving of the driveway shall be completed within 6 months after construction of the residence on the Lot is completed. Owners of Lots with existing residences shall have a period of 2 years from the date of recordation of the CC&R's to pave their driveways.

Section 6.12. Outbuildings. All outbuildings (i.e. shops and attached garages) shall be built with similar construction and complementary design as the primary residence on the Lot. The ECC approval of plans and specifications submitted for an outbuilding shall take into consideration the location and visibility of the outbuilding.

Section 6.13. Destruction of Improvements. No improvement which has been partially or totally destroyed by fire, earthquake or otherwise, shall be allowed to

remain in such state for more than six (6) months from the time of such destruction. The Owner shall have a duty to rebuild in accordance with Section 10.3.

Section 6.14.Roofs. All roofs on single-family residences shall have at least a six by twelve (6/12) pitched roof unless approved by the ECC. This provision does not apply to outbuildings.

Section 6.15.Construction Location. All homes shall be constructed on the Lot site.

Section 6.16.Changes to Environmental Rules. The Association shall annually provide its members with notice of any requirements for Association approval of physical changes to Improvements in the Development. The notice shall describe the type of changes that require Associate approval and shall include a copy of the procedure used to review and approve or disapprove a proposed change. (Civil Code Section 1378).

ARTICLE VII Association and Owner Maintenance Responsibilities

Section 7.1. Common Area Maintenance. The Association shall be solely responsible for all maintenance, repair, upkeep, and replacement of all portions of the Common Area including all nonexclusive use roadway easements. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement on, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area. In addition, no person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation on the Common Area without express approval of the Association. Without limiting the foregoing, the Association shall be responsible for:

(a) The construction, reconstruction, replacement, refinishing of any road, driveway, trail, or surface on any portion of Common Area designated on the Map as a private roadway or parking area. The roadway easement on the property shall be maintained as a right of way for ingress and egress, public utilities, storm and sanitary septic systems, water pipelines, and street purposes;

(b) The replacement of trees or other vegetation and the planting of trees, shrubs, and ground cover on any portion of Common Area;

(c) The placement and maintenance of such signs as the Association may deem necessary for the identification of the development and of roads, the regulation of traffic, including parking, the regulation and use of Common Area and Common Facilities;

Section 7.2. Owner Maintenance Responsibilities. Each Owner shall be responsible for the maintenance and repair of all Improvements on his or her Lot, and the

landscaping on the Lot.

Section 7.3. Association Recovery of Costs of Certain Repairs and Maintenance.

(a) Association Maintenance Necessitated by Owner Negligence. If the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder, is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants, or invitees, and is not covered or paid for by insurance policies maintained by the Association or the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Section 4.4.

(b) Owner Defaults in Maintenance Responsibilities. If an Owner fails to perform maintenance or repair functions on the Owner's Lot for which he or she is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within 15 days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Association may exercise its rights under Section 3.6(b), to enter the Owner's Lot and perform the repair or maintenance so long as the Owner has been given notice and the opportunity for a hearing in accordance with Section 13.6.

Section 7.4. Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's Maintenance and repair obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

Section 7.5. Pond and Waterbody Maintenance. All ponds and waterbodies shall be maintained in an aesthetically pleasing manner by the Owner of each Lot or be subject to maintenance being performed by the Association at the expense of the Owner. Bills for such maintenance will be due and payable upon receipt and unpaid balances shall be collected as a Special Individual Assessment in accordance with Section 4.4

Section 7.6. Maintenance. All Lots, whether occupied or unoccupied, and any Improvements placed thereon, including individual sewage disposal systems, shall at all time be maintained in such a manner as to prevent their becoming unsightly by reason of unattractive growth on such Lot or the accumulation of rubbish or debris thereon, or to prevent the occurrence of any health hazard.

Section 7.7. Water System. The water system for the Association is currently maintained by the Declarants at the Declarant's cost. The Owners pay directly the utility and water costs. It is the intent of the Declarants to transfer the water system to Browns Valley Irrigation District (BVID). Upon the transfer, BVID will maintain the water systems supplying irrigation and fire suppression water for the Development. The Association will pay all BVID and electrical charges for the operation and maintenance of the system and each Owner shall be assessed in accordance with the

provisions of Article IV.

Section 7.8. Recovery of Maintenance Costs. The Association shall collect assessments from the Owners for maintenance of the Development as required by this Article VII, with the assessments to be made and collected in accordance with Article IV.

ARTICLE VIII

Use of Development and Restrictions

In addition to the restrictions established by law or by the Association Rules promulgated by the Board (consistent with this Declaration), the following restrictions are hereby imposed on the use of Lots, Common Areas, and other parcels within the Development.

Section 8.1. Single Family Residential Use. The use of the individual Lots in the Development is hereby restricted to single family residential use. In no event shall a residence be occupied by more individuals than permitted by applicable zoning laws or governmental regulations. The Development is zoned for single family residences. No Improvements shall be erected, placed or permitted to remain on any Lot other than one detached single family residence dwelling and such other buildings or structures as are usually accessory to a single family residence dwelling such as private garage, stables and such other outbuildings as are permitted. Any deviation from the foregoing shall be permitted only when approved by the appropriate governmental agency. "Single Family" shall be defined as one or more persons, each related to the other by blood, marriage or legal adoption, or a group of not more than three persons not all so related, together with domestic servants maintaining a common household in a dwelling. The ECC may approve "mother-in-law" quarters, but only in accordance with the variance procedure.

Section 8.2. Lots. Each Lot shall be conveyed as a separately designated and legally described fee simple estate subject to this Declaration. No Lot shall be divided below seven acres without permission of the ECC and Yuba County. No Owner of a Lot within the Development shall be entitled to sever that Lot from the Common Area portion of the Development.

Section 8.3. Interior Improvements. No Owner shall undertake any activity or work with respect to the Owner's residence that will impair the structural soundness or integrity of any adjoining residence or impair any easement or hereditament, or do any act or allow any condition to exist in or around the Owner's residence or Lot that will adversely affect any other residences or their occupants. Any interior Improvements involving the structural components of the residence other than non-load bearing interior walls shall require prior architectural approval in accordance with Article V.

Section 8.4. Common Areas. The Common Areas shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the

use of Lots. Such use shall be limited to the private use for aesthetic and recreational purposes by the Members, their tenants, families, and guests, subject to the provisions of the Governing Documents. No Improvement, excavation, or work that in any way alters any Common Area or Common Facility from its natural or existing state shall be made or done except by the Association and then only in strict compliance with the provisions of this Declaration.

Section 8.5. Prohibition of Noxious Activities. No illegal, noxious, or offensive activities shall be carried out or conducted on any Lot or Common Area, nor shall anything be done within the Development that is or could become an unreasonable annoyance or nuisance to neighboring property Owners. Without limiting the foregoing, no Owner shall permit noise, including but not limited to barking dogs, the operation of excessively noisy air conditioners, stereo amplifier systems, television systems, motor vehicles, or power tools, to emanate from an Owner's Lot or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Lot or the Common Area.

Section 8.6. Temporary Structures. No structure of a temporary character, trailer, mobile home, camper, tent, shack, garage, or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently. Provided, however, the ECC may grant permission for any such temporary structure for storage of materials during construction.

Section 8.7. Animals. The following restrictions regarding the care and maintenance of animals within the Development shall be observed by each Owner and resident:

(a) Each person bringing or keeping an animal in the Development shall be solely responsible for the conduct of his or her animal(s). The Association, its Board, officers, employees, and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants, and contract purchasers for any damage or injury to persons or property caused by any animal.

(b) Whenever any animal other than a working animal, is off the Lot of its Owner or caretaker, it must either: (i) be under control and in the immediate presence of the Owner or caretaker; or (ii) if the animal is a dog, it must be restrained by a leash not to exceed eight feet in length or be under the control of the Owner or caretaker. Without the prior written approval of the ECC and unless permissible by ordinances of Yuba County, no livestock or pets, other than horses, cattle, sheep, goats, household pets, shall be permitted on any Lot or kept in any household without permission of the ECC. No swine shall be raised or kept within the subdivision.

(c) The Board shall have the right to establish and enforce additional rules and regulations for the reasonable control and keeping of animals in, on, and around the Development to ensure that the same do not interfere with the quiet and peaceful enjoyment of the Development by the other Owners and residents.

Section 8.8. Signs. No advertising signs or billboards shall be displayed on any Lot or posted within or on any portion of the Common Area except that signs of customary and reasonable dimensions approved by the ECC shall be permitted to be displayed on any Lots advertising the same for rent, lease or sale.

Section 8.9. Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any residence, garage, or out building or in any portion of any Lot without the prior written approval of the Board, provided, however, the foregoing restriction shall not apply to the activities, signs or activities of the Association in the discharge of its responsibilities under the Governing Documents. Furthermore, no restrictions contained in this section shall be construed in such a manner so as to prohibit any Owner from conducting any 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 regulations without the necessity of first obtaining a special use permit or specific governmental authorization so long as any such activity does not involve exterior signage or create customer traffic within the Development.

Section 8.10. Trash Disposal. No rubbish, trash, or garbage shall be allowed to accumulate outside of the exterior of any residence on any Lots. Any trash that is accumulated by an Owner outside the interior walls of a residence shall be stored entirely within appropriate covered disposal containers and facilities located on the Owner's Lot in an area that is screened from view from any street, neighboring Lot, or Common Area. Each resident's trash containers shall be placed at the curb adjacent to the Owner's Lot no earlier than the evening before the scheduled trash collection date and shall be returned to the resident's garage or other enclosed trash container area on the resident's Lot no later than the evening of the scheduled trash collection date. Any extraordinary accumulation of rubbish, trash, garbage, or debris (such as debris generated on vacating of premises or during the construction of modifications and Improvements) shall be removed from the Development to a public dump or trash collection area by the Owner or tenant at his or her expense. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this section. No outside burning of trash or garbage shall be permitted except outside burning, which shall be allowed for land clearing if done in accordance with the California Division of Forestry Regulations.

Section 8.11. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated, or maintained on or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance, or repair of a private residence or appurtenant structures within the Development.

Section 8.12. Parking and Vehicle Restrictions. No vehicles shall be parked on any street in the Development, nor shall any stripped down, partially wrecked or junk motor vehicle, or any sizable part thereof, be permitted to be parked on any street or any Lot in the Development in such manner as to be visible to the occupants of other Lots

within the Development or to the users of any street serving the Development. No Lot or roadway shall be used as a parking or storage place for commercial trucks or vehicles. Trailers, boats, boat trailers, snow mobiles or other off-road vehicles may be allowed, provided they are not parked in public view, and are not obtrusive to neighbors. Notwithstanding the foregoing, recreational vehicle equipment may be stored in outbuildings, garages, or carports approved by the ECC. In addition, an Owner or his guests may park a boat trailer, pickup camper, travel trailer or recreational vehicle on a Lot or driveway not to exceed fourteen (14) consecutive days or a total of thirty (30) days per year. The Board shall have the authority to promulgate further rules and restrictions of uniform application regarding the parking and/or operation of vehicles within the Development as may be deemed prudent and appropriate.

Section 8.13. Use of Private Streets in Common Area.

(a) No motorized vehicles other than automobiles, pickup trucks, registered recreational vehicles and farm equipment may be operated on the Lots and roadways in the Development. This shall be construed to prohibit the use of off-road vehicles.

(b) Although all roads within the Development are subject to the California Vehicle Code, the Association shall have the right to adopt reasonable rules regarding the control and use of the roads, vehicles operated thereon, and the speed of such vehicles. The Association is further authorized to delegate the discharge of its rights hereunder to a municipality or other governmental entity or to contract with a private security patrol company for such purposes so long as the private character of the roads is not jeopardized by such action.

Section 8.14. Fuel Tanks. Every tank for the storage of fuel installed outside any building in the development shall be either buried below the surface of the ground or screened to the satisfaction of the ECC by fencing or shrubbery.

Section 8.15. Mining Operations. No oil or natural gas drilling, refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot and no derrick or any structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any Lot.

Section 8.16. Removal of Trees. No tree within fifty (50) feet of any property line shall be removed from any Lot without first obtaining the written consent of the ECC. No clear cutting unless approval by the ECC for agricultural purposes.

Section 8.17. Hunting. No hunting or discharge of firearms is permitted in the Development.

Section 8.18. Activities Affecting Insurance. Nothing shall be done or kept on any Lot or within any Residence or within the Common Area that will increase the rate of insurance relating thereto on any policy maintained by the Association without the prior written consent of the Association and no Owner shall permit anything to be done

or kept on an Owner's Lot or in a Residence or within the Common Area that would cause any Improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Residence or any part of the Common Area.

Section 8.19. Variances. On application by any Owner, reasonable variances from the property use restrictions set forth in this Article may be granted, in accordance with the procedure set forth in Section 5.11

Section 8.20. Enforcement of Property Use Restrictions. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the Environmental Rules and property use restrictions contained herein. Accordingly, in the event that the Association becomes aware of an architectural or property use infraction that does not necessitate immediate corrective action under Section 12.6, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her right to be heard on the matter.

ARTICLE IX Insurance

Section 9.1. Types of Insurance Coverage. The Association shall purchase, obtain, and maintain, with the premiums therefor being paid out of Regular Assessments, the following types of insurance, if and to the extent such insurance, with the coverages described below, is available at a reasonable premium cost:

(a) **Fire and Casualty Insurance.** A policy of fire and casualty insurance naming as parties insured the Association and any Mortgagee of the Common Area, and containing the standard extended coverage and replacement cost endorsements and such other or special endorsements as will afford protection and insure, for the full insurable, current replacement cost (excluding foundations and excavation, but without deduction for depreciation) as determined annually by the insurance carrier, all Common Facilities and the personal property of the Association for or against the following: (i) Loss or damage by fire or other risks covered by the standard extended coverage endorsement; (ii) Loss or damage from theft, vandalism, or malicious mischief; (iii) Such other risks, perils, or coverage as the Board may determine.

Such policy or the endorsement made a part thereof shall, to the extent available, provide that the insurer issuing the policy agrees to abide by the decision of the Association made in accordance with the provisions of Article IX, as to whether or not to repair, reconstruct, or restore all or any damaged or destroyed portion of the Common Facilities. The insurance coverage provided for in this subsection(a) shall be obtained only if deemed necessary, as determined by the Board. Currently the development has no Common Facilities that justify obtaining fire and casualty insurance.

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

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

Section 9.2. Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by Section 9.1, is for any reason not available, then the Association shall obtain such other or substitute policy or endorsement as may be available that provides, as nearly as possible, the coverage hereinabove described. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage.

Section 9.3. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

Section 9.4. Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried under Section 9.1. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

Section 9.5. Waiver of Subrogation. All casualty and liability insurance carried by the Association, or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association, directors, officers, Declarant, Owners, occupants

of Lots, their family, guests, agents, and employees.

Section 9.6. Annual Review of Policies. All insurance policies maintained by the Association shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is adequate.

Section 9.7. Payment of Premiums. Premiums on insurance maintained by the Association shall be a common expense of the Development funded by the Assessments levied by the Association.

Section 9.8. Insurance on Lots and Residences. An Owner may carry whatever personal liability, property damage liability, fire, and casualty insurance with respect to his or her Lot, residence and personal property as the Owner desires. The Association shall have no responsibility for the adequacy or extent of such insurance coverage.

ARTICLE X

Damage or Destruction

Section 10.1. Common Facilities; Bids and Determination of Available Insurance Proceeds. In the event any Common Facilities are damaged or destroyed, then, and in such event, as soon as practicable thereafter the Board shall (a) obtain bids from at least two reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct, and restore the damaged or destroyed portions of the Common Facilities to substantially the same condition as they existed before the damage and the itemized price asked for such work, and (b) determine that amount of all insurance proceeds available to the Association for the purpose of effecting such repair, reconstruction, and restoration.

Section 10.2. Common Facilities. Subject to the provisions of Section 10.1, if, in the event of damage to or destruction of any portion of any Common Facility, the insurance proceeds available to the Association are sufficient to cover the costs of repair, reconstruction and restoration, then the Association may cause such facilities to be repaired, reconstructed, and restored to substantially the same condition in which they existed before the loss. If there are insufficient insurance proceeds to recover the costs of repair of the construction and restoration, then the Association shall have no obligation to repair the damage to any Common Facility.

Section 10.3. Destruction Affecting Lots and Residences.

(a) Duty to Rebuild. If there is a total or partial destruction of a Lot or the residence Improvements located thereon, the affected Improvements shall be promptly rebuilt by its Owner unless he or she is relieved of the obligation to rebuild by the approval of Members holding at least a majority of the Voting Power of the Members.

(b) Rebuilding Procedure. The damaged Lot Improvements shall be rebuilt or repaired with substantial conformity to the exterior appearance, design and structural

integrity of the Improvement as preceding the date of destruction. Notwithstanding the foregoing, any Owner of an affected Lot may apply to the Board for approval to reconstruct Improvements on his or her Lot in a manner which will provide for an exterior appearance and/or design which is different from that which existed before the date of the destruction. Application for such approval shall be made in writing together with full and complete plans, specifications, maps and working drawings showing the proposed reconstruction and the end result thereof (see Article V). The Board shall grant such approval only if it finds that the reconstructed Lot Improvements will be compatible in exterior appearance or design with the Improvements on other Lots in the Project, Rebuilding or relandscaping shall be commenced within 60 days following approval of the Owner's plans by the ECC, or such longer time as may be mutually agreed between the Committee and the affected Owner(s), and shall be diligently pursued to completion.

(c) Election Not to Rebuild. If the determination is made not to rebuild damaged or destroyed Improvements on a Lot (subject to any agreement among the Owner of the affected Lot, and other Owners of Lots relieving the Lot Owner from the obligation to rebuild it), the Owner shall clear all damaged structures from the Lot and shall landscape the Lot in a manner that is approved by the ECC. ECC approval shall not be unreasonably withheld. Failure to rebuild the damaged or destroyed Lot Improvements shall not relieve the Lot or its Owner from Assessment obligations hereunder.

ARTICLE XI Condemnation

If all or part of the Common Area shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Lots, shall be payable to the Association as trustee for all Owners according to the loss or damages to their respective interest in the Common Area. The Association, acting through its Board, shall have the right to act on behalf of the Owners with respect to the negotiation, settlement, and litigation of the issues with respect to the taking and compensation affecting the Common Area. Each Owner hereby designates and appoints each Association as his or her attorney-in-fact for such purposes.

ARTICLE XII Breach and Default

Section 12.1. 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 any Owner, the Association, its officers, or Board, or by their respective successors in interest.

Section 12.2. Nuisance. Without limiting the generality of the foregoing Section 12.1, 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 12.3. Attorney Fees. Reasonable attorney's fees and costs shall be awarded to the prevailing party in any procedure to enforce the Governing Documents or a party's rights arising under the Governing Documents. Such enforcement procedure includes an action brought in any court having jurisdiction over any alternative dispute resolution procedure implemented under the Governing Documents or under Civil Code §§1354 and 1363.820-1363.840, as those sections may be renumbered and revised from time to time. In any enforcement procedure, such as mediation, conducted under Civil Code §1363.830, in which there is not an agreement between all of the parties that attorneys will represent them, recoverable costs are limited to attorney fees and costs incurred in providing the notices required under such statute.

Section 12.4. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of anyone or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or 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 12.5. Failure Not a Waiver. The failure of any Owner, the Board, the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability on the Association or the Board, or any of its officers or agents.

Section 12.6. 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, may enforce the obligations of each Owner to obey the Association Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available at law or in equity, including but not limited to hiring legal counsel, imposing fines and monetary penalties, pursuing legal action, suspending the Owner's right to use recreational Common Facilities, or suspending the Owner's voting rights as a Member of the

Association, provided, however, that the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section 12.6. Any such dispute based upon an alleged breach or violation between the Association and a Member involving their rights, duties or liabilities under the Governing Documents or the Civil Code shall be subject to the internal dispute resolution procedures as set forth in Article X of the Bylaws; if the internal dispute resolution procedure is determined not to comply with the Civil Code, the procedure set forth in Civil Code section 1363.840, as amended from time to time, shall apply. In the event the parties are not able to resolve the dispute using the internal dispute resolution process, the Association shall be permitted to pursue its remedies under this Article XII. The decision on whether it is appropriate or necessary for the Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have the rights of enforcement under California Civil Code §§1354, 1363.830, and 1369.590, or otherwise by law.

(b) Schedule of Fines. The Board, in its discretion, may implement a schedule of reasonable fines and penalties for particular offenses and/or violations that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment, subject to the limitation on the use of lien and foreclosure remedies stated in Section 4.8.

(c) What Constitutes a Violation. A violation or offense shall be defined as an act or omission occurring in breach of the Governing Documents. The Board shall not take action unless the Board has received written complaints regarding an alleged violation or offense from three (3) separate Owners. Notice of the action or inaction constituting the alleged violation of the Governing Documents shall be delivered to the accused Owner in accordance with the provisions of Section 12.6(d)(3) and 12.6(f). If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging effects of a violation or nuisance occurring within the Common Area at the cost of the responsible Owner.

(d) Limitations of Disciplinary Rights.

(1) The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Lot due to the failure by the Owner (or his or her family members, tenants, guests, or invitees) to comply with any provision of the Governing Documents or of any duly enacted Association Rule except when 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 the Owner's failure to pay Assessments levied by the Association, or when the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member of the Association or the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents, so long as the Association's actions satisfy the due process requirements of subparagraph (3), below.

(2) Monetary penalties imposed by the Association (A) for failure of a Member to comply with the Governing Documents; (B) as a means of reimbursing the Association for costs incurred by the Association in repairing damage to the Common Area or Common Facilities allegedly caused by a Member; or (C) in bringing the Member and his or her Lot into compliance with the Governing Documents, may not be characterized nor treated as an Assessment that 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 attorney fees) in the Association's efforts to collect delinquent Assessments.

(3) No disciplinary action, penalty, or temporary suspension of rights shall be imposed under this Article unless the Owner alleged to be in violation is given at least ten (10) days prior notice by certified mail and by personal delivery (or by posting a copy of the notice on the accused Owner's property) stating that the Board will be meeting to consider imposing such discipline. The notice shall include, at a minimum, the date, time, and place of the meeting, the nature of the alleged violations for which the Owner may be disciplined, and a statement that the Owner has a right to attend and address the Board at the hearing. The Board shall meet in executive session if requested by the Owner.

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

(5) Notwithstanding the foregoing provisions of this Section 12.6(d), under circumstances involving conduct that constitutes (i) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (ii) a traffic or fire hazard; (iii) a threat of material damage to, or destruction of, the Common Area or Common Facilities; or (iv) 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, or its duly authorized agents, may undertake immediate corrective or disciplinary action and, on the offending Owner's request (which must be received by the Association, in writing, within 5 days following the Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

(e) Notice and Hearing Procedures. If the Association acts on its own initiative to schedule a hearing, notice of the date, time, and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than 5 days following the date when the fine is levied. The hearing shall be held no more than 15 days following the date of the disciplinary action or 15 days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing. At the hearing, the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The Board shall notify the accused Owner, in writing, of the Board's decision within five (5) business days following conclusion of the hearing. In no event shall the effective date of any disciplinary action commence sooner than five (5) days following conclusion of the hearing unless (i) the hearing merely affirms summary disciplinary action initiated under the immediately preceding paragraph, or (ii) earlier commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to, or destruction of, the Lots or any portion thereof.

(f) Notices. Any notice required by this Article XII shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents, and a reference to the specific Governing Document provision alleged to have been violated. The notice shall be in writing and delivered by certified mail and by personal delivery (or by posting a copy of the notice on the accused Owner's property) or such other address provided to the Association by the accused Owner for notice.

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

Section 12.7. Court Actions. Court actions to enforce the Governing Documents may be initiated on behalf of the Association only by resolution of the Board. Before filing any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents (including either such action coupled with a claim for monetary damages not in excess of \$5000), the Association or an Owner or a Member shall first comply with the provisions of California Civil Code §§1369.510-1369.580 relating to alternative dispute resolution. The Association's own notice and hearing procedures may be drafted to satisfy these statutory requirements.

Section 12.8. Assessment Collection Actions. The notice and hearing procedures set forth in Section 12.6 shall not apply to any actions by the Association or its duly

authorized agents to collect delinquent assessments. Assessment collections shall be subject to the notice and procedural requirements imposed by Section 4.8, above, and any other notice, hearing, and/or dispute resolution requirements or procedures as may be specifically applicable by law to community association assessment collection efforts.

ARTICLE XIII **Protection of Mortgagees**

Section 13.1. Assessment Lien Subordinated. Any lien created or claimed under the provisions of Section 4.1, above, shall be subject and subordinate to the lien of any first Mortgagee given in good faith and for value. No such Mortgagee who acquires title to any Lot by judicial foreclosure or by exercise of power of sale contained in the Mortgage shall be obligated to cure any breach of this Declaration by a former Owner of such Lot or shall be liable for any unpaid Assessments made against the Lot that accrued before the date the Mortgagee acquired such title. No lien created or claimed under the provisions of Section 4.8, shall in any way defeat, invalidate, or impair the rights of any Mortgagee under any such Recorded Mortgage.

Section 13.2. Amendment of This Declaration. No amendment of this Declaration shall affect any of the rights of the holder of any Mortgage described in Section 13.1, which is made in good faith and for value, if such Mortgage is Recorded and notice of the delivery and Recording thereof is given to the Association before the Recording of such amendment.

Section 13.3. Breach; Obligation After Foreclosure. No breach of any provision of this Declaration by the Association or any Owner shall impair or invalidate the lien of any recorded mortgage made in good faith and for value and encumbering any Lot. The Association or its successors and assigns shall be obligated to abide by all of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges, and equitable servitudes provided for in this Declaration as it may be amended from time to time with respect to any person who acquires title to or any beneficial interest in any Lot through foreclosure, trustee's sale, or otherwise.

Section 13.4. Notices to First Mortgagees. The Association shall furnish to the holder of any first Mortgage on any Lot or on the Common Area, on written request by the first Mortgagee, 30 days prior written notice of (a) abandonment or termination of the Association; (b) the effective date of any proposed material amendment to the Declaration; (c) the effectuation of any decision by the Association to terminate professional management, if any, and assume self-management of the Development; (d) any condemnation or eminent domain proceeding; and (e) any extensive damage to or destruction of any Improvements located in or on the Common Area.

Section 13.5. Declaration to Conform with Mortgagee Requirements. It is the intent of this Article that this Declaration, the Articles of Incorporation, the Bylaws, and the Development in general, shall now and in the future meet all requirements of any institutional Mortgagee intending to secure its Mortgage by a Lot or necessary to

purchase, guarantee, insure, or subsidize any Mortgage of a Lot by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Veterans' Administration.

ARTICLE XIV Notices

Section 14.1. Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner: To the street address of the Owner's Lot or to such other address as the Owner may from time to time designate in writing to the Association.

If to the Association: Browns Valley Ridge Property Owners Association to P.O. Box 293, Browns Valley, California 95918, or to such other address as the Association may from time to time designate in writing to the Owners.

Section 14.2. Personal Service on Co-Owners and Others. Personal service of a notice or demand to one of the Co-Owners of any Lot, to any general partner of a partnership which is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Lot, shall be deemed delivered to all such co-owners, to such partnership, or to such corporation, as the case may be.

Section 14.3. Deposit in United States Mails. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered four days after deposit in the United States mail in the County of Yuba.

ARTICLE XV No Public Rights in the Development

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

ARTICLE XVI Amendment of Declaration

Section 16.1. Amendment of the Declaration. This Declaration may be amended or revoked in any respect on compliance with the following provisions:

(a) Member Approval Requirements. Any amendment shall be approved by the vote or assent by written ballot of the holders of not less than 51 percent of the Voting Power of the Members. Notwithstanding the foregoing, the percentage of the Voting Power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be

taken under that clause.

Section 16.2. Restatements. This Section describes the methods for restating the Declaration after an amendment.

(a) General. The Board has the right, by resolution without the necessity of consent by the Owners, to restate this Declaration when it has been properly amended under its requirements for amendment. Such restatement shall be effective on execution of the restatement by any two officers of the Association and its Recordation. On Recordation of the restatement, the restatement shall supersede the prior declaration and its amendments in their entirety, without, however, affecting the priority of the Declaration in the chain of title to all properties that are subject to the Declaration as established by the Declaration's initial date of Recordation.

(b) Form of Restatement. The restatement shall restate the entire text of the original document, with these exceptions: (i) changes incorporating all amendments approved by the Owners; (ii) changes made to rearrange or delete the text for consistency with the approved amendments; (iii) changes made to delete material no longer legally effective or legally required, such as the provisions that are for the exclusive benefit of the Declarant; (iv) the addition of a statement that the Board has authorized the restatement under this section; (v) changes made to delete any provision declared illegal by constitutional or statutory enactment, by regulation, or by controlling judicial opinion; and (vi) changes needed to distinguish the restatement from the original document, such as Article, Section, or subparagraph numbering changes.

ARTICLE XVII

General Provisions

Section 17.1. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges, and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Lots and the Common Area as herein provided, and shall inure to the benefit of and be binding on the Owners, the Association, its Board, and its officers and agents, and their respective successors in interest, for the term of 60 years from the date of the recording of this Declaration. After the expiration of the initial term, the term of this Declaration shall be automatically extended for successive periods of 10 years each unless, within 6 months before the expiration of the initial 60 year term or any such 10 year extension period, a recordable written instrument, approved by Owners entitled to vote and holding at least a Majority of the Voting Power of the Association terminating the effectiveness of this Declaration, is recorded.

Section 17.2. Construction.

(a) Restrictions Construed Together. All of the covenants, conditions, and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Development. Failure to

44

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

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

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

(e) Exhibits. All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

(f) References to State Statutes. Any references in this Declaration to California statutes shall be to the referenced statute as in effect on the date that this Declaration is recorded in the Official Records of the County Yuba. In the event that any referenced statute is subsequently amended or superseded, all such references shall thereon mean and refer to the referenced statute as so amended, modified, or superseded, so long as the amended statute continues to regulate or pertain to the same subject matter.

Executed on Sept. 23, 2010 in Yuba County, California.

Browns Valley Ridge Property Owners Association,
a California Nonprofit Mutual Benefit Corporation

By: John P. Belza
John Belza, President

By: Nancy J. Sandgren
Nancy Sandgren, Secretary

45
45

ACKNOWLEDGMENT

State of California)
)ss
County of Sutter)

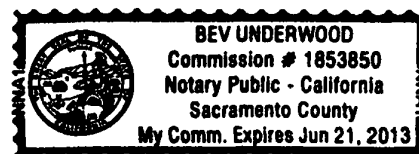
On September 23, 2010, before me, Bev Underwood, Notary Public, personally appeared John Belza, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entities upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Bev Underwood
(Signature of Notary Public)

[Seal]



State of California)
)ss
County of Sutter)

On September 27, 2010, before me, Bev Underwood, Notary Public, personally appeared Nancy Sandgren, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entities upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Bev Underwood
(Signature of Notary Public)

[Seal]

