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Brown Valley Ridge HOA*

When Recorded Mail to:

Angius & Terry LLP
3001 Lava Ridge Court, Ste. 130
Roseville, CA 95661



TERRY A. HANSEN
YUBA COUNTY RECORDER
MARYSVILLE, CA
RECORDED ON 04/24/2014 12:47PM
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PAGE 1 OF 91
DEPUTY INITIALS: FH

SECOND RESTATED
DECLARATION OF COVENANTS, CONDITION, AND RESTRICTIONS FOR
BROWN VALLEY RIDGE PROPERTY OWNERS ASSOCIATION

THIS DOCUMENT IS BEING RE-RECORDED TO CORRECT AN INCORRECT PAGE AND ADD A NOTARY ACKNOWLEDGMENT. PAGE 83 OF THE ORIGINAL RECORDING ENTITLED "Certification" HAS BEEN REPLACED WITH THE CORRECT PAGE AND A NOTARY ACKNOWLEDGEMENT IS NOW ATTACHED FOR THE ADDITIONAL SIGNER.

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Recording Requested by:
Brown Valley Ridge HOA

When Recorded Mail to:

Angius & Terry LLP
3001 Lava Ridge Court, Ste. 130
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TERRY A. HANSEN
YUBA COUNTY RECORDER
MARYSVILLE, CA

RECORDED ON 04/21/2014 12:34PM

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PAGE 1 OF 89

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SECOND RESTATED

**DECLARATION OF COVENANTS, CONDITION, AND RESTRICTIONS FOR
BROWN VALLEY RIDGE PROPERTY OWNERS ASSOCIATION**

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**SECOND RESTATED
DECLARATION OF COVENANTS, CONDITION, AND RESTRICTIONS FOR
BROWN VALLEY RIDGE PROPERTY OWNERS ASSOCIATION**

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

RECITALS

R1. Browns Valley Ridge Property Owners Association is the successor to The Ridge, hereinafter referred to as "Declarant." Declarant executed a Declaration of Covenants, Conditions, and Restrictions of The Ridge, an unincorporated association, recorded March 25, 2004, as Instrument Number 2004R-005038, in the Official Records of Yuba County, California. The Original Declaration was restated by First Restated Declaration of Covenants, Conditions, and Restrictions for Browns Valley Ridge Property Owners Association, recorded September 28, 2010, as Instrument Number 2010R-011929, in the Official Records of Yuba County, California;

R2. Whereas, the above-referenced Declaration of Covenants, Conditions and Restrictions established a plan of common interest ownership with certain limitations, easements, covenants, restrictions, conditions, liens and charges which run with and are binding upon all parties having or acquiring any right, title or interest in that certain parcel of real property consisting of forty-seven (47) Lots and various common areas located in the County of Yuba, State of California, and more particularly described as Lots 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, and as set forth in Exhibit A, attached hereto, and any annexations thereto;

R3. Whereas, the Members of Browns Valley Ridge Property Owners Association constituting not less than fifty-one percent (51%) of the Voting Power of the Members of the Association desire to amend, modify and change and otherwise restate the limitations, easements, covenants, restrictions, conditions, liens and charges which run with and are binding upon all parties having or acquiring any right, title or interest in that certain parcel of real property;

R4. Therefore, the Members of Browns Valley Ridge Property Owners Association constituting not less than fifty-one percent (51%) of the Voting Power of the Members of the Association do hereby declare that the above-referenced limitations, easements, covenants, restrictions, conditions, liens and charges set forth in the above described declaration and amendments thereto, if any, be and are hereby AMENDED AND RESTATED in their entirety. In the place and stead of the limitations, easements, covenants, restrictions, conditions, liens and charges set forth in the above described declaration and amendments thereto, if any, the Members hereby adopt and substitute this Second Restated Declaration of Covenants, Conditions, and Restrictions for Browns Valley Ridge Property Owners Association;

R5. It is further hereby declared that all of the real property described herein constitutes a "Planned Development" within the meaning of Section 4175 of the California Civil Code or superseding statute;

R6. It is further hereby declared that all of the real property described herein is held and owned and shall be held, owned, operated, managed, conveyed, assigned, rented, hypothecated, encumbered, leased, used, occupied and improved subject to the following Second Restated Declaration of Covenants, Conditions & Restrictions, all of which are declared and agreed to be in furtherance of a plan and purpose of protecting, preserving and enhancing the value, desirability and attractiveness of the

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said real property and every part thereof and of fostering the Development, management, improvement, enjoyment, use and sale of the said real property and any part thereof;

R7. It is further hereby declared that all of the Covenants, Conditions and Restrictions herein set forth shall constitute enforceable equitable servitudes as provided in Section 5975 of the California Civil Code or superseding statute and shall constitute covenants that shall run with the real property and shall be binding upon and inure to the benefit of each Owner of any portion of the real property or of any interest therein, each party having or acquiring any right, title or interest in and to the real property or any part thereof and their heirs, successors and assigns; and

R8. It is further hereby declared that each Owner, by acceptance of a deed to a Lot, shall be deemed to have agreed, for any and all purposes, for Owner and for the members of Owner's Family, Owner's contract purchasers, tenants or lessees, guests, invitees and/or licensees to abide by, and to be bound by, each and every provision of this Second Restated Declaration of Covenants, Conditions and Restrictions which subjects such Owner or other person to a contractual, fiduciary or other duty, obligation or agreement for the benefit of other Owners or Residents of the Development, either individually or as a class, of Browns Valley Ridge Property Owners Association or of the public generally, regardless of whether the deed refers specifically to this Second Restated Declaration of Covenants, Conditions and Restrictions or to any such duty, obligation or agreement.

ARTICLE I: DEFINITIONS.

Section 1.1. "Architectural Committee" or "AC"

"Architectural Committee" or "AC" shall mean the committee created in accordance with Article IV of this Declaration.

Section 1.2. "Articles"

"Articles" shall mean the Articles of Incorporation of Browns Valley Ridge Property Owners Association which are filed in the Office of the Secretary of State of California, as such Articles may be amended from time to time.

Section 1.3. "Assessment"

"Assessment" shall mean any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner and the Owner's Lot in accordance with the provisions of Article VII of this Declaration.

Section 1.4. "Association"

"Association" shall mean Browns Valley Ridge Property Owners Association, a California nonprofit mutual benefit corporation, its successors and assigns. Browns Valley Ridge Property Owners Association is an "association" as defined in California Civil Code Section 4080 or superseding statute.

Section 1.5. "Association Rules"

"Association Rules" shall mean the rules, regulations and policies adopted by the Board of Directors of the Association pursuant to this Declaration, as the same may be in effect from time to time.

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Section 1.6. "Board of Directors" or "Board"

"Board of Directors" or "Board" shall mean the Board of Directors or the governing body of the Association.

Section 1.7. "Bylaws"

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

Section 1.8. "Common Area"

"Common Area" means all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area reserved to the Association at the time of the recordation of Declaration is described as follows: all roadways, utilities, and groundskeeping areas designated on the Subdivision Map 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 to the Common Area shall include any Common Facilities located thereon, now or in the future.

Section 1.9. "Common Expense"

"Common Expense" shall mean the actual, estimated, or expected costs, charges, or other financial liabilities of the Association, including, without limitation: (a) all costs or charges incurred by or on behalf of the Association for the management, maintenance, administration, operation, repairs, additions, alterations or reconstruction of Common Area, Common Facilities, or any portion of the Lots for which the Association has maintenance or repair obligations; (b) all costs or charges reasonably incurred to procure insurance for the protection of the Association, its Board; (c) any amounts reasonably necessary for reserves to maintain, repair or replace the Common Area or Common Facilities, or to cover unpaid (delinquent) Assessments; (d) any other costs or charges necessary for the Board to perform its functions and fulfill its responsibilities under the Governing Documents; and (e) an adequate reserve fund for the replacement of Common Facilities, which shall be established by the Association and funded with Assessments.

Section 1.10. "Common Facilities"

"Common Facilities" shall mean Improvements, such as fences, lighting fixtures, and other facilities constructed or installed, or to be constructed or installed, or currently located within the Common Area and intended for the use and enjoyment of the Members.

Section 1.11. "Declaration"

"Declaration" shall mean this Second Restated Declaration of Covenants, Conditions and Restrictions for Browns Valley Ridge Property Owners Association filed in the Office of the Recorder of Yuba County, California, as it may be amended from time to time.

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Section 1.12. "Development"

"Development" means all parcels of real property described in Recital R2, together with all structures, utilities, Common Facilities, and other Improvements now located or hereafter constructed or installed thereon, and all appurtenances thereto.

Section 1.13. "Director"

"Director" shall mean a member of the Association's Board of Directors.

Section 1.14. "Family"

"Family" shall mean two (2) or more persons who live together and maintain a common household in a Lot whether or not they are all related to each other by birth, marriage or legal adoption.

Section 1.15. "Governing Documents"

"Governing Documents" is a collective term that shall mean and refer to this Declaration and to the Association's Articles, Bylaws, Association Rules and the policies and resolutions adopted by the Board and distributed to the Members.

Section 1.16. "Improvement"

"Improvement" shall mean an addition to or alteration of the real property comprising the Development or any portion thereof and includes, but is not restricted to, buildings, Residences, outbuildings, facilities, streets, roads, driveways, parking areas, fences, retaining and other walls, antennas, other structures of any type or kind, and all landscaping and anything deemed to be a "work of improvement" as defined in Section 3106 of California Civil Code or superseding statute or any structure of any kind.

Section 1.17. "Lot"

"Lot" means any plot of land shown upon any recorded subdivision map of the Development excluding the Common Area.

Section 1.18. "Member"

"Member" shall mean each person (or entity) who is named as an Owner on the recorded grant deed (or other valid title document) for any Lot within the Development. However, persons (or entities) who hold an interest in a Lot merely as security for the performance of an obligation (e.g., banks and other types of mortgage lenders) are not Owners or Members.

When more than one (1) person is an Owner of a Lot, all such persons shall be Members. However, in no event shall more than one (1) vote be cast with respect to any Lot. Member rights may be temporarily suspended under those circumstances described in the Bylaws and this Declaration.

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Section 1.19. "Mortgage"

"Mortgage" shall mean any security device encumbering all or any portion of the Development, including any deed of trust. The terms mortgage and deed of trust may be used interchangeably. "First Mortgage" means a mortgage having priority over all other Mortgages. "Mortgage Lien" means the lien or charge or equivalent security interest of any mortgage or deed of trust. "Mortgagor" shall refer to the trustor under a deed of trust, as well as a mortgage.

"Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense. "First Mortgagee" means any person or entity, including, but not limited to, banks, savings and loan associations, insurance companies and other financial institutions, holding a recorded mortgage which constitutes an encumbrance upon one (1) or more Lots first in priority of lien over all other encumbrances upon said Lot(s) securing payment of money other than this Declaration and liens for real estate taxes and assessments.

Section 1.20. "Owner"

"Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of a fee simple title to any Lot which is a part of the Development, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.21. "Private Streets"

"Private Streets" shall mean that portion of the Common Area set aside and designated for the ingress and egress of motor vehicles and pedestrians.

Section 1.22. "Regular Assessment"

"Regular Assessment" shall mean an Assessment levied on an Owner and their Lot in accordance with Section 7.2 hereof.

Section 1.23. "Residence"

"Residence" shall mean a private residential dwelling constructed on any Lot in the Development.

Section 1.24. "Resident"

"Resident" shall mean any person who resides in a dwelling within the Development whether or not such person is a Member of the Association as defined in the Declaration.

Section 1.25. "Special Assessment"

"Special Assessment" shall mean an Assessment levied on an Owner and their Lot in accordance with Section 7.3 hereof.

Section 1.26. "Special Individual Assessment"

"Special Individual Assessment" shall mean an Assessment levied on an Owner and their Lot in accordance with Section 7.4 hereof.

Section 1.27. "Subdivision Map"

"Subdivision Map" means that certain Development map entitled The Ridge, recorded February 25, 2004, in Book 77 of Maps at Page 15, in the Official Records of Yuba County, California.

ARTICLE II: OWNERS' PROPERTY RIGHTS & OBLIGATIONS.

Section 2.1. Elements of Separate Interest

Ownership of each separate interest within the Development includes:

(a) Lot.

A separate Lot as defined, depicted, and described herein and identified by number on the Subdivision Map.

(b) Nonexclusive Easements.

Nonexclusive easements appurtenant to the Lot for the use and enjoyment of the Common Area and as more particularly described in Section 2.2.

(c) All Interests Subject to Governing Documents.

All of the above interests in real property shall be subject to all of the covenants, conditions, restrictions, easements, limitations, reservations, liens, and charges contained elsewhere in this Declaration, the Articles, the Bylaws, and the Association Rules.

Section 2.2. Owners' Right to Use and Enjoy Common Area.

Subject to the provisions of this Declaration, the Common Area shall be held and maintained for the use and enjoyment of the Members of the Association, their Families, tenants, lessees, Resident contract purchasers and/or guests as provided in the Governing Documents. There shall be no use of the Common Area except by the above specified persons. (See Section 2.4, below, regarding use by non-members.)

(a) Nonexclusive Easements.

Every Owner (and Owner's Family, Resident, contract purchasers, lessees, tenants, and/or guests) shall have a nonexclusive right and easement of enjoyment in and to the Common Area, including ingress and egress to and from the Owner's Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the rights and restrictions set forth in this section.

(b) Limitations on Nonexclusive Easements.

The Owners' nonexclusive easements for use and enjoyment of the Common Area as described above are subject to the following limitations and restrictions:

(i) The right of the Association to adopt Association Rules as provided in Section 6.6(a)(ii)(E) hereof, regulating the use and enjoyment of the Development for the benefit and

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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 Resident, to temporarily suspend the voting rights and/or right to use the Common Facilities, by any Owner, Resident, and/or their guests, subject to compliance with the due process requirements of Section 14.6 hereof.

(ii) The right of the Association, or its agents, when necessary, to enter any Lot to perform the Association's obligations under this Declaration, including: obligations to enforce architectural and land use restrictions of Article III hereof; any obligations with respect to construction, maintenance and repair of adjacent Common Area; or to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, Association property or the Owners in common.

The Association's rights of entry under this subparagraph (ii) shall be immediate in case of an emergency originating in or threatening the Lot where entry is required, or any adjoining Lots or Common Area, and the Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present. In all non-emergency situations the Association, or its agents, shall furnish the Owner or the Owner's lessees with at least twenty-four (24) hours written notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing on the Lot.

(iii) The right of the Association, in accordance with this Declaration, and/or the Association's Articles and Bylaws, to borrow money for the purpose of improving, restoring or maintaining the Common Area and/or the interests of the Owners and/or for the benefit of the Association.

(iv) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least two-thirds (2/3) of the voting power of the Members, consenting to such dedication or transfer has been recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot.

(v) The right of any Owner to the full use and enjoyment of any mechanical or electrical service connections as may serve the Owner's Lot in conjunction with other Lots within the Development. The Owner of each Lot served by a sanitary sewer, water, gas, electric, telephone, television line or connection, heating or air conditioning conduit, duct, flue, or system, or similar utility/service connection shall be entitled to the full use and enjoyment of such portions of said connections as service Owners' Lot.

(vi) The right of the Association to assign, rent, license, or otherwise designate and control use of any unassigned parking within the Common Area, and to charge reasonable admission, use and/or other fees for the use of the Common Area or any portion thereof.

(vii) Each Lot within the Development is hereby declared to have an easement over all adjoining Lots and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the Residence or other building, or any other cause. The easement will be valid to maintain those encroachments, described above, for as long as they exist, and the Owners' rights and obligations will not be altered in any way by the encroachment, settlement or shifting; provided, however, that in no event will a valid easement for

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encroachment be created in favor of an Owner(s) if the encroachment occurred through the willful misconduct of said Owner(s). In the event a Residence or other building is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots or Common Area will be permitted and that valid easements for the maintenance of minor encroachments will exist.

(viii) The non-exclusive easements granted herein shall be subordinate to and shall not interfere with exclusive easements, if any.

(ix) The Association shall have an easement across every Lot within the Development to perform the maintenance, repairs, and replacement of components for which it is obligated.

(x) Wherever sanitary sewer connections or water connections or electricity, gas, or telephone, television lines, or drainage facilities are installed within the Development, which connections, lines or facilities, or any portion thereof, lie in or upon Lots owned by other than the Owner of a Lot served by said connections, lines, or facilities, the Owner of any Lot served by said connections, lines, or facilities shall have the right, and is hereby granted an easement to the full extent necessary therefore, to enter upon the Lots of other Owners or to have utility companies enter upon the Lots within the Development in or upon which said connections, lines, or facilities, or any portion thereof, lie, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below.

Wherever sanitary sewer connections and/or water connections or electricity, gas or telephone lines or drainage facilities are installed within the Development, which connections serve more than one (1) Lot, the Owner of each Lot served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as service his or her Lot.

All utility companies having easements on the Development shall have easements for cleaning, repairing, replacing and otherwise maintaining or causing to be maintained service in all underground utility lines, including, when reasonably necessary, the entry into an Improvement constructed upon a Lot for uncovering any such lines, provided, however, that such utility company shall be obligated to restore the Improvement to substantially its former condition.

(c) Waiver of Right to Sever.

No Owner, or other person, may by conveyance, transfer or any other action, including an action at law for partition, sever any Lot(s) from the Common Area or from the Association. Each Owner, by acceptance of a deed to a Lot hereby expressly waives all rights to do so.

Section 2.3. Persons Subject to Governing Documents.

All present and future Owners, tenants, lessees, contract purchasers and/or Residents of Lots within the Development (on behalf of themselves, their Family, guests, tenants, invitees, agents, employees, licensees and/or any other persons that might use the facilities of the Development in any manner, etc.) shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application to one (1) or more of such classes of persons (i.e., Owners, tenants, invitees, etc.). The liability and obligation of any Owner for performance of any one (1) and all

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provisions of the Governing Documents with respect to any Lot shall terminate upon the sale, transfer, or other divestiture of such Owner's entire interest in that Lot with respect to obligations arising hereunder from and after the date of such divestiture.

Section 2.4. Restriction on Number of Leased Lots.

As used in the Declaration, the terms "lease" or "rental" shall mean any and all agreements, including, but not limited to leases, subleases and/or rental agreements, for the occupancy of any Lot. The term "lease" shall include "rental," the term "lessee" shall include "tenant," and the term "lessor" shall include "landlord," and vice-versa. Any Owner who wishes to lease the Owner's Lot must comply with all provisions of this Section 2.4, Sections 2.5 and 3.2, and any applicable Association Rules.

(a) Percentage Limits on Non-Owner Occupancy.

The Association wants to ensure that Lots continue to qualify for conventional mortgage financing, that current and future Owners can continue to obtain financing, and that Lots continue to qualify for non-apartment-type insurance coverage. The Association therefore seeks to reasonably maximize the percentage of Lots that are Owner-occupied.

In order to accomplish the above-stated goal, the Association imposes the following lease restriction: Subject to the waiver provision set forth below, at all times, the maximum percentage of Lots that may be leased at any time is ten percent (10%) or five (5) Lots. A Lot is deemed to be leased when it is occupied by persons other than its Owner while it is not occupied by the Owner for more than thirty (30) consecutive days.

(b) Priority.

The Association shall keep a list of all leased Lots. If at any time the number of leased Lots meets or exceeds ten percent (10%) or five (5) Lots, then the Association shall keep a list of Owners requesting the Association's authority to lease that Owner's Lot (hereinafter the "waiting list"). Names of Owners shall be placed upon the waiting list in the order that the Owner's written request for authority to lease is received by the Association. Subject to the waiver provision below, the Owner at the top of the waiting list will be given the next available authority to lease the Owner's Lot.

Once the Association has granted an Owner authority to lease the Owner's Lot, the Owner has the right to continue leasing his or her Lot to consecutive lessees as long as the Owner complies with the provisions of this Section 2.4, Sections 2.5 and 3.2, and any applicable Association Rules. However, if the Lot fails to be lessee-occupied for a period in excess of sixty (60) days, then that Lot loses its lease status and that Owner must re-apply for and receive Association authority before leasing the Lot.

(c) Grandfathering.

The restriction on the number of Lots that may be rented or leased as set forth in this section shall not apply to any Member who is an Owner of a Lot on the date this Declaration is recorded, but shall apply to any Lot upon transfer of title to such Lot subsequent to the date this Declaration is recorded. The grandfathered Lots shall be considered in determining the ten percent (10%) limitation.

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A Lot is deemed to not be transferred pursuant to this subsection (c) if it meets one (1) of the following conditions:

(1) Pursuant to Section 62 or 480.3 of the Revenue and Taxation Code, the transfer is exempt, for purposes of reassessment by the county tax assessor.

(2) Pursuant to subdivision (b) of, solely with respect to probate transfers, or subdivision (e), (f), or (g) of, Civil Code Section 1102.2, or superseding statute, the transfer is exempt from the requirements to prepare and deliver a Real Estate Transfer Disclosure Statement, as set forth in Section 1102.6.

(d) Waiver.

The Board has the authority and may, in its discretion, grant waivers to the restriction on leasing to those Owners that request such a waiver and demonstrate a special circumstances hardship.

Owners must provide the Board with a prior written request for a waiver from the provisions of this Section 2.4. In the written request, the Owner must outline the special circumstance such as the Owner's illness, death, or other extreme financial hardship such as loss of job or transfer which warrants the requested waiver.

No waiver shall be granted by the Board to an Owner whose hardship is as a result of that Owner's failure to obtain and/or to read the Association's lease restrictions as set forth in this Declaration and other Governing Documents, including the Association Rules.

Within ninety (90) days of receipt of an Owner's written request for waiver, the Board shall review the request and provide a written notification to the Owner stating whether the written request has been approved or disapproved, including the specific reason for any disapproval. Within fifteen (15) days after the date of the Board's written notification, the Owner may request a hearing before the Board. The hearing shall be conducted in compliance with the Association's notice and hearing requirements (see Section 14.6). An Owner's request is deemed disapproved if the Board does not respond within the ninety (90) days' time limit.

The Lots granted waivers shall not be considered in determining the ten percent (10%) limitation.

(e) Mortgagee Exemption from Lease Restriction.

Nothing in this Section 2.4 shall be construed to prohibit a Mortgagee from leasing a Lot acquired by the Mortgagee.

(f) Revocable Living Trust.

Any Lot that is owned by a revocable living trust, or that is owned by one (1) or more trustees of a revocable living trust, shall be deemed not to be leased when it is occupied by one (1) or more persons who have the power to revoke the revocable living trust.

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(g) Violations.

The Board shall have authority to impose a fine, as set forth in the Association's fine schedule, against any Owner who violates the provisions of this Section for each day that the Owner's Lot remains in violation.

Section 2.5. Delegation of Use.

(a) Delegation of Use and Membership Rights and the Leasing or Sale of Lots.

(i) Assignment of Rights to Family Members.

Any Owner may delegate the Owner's rights to use and enjoy the Common Area and Common Facilities to members of the Owner's Family residing at the Development provided that any rental or lease may only be for residential use and for a term not less than ninety (90) days.

During any period when a Lot has been rented or leased, the Owner-lessor may not use and enjoy the Common Area, except to the extent reasonably necessary to perform the Owner's responsibilities as a lessor of the Lot, provided that this restriction does not apply to an Owner-lessor who is contemporaneously residing in another Lot.

Any rental or lease of a Lot is subject to the provisions of the Governing Documents, all of which are deemed incorporated by reference in the lease or rental agreement. Each Owner-lessor must provide any tenant or lessee with a current copy of all Governing Documents and must be responsible for compliance by the Owner's tenant or lessee with all of the provisions of the Governing Documents during the tenant's or lessee's occupancy and use of the Lot.

(ii) Use by Invitees and Guests.

The invitees and guests of a Member shall have the right to use and enjoy the Common Areas and Common Facilities within the Development, as long as the invitee or guest is in the company and supervision of the Member. Any such invitee or guest shall be subject to the same obligations imposed on the Member to observe the Association Rules, restrictions, and regulations of the Association as set forth in the Governing Documents.

(iii) Assignment of Rights to Lessees/Tenants.

Any Member who has leased or rented the Member's Lot to another person(s) shall in all events be deemed to have delegated to his or her lessee/tenant all rights of use and enjoyment of the Common Area. It is the express purpose and intent of the provisions of this Subsection 2.5(a) to limit the right of use and enjoyment of the Common Area to Residents of the Development and members of their household and their guests.

(iv) Assignment of Rights to Contract Purchasers.

Further, any Member who has sold that Member's Lot to a contract purchaser shall be entitled to delegate to such contract purchaser the Member's rights and privileges of membership in the Association. Such Member shall be deemed to have delegated all rights to use and enjoyment of the Common Area to a contract purchaser who has assumed occupancy of said Lot. No delegation of any membership rights or privileges to a non-Resident contract purchaser shall be binding, however, until the

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Board of Directors has been notified in writing pursuant to Section 2.6, below. Notwithstanding any delegation, until fee title to the Lot has been transferred of record, a contract seller shall remain liable for all Assessments, fines and other charges imposed by the Board and for compliance with the Governing Documents by all Residents of Member's Lot.

(b) Association Rules.

The right of any person to use and enjoy the Common Areas and Common Facilities shall at all times be subject to the limitations and restrictions set forth herein and in the Association Rules as promulgated by the Board from time to time pursuant to Section 6.6(a)(ii)(E) of this Declaration, or within the Association's other Governing Documents.

(c) Discipline of Lessors.

(i) Lessor's Responsibility for Tenant.

An Owner who leases his or her Lot to any person or entity shall be responsible for assuring compliance by the lessee/tenant and any other Residents, guests, licensees or invitees with the provisions of the Governing Documents, including but not limited to, all easements, reservations, Assessments, liens and charges created in accordance with this Declaration, all as amended and supplemented from time to time during the lessee/tenant's occupancy and use of the Lot.

(ii) Fine or Penalties for Violations of Governing Documents by Tenants.

Subject to Subsection (d), below, in the event that any lessee/tenant 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, which may include the imposition of fines per day per offense and penalties, against the Owner. Any fine or penalty levied pursuant to this section shall be considered a Special Individual Assessment as defined in Section 7.4, below.

(iii) Due Process Requirements for Disciplinary Action.

Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to the Development, or any part thereof, or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to take any disciplinary action against an Owner-lessor on account of the misconduct of the Owner's lessee/tenant unless and until the notice and hearing requirements of Article XIV of this Declaration have been fulfilled, and the Owner-lessor has been given a reasonable opportunity to obtain the compliance of his or her lessee/tenant with the Governing Documents or to terminate the lease.

(d) Discipline of Lessees.

Whether or not such right is stated in any rental agreement, every Owner who rents his or her Lot automatically grants to the Association the right to determine a lessee/tenant's default under the Governing Documents and of requiring the Owner to terminate the lease/tenancy and/or evict the lessee/tenant for such default.

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Section 2.6. Obligations of Owners.

Owners of Lots within the Development shall be subject to the following:

(a) Owner's Duty to Notify Association of Lessee/Tenants & Contract Purchasers.

(i) Sale.

At least ten (10) days prior to the completion of any sale or other transaction which will result in a change in the record ownership of the fee interest in a Lot, the transferring Owner(s) shall provide the following information to the secretary of the Association or the Association's manager, if any, in writing:

- (A)** The name of each transferor and transferee;
- (B)** The street address of the Lot to be transferred;
- (C)** The mailing address of each transferee;
- (D)** The name and address of the escrow holder, if any, for such transfer and the escrow number; and
- (E)** The proposed date for completion of the transfer.

(ii) Lease.

No later than five (5) days after the execution of a lease on a Lot (or any portion of a Lot) and in all circumstances at least three (3) days prior to providing a lessee with possession of a Lot (or any portion thereof), the lessor (whether an Owner or prior lessee) shall provide the Association with an executed copy of the lease and the following information in writing:

- (A)** The name of each lessor and each lessee;
- (B)** The street address of the Lot to be leased;
- (C)** The mailing address of each lessor (whether an Owner or prior lessee);
- (D)** The commencement and termination dates of the lease; and
- (E)** The names of all persons who will occupy the Lot under the lease.

(iii) Effect of Failure to Notify.

Until such time as the Association receives the notification required in Subsections (i) and (ii), above, a transferee or lessee shall be deemed to have received any and all notices

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or other communications required or permitted to be given by the Association hereunder which are duly provided to the transferor or lessor.

Pursuant to Section 6.6(a)(ii)(E), the Board has the power to adopt Association Rules consistent with this Declaration relating to enforcement of these notice requirements and/or to impose penalties, including fines, for failures to give timely notice.

(b) Contract Purchasers.

A contract seller may delegate the seller's Member rights, including voting rights, pursuant to Subsection 2.5(a)(iv), above. Notwithstanding any delegation of rights to the contract purchaser, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

(c) Notification Regarding Governing Documents.

(i) As more particularly provided in the California Civil Code Section 4525, or superseding statute as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser (A) a current copy of the Governing Documents; (B) the Association's most current financial statement; (C) a true statement in writing from the Association ("delinquency statement") as to the amount of any delinquent Assessments, together with information relating to late charges, attorneys' fees, interest, and reasonable costs of collection which, as of the date the statement is issued, are or may become a lien on the Lot being sold; (D) a true statement in writing from an authorized representative of the Association as to the amount of the Association's current Regular and Special Assessments (if any) and fees; and (E) a notice of any change in the Association's current Regular or Special Assessments and fees that have been approved by the Board but that have not become due and payable as of the date that the information is provided.

(ii) The Association (or its managing agent) shall, within ten (10) days of the mailing or delivery of a request for the information described in Subsection (c)(i), above, provide the Owner with copies of said documents. The Association (or its managing agent) shall be entitled to impose a fee for providing copies of those documents equal to (but not more than) the reasonable cost of preparing and reproducing the requested materials. In addition, the Association (or its managing agent) may impose a reasonable fee to cover its actual costs incurred to change its records in connection with a change of ownership of Lot.

(d) Payment of Assessments and Compliance with Association Rules.

Each Owner shall pay when due each Regular, Special and Special Individual Assessment levied against the Owner and his or her Lot and shall observe, comply with and abide by any and all Association Rules set forth in, or promulgated by the Board pursuant to, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities.

(e) Responsibility for Conduct of Others.

Each Owner shall be fully responsible for informing members of Owner's Family, contract purchasers, lessees, tenants, employees, guests, invitees and/or licensees of the provisions of the

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Governing Documents and shall be fully responsible for any violation of the provisions of the Governing Documents by members of Owner's Family, contract purchasers, lessees, tenants, employees, guests, invitees and/or licensees. Each Owner shall further be fully responsible for the conduct and activities of Owner's pets and the pets of Owner's Family, contract purchasers, lessees, tenants, employees, guests, invitees and/or licensees.

(f) Indemnification for Damage & Injury.

To the extent permitted by California law, each Owner shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance if the damage is sustained because of the negligence, willful misconduct, or unauthorized or improper installation or maintenance of any improvement by the Owner, Owner's Family, contract purchaser, lessees, tenants, employees, guests, invitees, or licensees, or any other persons deriving their right and easement of use and enjoyment of the Common Area from the Owner or from the Owner's Family and guests, both minor and adult. Each Owner shall be liable to the remaining Owners and the Association for any damage to the Common Area that may be sustained by reason of the willful misconduct, negligent act or omission of the Owner, Owner's Family, contract purchasers, lessees, tenants, employees, guests, invitees, or licensees (to the extent any such damage is not covered by insurance). Each Owner, Owner's Family, contract purchasers, lessees, tenants, employees, guests, invitees, and licensees, shall indemnify each and every other Owner and/or the Association against, and hold them harmless from, and defend them against, any claim of any person for personal injury or property damage occurring within the Development due to the willful misconduct, negligent act or omission of the Owner, Owner's Family, contract purchasers, lessees, tenants, employees, guests, invitees, or licensees, unless the injury or damage incurred is fully covered by insurance.

Each Owner, by acceptance of his or her deed, agrees personally and for his or her Family members, contract purchasers, tenants, guests, and invitees, to indemnify each and every other Owner, and to hold such Owner(s) harmless from, and to defend them against, any claim of any person for personal injury or property damage occurring within the Lot of that particular Owner, except to the extent (i) that such injury or damage is covered by liability insurance in favor of the Association or other Owner or (ii) the injury or damage occurred by reason of the willful or negligent act or omission of the Association or another Owner or other person temporarily visiting said Owner's Lot or the Development.

No decision resulting in the liability of an Owner pursuant to this subsection shall be reached without providing such Owner with notice and hearing pursuant to Subsections 14.6(f) and (g).

(g) Discharge of Assessment Liens.

Each Owner shall promptly discharge any Assessment lien that may hereafter become a charge against their Lot.

(h) 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 Subsection (h) shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

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(i) Prohibition on Avoidance of Obligations.

No Owner, by non-use of the Common Area or Common Facilities, renunciation or abandonment of the Owner's Lot, any other act of renunciation or abandonment or otherwise, may avoid the burdens and obligations imposed on such Owner (by virtue of being an Owner or Association Member) by the Governing Documents, including, without limitation, the payment of Assessments levied against the Owner and his or her Lot pursuant to this Declaration. Nor may any Owner divest himself or herself of any such burden or obligation by attempting to assign responsibility therefore to a tenant, manager or any third person.

(j) Obligation to Permit Entry by Association and/or Adjacent Owners.

Each Owner shall be obligated to permit the Owners of adjacent Lots or the representatives of such adjacent Owners to enter the Owner's Lot for purposes of performing installations, alterations or repairs to mechanical or electrical services which are reasonably necessary for the use and enjoyment of their Lot, provided that the adjacent Owner furnishes the Owner(s) upon whose Lot is being entered with at least twenty-four (24) hours written notice of the intent to enter the Lot, specifying the purpose and scheduled time of such entry and shall make every reasonable effort to perform the use and schedule the entry in a manner that respects the privacy of the persons residing within the Lot and the convenience of the Owner of the Lot. Each Owner shall also honor the right of the Association and its agents to enter Lots as provided in this Declaration.

(k) Termination of Obligations.

Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferring Owner shall not be liable for any Assessments levied with respect to such Lot which become due after the date of recording of the deed evidencing said transfer and, upon such recording, all Association membership rights possessed by the transferor by virtue of the ownership of said Lot shall cease.

Section 2.7. Transfer or Conveyance of Lot Terminates Obligations.

Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferring Owner shall not be liable for any Assessments levied with respect to such Lot after the date of recording of the deed evidencing said transfer. No person, after the termination of said person's status as an Owner and prior to said person again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of an Owner under this Declaration. The voluntary conveyance of a Lot to a new Owner, however, will not extinguish any obligations of the transferring Owner for unpaid Assessments that were levied against said Lot prior to the subject transfer.

Section 2.8. Merger of Lots.

The Association has the right, but not the obligation, to grant to the Owner of two (2) or more adjacent Lots those easements necessary or appropriate to permit that Owner to effect internal access from one (1) Lot to another through the walls or other portions of the Common Area which separate and divide the individual Lots (those Lots will, for all purposes of the Governing Documents, remain and be treated as two (2) separate Lots. The Association also has the right, but not the obligation, to grant the Owner of two (2) or more adjacent Lots those easements necessary or appropriate to permit that Owner to separate and divide Lots previously joined hereunder. All of that work will be done at the expense of the Owner, and that Owner must indemnify the other Owners and the Association against and hold them

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harmless from, any cost, loss, liability, damage, or injury to property or persons arising from, or caused by, that work. As a condition to the grant of that easement, the Association may impose reasonable terms and conditions with respect thereto as the Board deems necessary or appropriate including, without limitation, a requirement that the Owner obtain lien and completion bonds to assure lien-free completion of the work.

ARTICLE III: RESTRICTIONS & USE OF PROPERTY.

Section 3.1. Occupancy and Use.

(a) Occupancy.

No Lot may be occupied, used, or improved for other than residential and associated noncommercial purposes. No Resident may take in persons for boarding or care, except that persons may be taken in as an integral part of the Owner's residential group. No Lot may be occupied by more than two (2) persons per bedroom plus one (1) without the prior written approval of the Board. No Lot may be rented for transient or hotel purposes.

No Improvements shall be erected, placed or permitted to remain on any Lot other than one (1) 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. The AC may approve "mother-in-law" quarters, but only in accordance with the variance procedure herein.

(b) Restriction on Businesses.

No business or commercial activities of any kind shall be established, maintained, operated, permitted or conducted within the Development without the prior written approval of the Board except home offices and/or such businesses as may be permitted by applicable statutes and/or ordinances provided, however, that:

(i) there shall be no external evidence of such business/home office (i.e., no unreasonable increased pedestrian and/or vehicular traffic, no signs, and no activities which are apparent or detectable by sight, sound or smell from outside of the Lot);

(ii) no person, employee or assistant shall be employed in the Residence or dispatched from the Residence;

(iii) there shall be no advertising of the Lot address in the telephone book, newspaper, internet or other media of any kind; and

(iv) such activities do not increase the Association's insurance obligations and/or premiums, and/or such activities are not inconsistent with the residential nature of the Development.

The foregoing restriction shall not apply to the activities, signs or actions 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

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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.

Section 3.2. Lease and Rental Restrictions.

As used in this Article, the terms "lease" or "rental" shall mean any and all agreements, including, but not limited to leases, subleases and/or rental agreements, for the occupancy of any Lot. Any Owner who wishes to lease the Owner's Lot must comply with all of the provisions of Sections 2.4, 2.5(a), this Section 3.2, and any applicable Association Rules.

(a) All Leases to be in Writing.

All leases for a Lot within the Development shall be in writing.

(b) No Short-Term Leases/Subleases/Rentals/Time Sharing and No Hotel Services.

No Owner, contract purchaser, lessee or tenant shall be permitted to lease or sublease a Lot for transient, hotel, and/or time sharing purposes (i.e., a rental for any period less than ninety (90) days; any agreement, plan, program, or arrangement under which the right to use/occupy the Lot rotates among various person on a periodically recurring basis; and/or a rental which includes providing the Residents with customary hotel service such as room service for food and beverage, maid service, laundry and linen service, or bellboy service).

(c) All Lessees and Tenants Subject to Governing Documents.

Any lease or rental of any Lot within the Development shall be subject to all 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 lessee or tenant with a current copy of all Governing Documents and all subsequent amendments. Each Owner shall be responsible for compliance by such Owner's lessee(s) or lessee(s) with all of the provisions of the Governing Documents during the lessee's or tenant's occupancy and use of the Lot. The failure of any lessee or tenant to comply with the terms of the Governing Documents shall be a default under the lease/rental agreement and a failure to perform a condition and covenant of the lease/rental agreement.

(d) Owner's Duty of Notification.

Owners of Lots shall disclose to potential buyers the existence of the rental restriction provisions set forth in this section. Each Owner shall notify the secretary of the Association or the Association's manager, if any, of the names of any lessee or tenant of the Owner's Lot pursuant to Section 2.6(a).

(e) Owner's Responsibility.

Each Owner leasing a Lot pursuant to this Section 3.2 shall be strictly responsible and liable to the Association and its Members for the actions of such Owner's lessee(s)/tenant(s) in or about all Lots and the Common Area and for each lessee's/tenant's compliance with the provisions of the Association's Governing Documents.

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Section 3.3. Parking and Vehicle Restrictions.

No vehicles shall be parked on any street in the Development, nor shall any non-currently registered motor vehicle or 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 a 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.

Motor homes, mobile homes, trailers, trucks larger than one-and-one-half (1 & 1/2) ton capacity, 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, recreation vehicle equipment may be stored in outbuildings, garages, or carports approved by the AC. In addition, an Owner or the Owner's 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 3.4. Use of Private Streets.

(a) No motorized vehicles other than automobiles, pickup trucks, registered recreational vehicles and farm equipment shall be operated on the Lots and roadways in the Development.

(b) To prevent accelerated deterioration of the streets, the Board may collect deposits from Owners in connection with construction projects within the Development. Such deposits can be designated as nonrefundable or they can, in the Board's discretion, be applied to correct or repair specific damage caused by construction performed by Owners pursuant to Section 7.4.

(c) All operators of motor vehicles within the Development must possess a valid California or equivalent driver's license.

(d) All provisions of the California Vehicle Code must be honored at all times when operating any motor vehicle within the Development.

Section 3.5. Temporary Structures.

No structure of a temporary character, including, but not limited to, trailer, truck, van, recreational vehicle, boat, trailer, mobile home, camper, tent, shack, garage, barn, or other outbuilding shall be used on any Lot at any time as a Residence, either temporarily or permanently. Provided, however, the AC may grant permission for any such temporary structure for storage of materials during construction.

Section 3.6. Animals.

The following restrictions regarding the care and maintenance of animals within the Development shall be observed by each Owner and Resident:

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(a) Each person bringing or keeping an animal in the Development shall be solely responsible for the conduct of that person's animal(s). The Association, its Board, officers, employees, and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owner, the Owner's Family, 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 (8) feet in length or be under the control of the Owner or caretaker. Without the prior written approval of the AC and unless permissible by ordinances of Yuba County, no livestock or pets, other than horses, cattle, sheep, goats, chickens, or household pets shall be permitted on any Lot or kept in any household without permission of the AC. No swine shall be raised or kept within the Development.

(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 3.7. Signs and Flags.

(a) No signs of any kind or for any purpose whatsoever, including advertising signs or billboards may be displayed on any Lot or posted within or upon any portion of the Common Area except that Owners may post on their Lots any reasonably sized signs required by legal proceedings and a single "For Rent," "For Lease" or "For Sale" sign of reasonable dimensions.

(b) Other signs, posters and notices approved by the Board or specified in the Rules or in this Declaration may be posted in locations designated by the Board.

(c) Appropriate signs may be displayed by the Association to identify the Development.

(d) Signs required by legal proceedings may be displayed.

(e) Pursuant to Civil Code Section 4705, or superseding statute, nothing in this Declaration will be construed to limit or prohibit an Owner from displaying the United States flag on or in the Owner's Lot. Displaying the United States flag means a flag of the United States made of fabric, cloth, or paper displayed from a staff or pole or in a window, and does not mean a depiction or emblem of the flag of the United States made of lights, paint, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component.

Section 3.8. Cultivation of Marijuana.

Any cultivating, growing, manufacturing, distributing, handling or any other activity involving marijuana, including, but not limited to, for medical purposes and/or in accordance with law, within the Development is prohibited.

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Section 3.9. Disposal of Refuse.

(a) 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.

(b) Each Resident's trash containers shall be placed at the curb adjacent to the Resident'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.

(c) Any extraordinary accumulation of rubbish, trash, garbage, or debris (such as debris generated on vacating 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.

(d) 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.

(e) 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 State and local regulations, including, but not limited to, the California Division of Forestry Regulations.

Section 3.10. Antennae; Satellite Dishes.

No Owner shall construct, install and/or use and operate any radio and/or television antenna, satellite dish, other signal reception or transmission devices or related equipment within the Common Area except with the express written permission of the Board. Owners shall notify the Board of the installation of any antenna, satellite dish, or signal reception or transmission device (except those installed within the interior of the Residence) and shall comply with all Association Rules regarding installation, safety and maintenance of such equipment. All such Association Rules shall conform to the requirements of State and Federal law.

Section 3.11. Outside Laundering and Drying.

There shall be no exterior drying or laundering of clothes that is visible from any streets, adjoining Lots, or the Common Area.

Section 3.12. Offensive Conduct or Nuisance.

The following activities are prohibited and shall not be performed on, upon or within the Development:

(a) Activities which are nuisances, or which cause unreasonable embarrassment, disturbance or annoyance to any Residents of the Development, Owners, Board members and/or Association agents, service providers and/or employees or which shall, in any way, interfere with Residents' use and enjoyment of their Lots and/or the Common Area and Common Facilities thereon; provided, however, that the Board may decline to involve itself or the Association in any dispute

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concerning Owners if such dispute does not involve the Common Area or any other Owner or Resident of the Development and if the Board determines that, in view of the possible expenditure of time, effort and costs involved in attempting to resolve the dispute, it would not be in the best interests of the Association to become involved;

(b) Activities that will increase the rate of insurance or result in the cancellation of insurance under any insurance policy obtained by the Association;

(c) Activities that are in violation of any governmental statute, ordinance, law, rule and/or regulation, including, but not limited to, the brandishing and/or discharging of firearms within the Development;

(d) Activities, including, but not limited to, construction of Improvements that would interfere with the natural or established drainage systems or patterns within the Development without the approval of the Board or Architectural Committee;

(e) Activities that permit to emanate, from any Lot or the Common Area, any noise, sound or sight that would unreasonably disturb the quiet enjoyment of another Owner, Resident, or person's use of the Common Area.

Section 3.13. Drilling or Hazards.

The following activities are prohibited and shall not be performed on, upon or within the Development:

(a) Drilling, refining, quarrying or mining operations of any kind;

(b) Exploring for or removing any oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance or other mineral of any kind;

(c) Operating a well for the production of, or from which there is produced, oil or gas;

(d) Use, erection, or maintenance of derricks or any structure designed for use in boring for oil or natural gas.

(e) The storage of the following materials: flammable, explosive, radioactive, or hazardous materials or items that endanger the safety of Residents or Improvements or that may cause an increase in insurance rates to the Association or to another Owner. No tank for the storage of gas or liquid shall be installed on or in the Development unless such installation is approved by the Board.

Section 3.14. 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 AC by fencing or shrubbery.

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Section 3.15. Removal of Trees.

No tree within fifty (50) feet of any property line shall be removed from any Lot without first obtaining written approval by the AC. No clear cutting of trees is allowed without first obtaining written approval by the AC.

Section 3.16. Hunting.

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

Section 3.17. Infectious Diseases and Noxious Animals.

Activities or conditions that would induce, breed, or harbor infectious diseases, noxious insects, rodents and/or vermin;

Section 3.18. Use of Common Area.

The Common Area shall be preserved as open space and used for purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for aesthetic purposes by the Owners, their Family, tenants, guests, and/or invitees. All use of Common Area is subject to the provisions of the Governing Documents.

There shall be no obstruction of any part of the Common Area. Nothing shall be stored or kept in the Common Area without the prior consent of the Board. No alterations or additions to Common Area shall be permitted without the approval of the Board. Nothing shall be done or kept in the Common Area that will increase the rate of insurance on the Common Area without the prior consent of the Board. No Owner shall permit anything to be done or kept in the Common Area that might result in the cancellation of insurance on any part of the Common Area, that would interfere with rights of other Owners, that would be noxious, harmful or unreasonably offensive to other Owners, or that would be in violation of any governmental statute, ordinance, rule or regulation. No waste shall be committed in the Common Area.

Section 3.19. Subdivision of Lots.

No Lot within the Development shall be divided, including, but not limited to, below seven (7) acres, without permission of the AC and Yuba County. No Owner of a Lot within the Development shall be entitled to sever a Lot from the Common Area portion of the Development.

Section 3.20. Regulation of Owner Activity.

In order to promote the Owners' use and enjoyment of the Development and the aesthetic purposes thereof, the Board shall be entitled to adopt, repeal or amend Association Rules governing use of the Common Area and individual Lots and/or which seek to promote the health, safety and quality of life of Association Members and other Residents of the Development, and to impose appropriate fines or other penalties for the violation of the Association Rules.

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Section 3.21. Owner Liability for Damage to Common Area.

The Owner of each Lot shall be liable to the Association for any damages to the Common Area and/or Improvements thereon caused by such Owner, or any Resident of the Owner's Lot or guest, tenant, or invitee. An Owner's liability shall be established only after notice to the Owner and hearing before the Board.

Section 3.22. Termination of Mechanics' Lien Rights and Indemnification.

No labor performed or materials furnished to and incorporated in a Lot or Residence with the consent or at the request of the Owner thereof, Owner's Family, lessees, tenants, or contract purchasers, or any of their agents, contractors, or subcontractors, shall be the basis for filing a lien against the Lot of any other Owner, if said other Owner has not expressly consented to or requested the same, or against the Common Area. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against all liability arising from the claim of any lien against the Lot of any other Owner or against the Common Area for construction performed, or for labor, materials, services, equipment, or other products incorporated into the Owner's Lot or Residence, at such Owner's request or with his or her consent. The provisions of this section shall not apply to any labor performed or materials furnished at the request of the management agent or the Board. At the written request of any Owner, the Association shall enforce such indemnity by collecting from the Owner of the Lot on which the labor was performed or to which materials were furnished, through Special Individual Assessments against said Lot, the amount necessary to discharge any such lien, including all costs incident thereto.

Section 3.23. 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. 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 3.24. Variances.

Upon application by any Owner, the Board of Directors shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article III, if specific application of the restriction will, in the sole discretion of the Board, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of the Development contemplated by this Declaration. In considering and acting upon any request for a variance, the Board shall follow the procedures set forth in Article IV of this Declaration for the granting of architectural variances.

Section 3.25. Enforcement of Property Use Restrictions.

(a) Voluntary Compliance.

The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and other Residents with the environmental standards and property use restrictions contained herein. Each Owner, contract purchaser, lessee, tenant, guest, invitee or other Resident of a Lot or user of

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the Common Area shall comply with the provisions of the Governing Documents. In the event that the Association becomes aware of an architectural or property use infraction that does not necessitate immediate corrective action under Section 14.6 hereof, the Owner 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 non-complying condition and request that the Owner correct the condition within a reasonable time specified in the notice.

(b) Board's Discretion Not to Pursue Enforcement.

The Board shall have the reasonable discretion to decide whether or not it is in the Association's best interest to pursue any enforcement action, including taking into consideration the potential benefits to the Association (and/or its Members) resulting from any such enforcement action as compared with the anticipated financial costs. Where the Board, in its discretion, determines that it is not in the Association's best interest to proceed with an enforcement action, the Board shall notify, in writing, any Member(s) who have requested enforcement by the Association.

ARTICLE IV: ARCHITECTURAL REVIEW AND APPROVAL.

Section 4.1. Appointment and Duties of Architectural Committee.

The Board may from time to time, in its sole discretion, appoint and create an Architectural Committee ("AC"). If created, the AC will consist of three (3) members. All members of the AC must be Members of the Association. AC members shall serve staggered two (2) year terms, subject to the Board's power to remove any AC member and to appoint a successor. Neither the AC nor its designated representatives shall be entitled to any compensation for services performed under this Declaration.

If appointed and created, it shall be the duty of the AC to make recommendations to the Board regarding the proposals and plans submitted to the Association pursuant to this Declaration, to submit to the Board for approval proposed Architectural Rules and Policies pursuant to Section 8.2 below, and to carry out all other duties imposed upon it pursuant to the Governing Documents and the Board.

Section 4.2. Architectural Rules.

The Board or AC shall, from time to time and in its sole discretion, adopt, amend and repeal rules and regulations to be known as "Architectural Rules." The Architectural Rules shall interpret and implement the provisions hereof by setting forth the standards and procedures for architectural review and design of Improvements, placement of Improvements, color schemes, exterior finishes and materials and similar features which are recommended for use in the Development; provided, however, that the Architectural Rules shall not detract from or conflict with the standards required by this Declaration.

Section 4.3. Improvements Requiring Review and Approval.

Owners must obtain approval by the AC, or the Board if no AC has been appointed, prior to commencement of any Improvements to their Lot which do any of the following: (i) change any portion of the Common Area; (ii) involve the construction of Improvements, including but not limited to structures, buildings, fences, or walls that are visible from the Common Area or other Lots; (iii) change the appearance of the exteriors of Residences and buildings that are visible from the Common Area or other Lots; (iv) change the appearance of landscaping visible from the Common Area and other Lots; (v)

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obstruct the view of another Lot from the Common Area; or (vi) interfere with the water supply, sewage, or drainage systems.

Notwithstanding the foregoing, the reconstruction of a Residence or other Improvements within a Lot that are a part of the original construction of such Lot or previously approved by the AC or Board pursuant to this Article IV, shall not require additional review and approval by the AC or Board as long as such Improvements are constructed in accordance with the original process and specifications and in a manner otherwise consistent with this Declaration and specifically this Article IV. In the discretion of the Board, inspection of such Improvements in accordance with Section 4.8, below, may be performed to ensure compliance with the original plans and specifications. In the event of noncompliance with such original plans and specifications, the Board shall have all of the rights to require correction and enforcement of such work as provided in Sections 4.8 and 4.10, below.

Section 4.4. Submission of Plans and Specifications.

Plans and specifications showing the nature, kind, shape, color, size, materials and location of such Improvements, alterations, etc., shall be submitted to the AC, or Board if no AC has been appointed, for approval as to quality of workmanship, design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation must be submitted in writing prior to commencing any work of Improvement on any Lot. The AC or Board shall be entitled to request additional information or details for any proposed work of Improvement or modification of any Lot.

Section 4.5. Basis for Approval of Improvements.

The AC, or the Board if no AC has been appointed, shall meet from time to time as necessary to properly perform its duties pursuant to this Article IV. The following constitutes a quorum to perform duties: two (2) members if the AC has three (3) members; three (3) members if the AC has five (5) members; and three (3) Directors if the no AC has been appointed. Every act or decision done or made by a majority of a quorum shall be regarded as the act of the AC, or the Board if no AC has been appointed.

When a proposed Improvement is submitted to the AC or Board for review, it shall grant the requested approval only if, in its sole discretion, the AC or Board finds that all of the following provisions have been satisfied:

(a) The Owner has complied with those provisions of the Architectural Rules pertaining to the content, and procedures for submittal, of plans and specifications;

(b) The Owner's plans and specifications (i) conform to this Declaration and to the Architectural Rules, or any other Association Rules in effect at the time such plans are submitted to the AC or Board; and (ii) will not interfere with the reasonable enjoyment of any other Owner of their property; and

(c) The proposed Improvement(s), if approved, will be consistent with the architectural and aesthetic standards prevailing within the Development, in harmony with the external structures and/or landscaping within the Development and are consistent with the overall plan and scheme of Development and the purposes of this Declaration.

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The AC or Board shall be entitled to determine that a proposed Improvement or component thereof is unacceptable when proposed on a particular Lot, even if the same or a similar Improvement or component has previously been approved for use at another location within the Development if factors such as drainage, topography or visibility from roads, Common Areas or other Lots or prior adverse experience with the product or components used in construction of the Improvement, design of the Improvement or its use at other locations within the Development mitigate against erection of the Improvement or use of a particular component thereof on the Lot involved in the Owner's submittal.

If at any time the AC or Board determines that any proposed Improvement or architectural request requires the opinion or advice of an architect, licensed building designer or engineer to design or review the structural integrity of any proposed Improvement or component thereof, the AC or Board shall inform the requesting Owner in writing of its determination and that all subsequent plans and specifications must bear evidence of such preparation or review. In the event that the AC or Board hires an architect, licensed building designer or engineer to design or review an Owner's plans and specifications, such costs shall be paid by the Owner and shall constitute a Special Individual Assessment.

It is expressly agreed that the AC or Board shall be entitled to make subjective judgments and to consider the aesthetics of a proposal when considering an Owner's request so long as the AC acts reasonably and in good faith. In approving or disapproving an Owner's plans and specifications, the AC or Board shall comply with the provisions of Civil Code Section 4765 or comparable superseding statute.

Without in any way limiting the generality of the foregoing, the AC or Board, or any member thereof, may, but is not required to, consult with or hear the views of any Owner whose Lot may be affected with respect to any plans, drawings, specifications or any other proposal submitted to the AC or Board.

Section 4.6. Procedures for Approval.

In approving a request for construction of an Improvement, the AC or Board may condition approval upon the adoption of modifications in the plans and specifications or observance of restrictions as to location, noise abatement, color or materials modifications or similar mitigating conditions. The AC or Board shall provide the requesting Owner of either written notice of approval or disapproval of their request. If a proposed change is disapproved, the written notice shall include an explanation of why the proposed change is disapproved.

(a) Time Frame for Approval.

All approvals and rejections of requests shall be in writing; provided, however, in the event the AC or Board fails to approve or disapprove such plans and specifications within sixty (60) days after they have been submitted, the request shall be deemed denied. If an Owner's request is denied, the Owner shall have thirty (30) days to re-submit the Owner's application to the AC or Board. If an Owner re-submits an application and the AC or Board again fails to approve or disapprove of such plans and specifications within forty-five (45) days, the request shall be deemed approved, except that as long as State law so provides, applications for installation of electrical vehicle charging stations in Lots are deemed approved if the AC or Board fails to respond to the application within sixty (60) days.

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(b) Modifications to Approved Plans and Specifications.

Once work for an Improvement has been duly approved by the AC or Board, no material modifications shall be made to the approved plans and specifications therefore 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 AC or Board. If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the work, the AC or Board, in its discretion, may order the Owner, his or her contractor(s) and agents to cease working not only on the modified component of the Improvement, but also on any other affected component.

Section 4.7. Inspection.

The AC, the Board, or a duly authorized representative may enter onto any Lot, from time to time, as provided below during the course of or after construction or installation of any Improvement for the purpose of inspecting such Improvement to determine whether it was installed in substantial compliance with the approved plans and specifications. The AC, the Board, or a duly authorized representative may not enter onto a Lot without obtaining the prior permission of the Owner; provided, however, that such permission shall not be unreasonably withheld and shall be given within forty-eight (48) hours of the request for entry.

Upon completion of any Improvement pursuant to this Article IV, the Owner shall deliver notice of completion to the AC or Board. If the AC or Board determines that such construction and/or installation is not being done or has not been completed in substantial compliance with the approved plans and specifications, it shall notify the Owner of such non-compliance within thirty (30) days after the inspection and/or submittal of the Owner's notice of completion, shall specify the details of the non-compliance, and shall require the Owner to correct such non-compliance. If such non-compliance is not corrected, the Association shall proceed with the enforcement provisions specified in Section 4.10, below.

Section 4.8. Completion.

The Owner shall complete the construction, reconstruction, refinishing or alteration of any such Improvement within eighteen months after commencing construction thereof, except and for as long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his or her agents. If an Owner fails to comply with this Section 4.9, the AC or Board shall proceed in accordance with the provisions of Section 4.10, below, as though the failure to complete the Improvements was a non-compliance with approved plans.

Section 4.9. Enforcement.

(a) In the event that it comes to the knowledge and attention of the AC, the Association, the Board, or the agents or employees of either that work of an Improvement, or any modification thereof, is proceeding without proper approval and/or in noncompliance with approved plans, the Association shall be entitled to exercise enforcement remedies specified in this Declaration, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement until such time as proper AC or Board review and approval is obtained.

No work for which approval is required shall be deemed to be approved simply because it has been completed without complaint, notice of violation, or commencement of a suit to enjoin such

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work. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred for such proceeding.

(b) If the Owner fails to remedy any noncompliance within thirty (30) days after receipt of written notice of noncompliance, the Board shall then set a date on which a hearing shall be held regarding the alleged noncompliance. The hearing date will not be more than thirty (30) days nor less than fifteen (15) days after the notice of noncompliance is issued to the Owner.

(c) At the hearing, the Owner, and, in the Board's discretion, any other interested person may present information relevant to the question of the alleged noncompliance. After considering all such information, the Board shall determine whether there is noncompliance and, if so, the nature thereof. If a noncompliance is determined to exist, the Board may require the Owner to remedy or remove the same within such a period or within any extension of such time period as the Board in its discretion may grant.

If the Owner fails to take corrective action after having a reasonable opportunity to do so, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance. The Owner shall reimburse the Association for all expenses incurred in connection therewith upon demand. If such expenses are not properly repaid by the Owner to the Association, the Board shall recover such expenses by levying a Special Individual Assessment against the Owner.

Section 4.10. Estoppel Certificate.

Within thirty (30) days after written demand is delivered to the Board by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Board shall execute an estoppel certificate, executed by any two (2) of its members, certifying (with respect to any Lot owned by the applicant Owner) that as of the date thereof, either (a) all Improvements made and other work completed by said Owner with respect to the Lot comply with this Declaration; or (b) that 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 anyone deriving any interest in said Lot through the Owner, shall be entitled to rely on said estoppel 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 4.11. Non-Waiver; Variances.

The approval by the AC or Board of any plans, drawings or specifications for any work, 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. The AC or Board shall be entitled to allow reasonable variances in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships.

Section 4.12. Compliance with Governmental Requirements.

The application to the Association and the review and approval of any proposal, plan or other submittal shall in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements. The Owner bears sole responsibility for obtaining all necessary governmental permits/authorizations and/or complying with all governmental requirements, including all applicable building codes.

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Section 4.13. Appeal of AC Decision to Board.

Unless the Board is acting as the AC, upon its own initiative or upon the written request of the AC or any Association Member, the Board may review (and affirm or alter) any decision of the AC, provided that any such request for review shall be presented to the Board within thirty (30) days after the AC's findings and decision has been mailed or delivered to the Owner who submitted the subject application, or, in the case of Common Area Improvements, to the managing agent of the Association. The Board, at an open meeting, will review such request and render a decision within ninety (90) days of receipt thereof or at the time of the next regular Board meeting, whichever is later. A written notice of the Board's decision will be sent to the person or persons who submitted the request for review within fifteen (15) days after the decision is made. The failure of the Board to render a decision within the ninety (90) day period shall be deemed a decision against the Owner.

Section 4.14. Liability for Actions of AC/Board.

As long as the AC/Board, or any such member thereof, has acted in good faith on the basis of such information as may be possessed by them at the time their decision was made, neither the AC/Board nor any member thereof shall be liable to the Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications; and/or (c) the execution and filing of an estoppel certificate pursuant to Section 4.11, whether or not the facts therein are correct.

Section 4.15. Minimum Improvement Standards.

Unless a variance is requested from, and granted by, the AC in accordance with Section 4.11, Improvements constructed on any Lot in the Development shall conform to the following minimum improvement standards also referred to herein as the "Architectural Rules":

(a) Building Plans.

All building and Improvement plans must be submitted to, and approved by, the AC before being submitted to any governmental agency to obtain a building permit.

(b) Compliance with Approved Plans and Applicable Improvement Requirements.

Once approved by the AC, 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 Architectural Rules (unless the AC has approved a specific variance from those standards).

(c) 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.

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(d) Minimum Area of Residences.

Every Residence shall contain at least two thousand five hundred (2,500) square feet of fully enclosed floor area devoted to living purposes.

(e) Height and Size Limitation.

In addition to regulating the size of Residences, the AC or Board 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.

(f) Fences.

Where, in the opinion of the AC or Board, 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 AC or Board and of the type of construction approved by the AC or Board. No fences will be constructed within the sixty (60) feet roadway easement.

(g) Setback Requirements.

The following minimum dimensions shall govern the front, side and rear setbacks on all Lots (except fences or walls where approved or required by the AC or Board): (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.

(h) Underground Power.

Power is to be underground from the mainline to all uses unless approved by the AC or Board.

(i) 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.

(j) Occupancy of Residences.

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

(k) Driveways.

All driveways on Lots shall be paved with asphalt or concrete for a minimum distance of thirty (30) feet back from the roadway. Paving of the driveway shall be completed within six (6) months after construction of the Residence on the Lot is completed.

(l) Outbuildings.

All outbuildings (e.g., shops and garages) shall be built with similar construction and complementary design as the primary Residence on the Lot. The AC's or Board's approval of plans and

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specifications submitted for an outbuilding shall take into consideration the location and visibility of the outbuilding.

(m) Roofs.

All roofs on single-family residences shall have at least a six by twelve (6 x 12) pitched roof unless approved by the AC or Board. This provision does not apply to outbuildings.

(n) Construction Location.

All homes shall be constructed on the Lot site.

(o) Changes to Architectural 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 Association approval and shall include a copy of the procedure used to review and approve or disapprove a proposed change. (Civil Code Section 4765 or superseding statute).

ARTICLE V: MAINTENANCE RESPONSIBILITIES.

The Development shall be maintained in an attractive, safe, and sanitary condition and in a good state of repair.

Section 5.1. Association Maintenance Responsibility.

(a) Common Area.

The Association will provide all maintenance, repair, and replacement upon the Common Area, including all Improvements, non-exclusive use roadway easements; utility facilities, lines and laterals (excluding those utility facilities maintained by utility companies or agencies and excluding any utility lines that exclusively service a single Residence or Lot, regardless of whether those lines are located within the Common Area or Lots); lights; and open spaces.

Only the Association may construct, reconstruct, refinish, alter or maintain any Improvement upon, or may create any excavation or fill or change the natural or existing drainage of, any portion of the Common Area. No person may remove any tree, shrub or other vegetation from, or plant any tree, shrub or other vegetation on the Common Area without prior written approval of the Association. Without limiting the foregoing, the Association shall be responsible for:

(i) The construction, reconstruction, replacement, refinishing of any road, driveway, trail, or surface on any portion of Common Area designated on the Subdivision Map as a Private Street, 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.

(ii) 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.

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(b) Lots/Residences.

The Association shall have no maintenance, repair, or replacement obligations for or of any of the Lots or Improvements on the Lots.

(d) Right of Entry.

The Association, and/or its agents/representative will have the right, when necessary, to enter any Lot to perform the Association's obligations under this Declaration, including making necessary repairs that an Owner has failed to perform under Section 5.2, below, and/or perform work because a Lot or any part thereof has become a nuisance, fire or safety hazard and then recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner.

Section 5.2. Owner Maintenance Responsibilities.

(a) Common Area.

Each Owner is responsible for the costs incurred to repair or replace any portion of the Common Area that is due to the willful or negligent act or omission of the Owner, unless the repair or replacement is covered by the Association's insurance and the Association submits an insurance claim. If the repair or replacement is covered by the Association's insurance and the Association submits a claim, then the Association is only responsible to the extent of the insurance coverage and the offending Owner is responsible and liable for the remainder of the costs, including the insurance deductible.

(b) Lots/Residences.

Each Owner shall be responsible for the maintenance, repair and replacement of all Improvements on the Owner's Lot and the landscaping on the Owner's Lot. Unless due to the any willful or negligent act or omission by the Association, the Association has no obligation for the maintenance, repair or replacement of any Improvement, including landscaping, on the Owner's Lot.

Pursuant to Civil Code Section 4780, or superseding statute, each Owner is responsible for the repair and maintenance of the Owner's Lot/Residences as may be occasioned by dry rot or the presence of wood-destroying pests or organisms.

Each Owner is responsible for the maintenance, repair, and replacement of Residence interiors; Residence furnishings; and utility installations, appliances and/or fixtures which service that Lot exclusively and/or are located within such Lot.

(c) Pond and Water Body Maintenance.

All ponds and water bodies located on an Owner's Lot shall be maintained in an aesthetically pleasing manner by the Owner of the Lot or be subject to maintenance being performed by the Association at the expense of the Owner. Payment for such maintenance will be due and payable upon receipt of any invoice, and unpaid balances shall be collected as a Special Individual Assessment in accordance with Section 7.4 and the procedural requirements of Section 14.6.

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(d) Resulting Damage.

The duty to repair or replace property in the Development, including, but not limited to, any Owner's Lot, Residence, or personal property, that is due to water infiltration or water leaks from any pipes, drains, conduits, appliances, and/or equipment, and/or from outside any Lot or any part of a building, and/or any other place or cause, unless caused by the gross negligence of the Association, the Board, officers, manager, or employees will be borne by the Owner of the property. Owners agree to bear the risk of any such loss and that the Association will not be liable to reimburse them for property damage when the Association does not submit an insurance claim or for a loss that is not covered by the Association's insurance.

Section 5.3. Water System.

The water system for the Association is currently maintained by the Association. The Owners pay directly the utility and water costs. Browns Valley Irrigation District (BVID) might in the future maintain the water systems supplying irrigation and fire suppression water for the Development. In that event, the Association may pay all BVID and electrical charges for the operation and maintenance of the water system and each Owner would then be assessed in accordance with the provisions of Article VII.

Section 5.4. Recovery of Costs of Certain Repairs and Maintenance.

(a) Willful or Negligent Acts of Owner.

In the event that the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder, is caused through the willful or negligent act(s) of an Owner, Owner's Family, guests, tenants, or invitees, and is not covered or paid for by Association insurance policies or any liability insurance maintained by 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 7.4 and the procedural requirements of Section 14.6. The decision whether to file an insurance claim shall be in the reasonable discretion of the Board.

(b) Owner's Failure to Perform Required Maintenance.

In the event that an Owner fails to perform maintenance functions for which the Owner is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within fifteen (15) days. If the Owner refuses or fails to perform any necessary repair or maintenance within the allotted time, the Association may exercise its rights under Section 6.5(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 14.6, hereof.

(c) Lot Improvements and Personal Property.

The duty to repair, replace or restore Lot Improvements and/or personal property in the Development, including personal property of any Owner or Resident of any Lot, that is due to and/or results from water infiltration and/or water leaks from any pipes, drains, conduits, appliances and/or

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equipment; and/or from outside any Lot or any part of a building; and/or from tree roots; and/or any other place or cause, unless caused by the negligence of the Association, will be borne by the Owner of said Improvements and/or personal property. Persons bound by this Declaration agree to bear the risk of any such loss and that the Association will not be liable to reimburse them for property damage that is not covered by the Association's insurance.

(d) Wood-Destroying Pests and Organisms.

Unless caused by the gross negligence of the Association, the Owner of each Lot shall be solely responsible for eradication of any wood-destroying pests or organisms found anywhere within the Owner's Lot (including exterior surfaces of the Residences) and for repair of any damage to the Lot and Improvements thereon caused by any such wood-destroying pests or organisms. For purposes of this subsection, "wood destroying pests and organisms" include but are not limited to termites, dry rot and mold.

Section 5.5. Cooperative Maintenance Obligations.

To the extent necessary or desirable to accomplish the maintenance obligations hereunder, individual Owners and the Association shall cooperate in the performance of maintenance work.

ARTICLE VI: HOMEOWNERS ASSOCIATION.

Section 6.1. Management and Operation.

The Association shall manage and operate the Development in accordance with applicable provisions of the Governing Documents and California law, including law applicable to non-profit mutual benefit corporations and common interest developments.

Section 6.2. Association Membership.

Every Owner of a Lot shall be a Member of the Association. The Owner(s) of a Lot shall hold jointly one (1) membership in the Association for each Lot owned. The membership shall be appurtenant to each Lot and may not be separated from ownership of the Lot to which it relates. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or deed. Any lessee/tenant who is delegated rights of use pursuant to Section 2.4 hereof does not thereby become a Member, although the lessee/tenant and members of the lessee/tenant's Family shall, at all times, be subject to the provisions of all Governing Documents.

Each Owner shall remain a Member of the Association until his or her ownership in every Lot in the Development ceases, at which time his or her membership in the Association shall automatically cease. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale or encumbrance of the Lot to which it is appurtenant and then only to the purchaser. In the case of a sale, membership passes automatically to the purchaser upon recording of a deed evidencing transfer of title to the Lot.

Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in the Owner's name to the purchaser of his or her Lot, the

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Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 6.3. Voting.

Only Members shall be entitled to vote, and votes shall be cast for each Lot owned by said Member, as more particularly set forth in the Bylaws. Voting rights may be temporarily suspended under those circumstances described in Section 14.6, below.

Section 6.4. One Class of Membership.

The Association shall have one (1) class of membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

Section 6.5. Powers and Authority of the Association.

(a) Powers Generally.

The Association shall have responsibility for managing and maintaining the Common Areas and Common Facilities and shall discharge all duties and responsibilities imposed on the Association by the Governing Documents and applicable California law. In discharging its responsibilities and duties, the Association and its Board shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents.

The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of 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 this Declaration and the Bylaws.

(b) Association's Limited Right of Entry.

At the Board's discretion, the Association, and/or its agents/representative shall have the right, when necessary, to enter any Lot to perform the Association's obligations under this Declaration, including (i) exterior maintenance or repair obligations; (ii) obligations to enforce the architectural and land use restrictions of Article III and Article V hereof; (iii) any obligations with respect to construction, maintenance and repair of adjacent Common Areas, Common Facilities, utilities and/or other services; or (iv) to make necessary maintenance or repairs that an Owner has failed to perform which, if left undone, is in violation of this Declaration or will pose a threat to, or cause an unreasonable interference with, Association property or the Owners in common.

The Association's rights of entry under this Subsection (b) shall be immediate in case of an emergency originating in or threatening the Lot where entry is required, or any adjoining Lots or Common Area, and the Association's work may be performed under such circumstances whether or not the Owner or Owner's lessee is present. In all non-emergency situations, the Association or its agents shall furnish the Owner or Owner's lessee with at least twenty-four (24) hours written notice of the Association's intent to enter the Lot, specifying the purpose and scheduled time of such entry and shall

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make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing within the Lot.

The Association's rights of entry under this Subsection (b) shall expressly include the right to transfer said rights of entry to others (including, but not limited to employees, contractors and/or service providers retained by the Association) by permit, license, easement, or otherwise, for the benefit of the Development and the Owners of Lots therein.

(c) Association as Attorney-in-Fact for Owners.

Without limiting the generality of the foregoing, the Association is hereby irrevocably appointed as the attorney-in-fact for the Owners of each and every Lot to: (i) manage, control and deal with the interest of such Owners in the Common Area so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder; (ii) deal with the Development upon its destruction or obsolescence as hereinafter provided; and (iii) deal with and handle insurance and insurance proceeds, as provided in Articles IX and X hereof, and condemnation and condemnation awards, as provided in Article XI hereof. The acceptance by any person or entity of any interest in any Lot shall constitute an appointment of the Association as the Owner's attorney-in-fact as provided above.

Section 6.6. Board of Directors.

The affairs of the Association shall be managed by or under the direction of the Board of Directors. The number and qualifications of the Directors shall be as established in the Bylaws.

(a) Powers of the Board.

The Board shall have all of the powers and duties set forth in the Governing Documents.

(i) Exclusive Power.

Except as expressly otherwise provided herein, the powers and duties of the Association which the Governing Documents do not reserve to the Members shall be exclusively exercised and performed by the Board (or such committees or officers as the Board may establish, elect or appoint pursuant to the provisions of the Bylaws). Any power to be exercised or duty to be performed by the Association shall not be exercised or performed by any Owner individually without the written consent of the Board.

(ii) General Powers of the Board.

Without limiting any powers of the Board conferred elsewhere in the Governing Documents, the Board shall have the following powers:

(A) To call meetings of the Members.

(B) To appoint and remove at pleasure all officers, committees (including the nominating and architectural committees), agents and employees of the Association, prescribe their duties, fix their compensation (subject to Section 6.7(d)), and require of them such security or fidelity bonds as it may deem necessary. Nothing contained in this Declaration shall be construed to prohibit the employment by the Association of any Member, Director or officer of the Association in any capacity whatsoever.

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(C) To establish, fix, levy, assess and collect Assessments against the Owners of Lots within the Development and to enforce payment of such Assessments in accordance with Article VII of this Declaration. Any Assessments levied by the Association on its Members shall be levied in accordance with and pursuant to the provisions of the Governing Documents.

(D) To authorize and cause the Association, subject to Section 6.7, to: (1) enter into management contracts and contracts for the day-to-day operation of the Association and the discharge of its responsibilities and obligations; or (2) enter into lease, license or other agreements for the use of property or facilities not a part of the Common Area. No contract for professional management shall have a term of more than three (3) years and each such contract shall be subject to all the other provisions hereof and shall be terminable by either party without cause or payment of a termination fee on sixty (60) days written notice. Any reference to the "term" of a contract as used in this Subsection 6.6(a)(ii)(D) shall not include any option or automatic renewal or extension period so long as the term of the contract may not be renewed or extended if notice is given by the Association pursuant to provisions contained within the contract.

(E) To adopt, amend, and repeal Association Rules consistent with this Declaration relating to use of the Common Area and the Lots, the conduct of Owners, and their Families, tenants, guests and invitees within the Development and such other matters as authorized by the Governing Documents. The Association Rules shall be considered as part of the Governing Documents of the Association and may be enforced in the same manner as any other Governing Document. However, no Association Rule shall restrict any rights of Owners or Residents established by the other Governing Documents (Articles, Bylaws and this Declaration), and in the event of any conflict between an Association Rule and any other Governing Document, the provisions of the other Governing Document shall control.

(F) To delegate its powers to committees, officers, or employees of the Association.

(G) To grant easements on, over, under, across, and through the Development for public utility and other purposes consistent with the provisions of this Declaration and the intended use of the Development as a Planned Development.

(H) Except as expressly otherwise provided herein, the Board shall have the exclusive right and obligation to manage and administer the Common Area and to contract for all goods, services, and insurance, payment for which is to be made from the Assessments hereinafter provided.

(I) Open bank accounts on behalf of the Association and designate the signatories to such bank accounts.

(J) Bring and defend actions on behalf of two (2) or more Members or the Association to protect the interests of the Members or the Association, as such, as long as the action is pertinent to the operations of the Association, and to assess the Members for the cost of such litigation. However, the Board shall have the discretion to decide whether or not it is in the Association's best interest to pursue any such enforcement action, including taking into consideration the potential benefits to the Association (and/or its Members) resulting from any such enforcement action as compared with the anticipated financial costs. Where the Board, in its discretion, determines that it is not in the Association's best interest to file an enforcement action, the Board shall notify, in writing, any Member(s)

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who have requested enforcement by the Association. Prior to filing litigation regarding any disciplinary action against a Member, the Board shall comply with the requirements set forth in Section 14.6.

(K) Establish and impose monetary penalties (fines) for the infraction of any provision of the Governing Documents, in accordance with a schedule of monetary penalties adopted by the Board and distributed to all Members, and suspend the voting or other membership rights and privileges of a Member, during any period in which such Member shall be in default in the payment of any assessment, fine, or other charge levied by the Association, and/or for any infraction of the Governing Documents.

(iii) No Active Business.

Nothing contained in this Declaration, however, shall be construed to give the Board authority to conduct an active business for profit on behalf of the Association, all of the Owners, or any of them. The Board shall have no such power or authority. However, this Subsection (iii) shall not prohibit the Association and/or its Board from acquiring, owning, leasing and/or selling any Lot within the Development.

(b) Duties of the Board.

The Board shall:

(i) Association Duties.

Cause all duties imposed on the Association by Governing Documents to be properly performed.

(ii) Records.

Cause a complete record of all its acts and corporate affairs to be kept, and to prepare budgets and financial statements for the Association.

(iii) Supervise.

Supervise all officers, agents and employees of the Association and to see that their duties are properly performed. The Board may at all times, subject to all provisions of this Declaration, retain professional management for the Development.

(iv) Assessments.

With reference to Assessments of the Association:

(A) Fix, levy and collect Assessments pursuant to the provisions of Article VII of this Declaration.

(B) Approve the annual budget and fix the amount of the Assessment against each Member for each Assessment period in compliance with the provisions of Civil Code Section 5300, et seq., or comparable superseding statute;

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(C) Prepare a roster of the Members and Assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member;

(D) Send written notice of each Assessment to every Member subject thereto; and

(E) Issue or cause an appropriate officer to issue certificates as required by Sections 4.11 and 7.12.

(v) Insurance.

Contract for casualty, liability and other insurance, sureties and/or bonds (including indemnity bonds) on behalf of the Association with such coverages and in such amounts as required by this Declaration and as deemed necessary by the Board.

(vi) Vacancies.

Fill a vacancy or vacancies on the Board except for a vacancy created by the removal of a Board Member by a Member recall.

(vii) Discharge of Liens.

Pay any amount necessary to Bond or discharge any claim which may be or become a lien or encumbrance levied against the Development as a whole or any part thereof which constitutes a lien against the Common Area, rather than merely against the interest therein of particular Owners; provided, however, that where one (1) or more Owners are responsible for the existence of such lien, they shall jointly and severally be liable for the cost of discharging it, and any costs incurred by the Association by reason of said lien or liens shall be assessed against each such Owner and said Owner's Lot as provided in Section 7.4. No decision resulting in such liability or Assessment shall be reached before providing the Owner(s) with notice and hearing satisfying the requirements of Section 14.6 of this Declaration.

(viii) Enforcement.

Commence and maintain, in the name of the Association and on its behalf, or in the name and on behalf of any Owner who consents thereto, actions for damages arising from, or to restrain and enjoin, or to take any reasonable action necessary to prevent, any actual or threatened violation of the provisions of this Declaration, the Articles, the Bylaws, the Association Rules, the orders and awards of arbitration, or resolutions of the Board, or to enforce, by mandatory injunction or otherwise, the provisions of the foregoing.

However, the Board shall have the discretion to decide whether or not it is in the Association's best interest to pursue any such enforcement action, including taking into consideration the potential benefits to the Association (and/or its Members) resulting from any such enforcement action as compared with the anticipated financial costs. Where the Board, in its discretion, determines that it is not in the Association's best interest to file an enforcement action, the Board shall notify, in writing, any Member(s) who requested enforcement by the Association.

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In addition, the Board may suspend the voting rights of an Owner or assess monetary penalties against any Owner or other person entitled to exercise such privileges for any violations of the provisions of the foregoing; provided that the Owner is given fair notice and the opportunity to be heard (in satisfaction of the minimum requirements of Section 14.6 of this Declaration) with respect to the alleged violation before a decision to impose discipline is made. The Board may delegate some or all of its enforcement rights to a disciplinary committee.

Notwithstanding anything to the contrary herein contained, neither the Board nor the Association shall have the power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his or her Lot, including access thereto over and across the Common Area, except when such loss or forfeiture is the result of: (A) a judgment of a court, (B) a decision arising out of arbitration, and/or (C) on account of a foreclosure (judicial or non-judicial) for failure of the Owner to pay the Assessments levied pursuant to the provisions hereof.

In the event legal action (including arbitration or mediation required under California law as a prerequisite to any lawsuit) is instituted by the Board pursuant to this section, any judgment or award rendered in any such action shall include all costs of collection (including but not limited to related management fees and costs), court/arbitration/mediation costs and reasonable attorneys' fees.

(ix) Operating Requirements.

Obtain any other material, supplies, furniture, property, labor, services, maintenance, repairs, construction, reconstruction, structural alterations, insurance, taxes, or Assessments which the Association is required to secure or pay by law, local requirement, or pursuant to the terms of this Declaration, or as is necessary for the operation of the Development, or for the enforcement of this Declaration; provided, however, that if any such materials, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or Assessments are provided for particular Lots, the costs thereof shall, as is reasonable, be assessed to such Lots and the Owners thereof as provided in Section 7.4 or as provided in the Bylaws.

Section 6.7. Limitations on Powers of the Association and Board.

Neither the Board nor the Association shall have the power to take, and both are hereby expressly prohibited from taking, any of the following actions without the vote or written assent of a majority of the voting power of the Association's Members:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year with the following exceptions:

(i) A management contract as long as such contract contains provisions that allow the Association to terminate the management services under the contract upon a notice period that does not exceed sixty (60) days;

(ii) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission or Federal Communication Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

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(iii) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits short rate cancellation by the insured;

(iv) Lease agreements for equipment, cable television equipment or services, satellite dish television equipment or services, or burglar or fire alarm equipment or services, not to exceed five (5) years duration;

(v) Agreements for terms not to exceed three (3) years that are terminable by the Association after no longer than one (1) year without cause, penalty or other obligation upon sixty (60) days written notice of termination to the other party.

For purposes of this Subsection (a) the one (1) year maximum "term" of a contract does not include any option period(s), renewal period(s) and/or extension(s) of time to the contract term so long as the contract contains provisions allowing the Association to non-renew and/or cancel the contract upon the expiration of said term.

(b) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(d) Paying compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business; provided, however that the Board may cause a Board member or officer to be reimbursed for expenses incurred in carrying on the business or of the Association; or,

(e) Filling a vacancy on the Board created by the removal of a Director.

Section 6.8. Non-liability of Officials.

To the fullest extent permitted by law, neither a Director, officer, committee of the Association, member of a committee of the Association, nor the Board (collectively and individually referred to as the "Released Party"), shall be liable to any Member, Owner, the Association or any other party for any damage, loss, claim, liability or prejudice suffered or claimed on account of any decision, approval, disapproval, course of action, act, inaction, omission, error, negligence or the like made in good faith and within which such person or entity reasonably believed to be the scope of its duties.

(a) Claims Regarding Breach of Duty.

No Released Party shall be personally liable to any of the Association's Members, or to any other person, for any error or omission in the discharge of their duties and responsibilities or for their failure to provide any service required hereunder or under the Bylaws, provided that such Released Party has, upon the basis of such information as may be possessed by the Released Party, 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.

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

(b) Other Claims Involving Tortious Acts and Property Damage.

No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortious act or omission of a volunteer Member of the Board or volunteer officer of the Association shall recover damages from such Board Member or officer if all of the following conditions are satisfied:

- (i) The Board Member or officer does not own more than two (2) Lots;
- (ii) The act or omission was performed within the scope of the volunteer Board member's or officer's Association duties;
- (iii) The act or omission was performed in good faith;
- (iv) The act or omission was not willful, wanton, or grossly negligent;
- (v) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim was made one (1) or more policies of insurance that include coverage for general liability of the Association and individual liability of the officers and Directors of the Association for negligent acts or omissions in their official capacities, with minimum coverage for both types of insurance equal to the amounts specified in Civil Code Section 5800 or comparable superseding statute.

The payment of actual expenses incurred by a Board member or officer in the execution of that person's Association duties shall not affect that person's status as a volunteer Board member or officer for the purposes of this section. However, any Director or officer who receives direct or indirect compensation from a financial institution that acquired a Lot within the Development as the result of a judicial or nonjudicial foreclosure proceeding is not a volunteer.

The provisions of this Subsection (b) are intended to reflect the protections accorded to volunteer Directors and officers of community associations under Civil Code Section 5800 or superseding statute. In the event that Civil Code section is amended or superseded by another, similar provision of the California statutes, this Subsection (b) shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor code provision.

(c) Indemnification of Directors, Officers, Employees and/or Agents.

The indemnification rights (including the right to advancement of expenses) of Directors, officers, employees and/or agents shall be governed by the provisions of Corporation Code Section 7237 or comparable superseding statute. As set forth in Article IX, the Association has the right to purchase and maintain insurance on behalf of its Directors, officers, employees and/or agents against liability asserted against or incurred by any Director, officer, employee and/or agent in its capacity or status as such.

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ARTICLE VII: ASSESSMENTS.

Section 7.1. Assessments Generally.

(a) Covenant to Pay Assessments.

Each Owner of one (1) or more Lots, by acceptance of a deed or other conveyance therefore (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, and (iii) Special Individual Assessments levied by the Association as hereinafter provided, together with all additional charges. Such deed or conveyance shall be deemed to vest in the Association the right and power to initiate all actions and procedures as the Board shall deem necessary or appropriate for the collection of such Assessments and charges and for the enforcement of the liens hereinafter provided for. Each such Assessment shall be established and collected as hereinafter provided. No Owner may waive or otherwise escape liability for any Assessment provided for herein by nonuse of the Common Area or by abandonment.

(b) Extent of Owner's Personal Obligation for Assessments.

(i) Obligation Runs with the Land.

The obligation to pay Assessments and charges and the right and power of the Association to initiate all actions and procedures for collection shall run with the land, so that each successive Owner(s) of record of any Lot within the Development shall, in turn, become liable to pay all Assessments and charges assessed during the time they are record Owner of such Lot.

(ii) Personal Debt of Owner.

All Assessments permitted or required herein, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a separate, distinct and personal debt and a personal obligation of the person or entity that was the Owner of the Lot at the time the Assessment was levied.

(iii) Liability of Subsequent Owner.

Any grantee and/or Owner who acquires title to a Lot (whether at judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot so purchased which become due and payable after the date of such sale, and shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability.

(iv) Liability of Prior Owner.

After a record Owner transfers, of record, any Lot the Owner owns, he or she shall not be liable for any Assessments levied after the transfer with respect to that Lot. Any unpaid Assessment of a previous Owner shall remain the debt of such previous Owner against whom the Assessment was assessed and the previous Owner shall remain personally liable. A contract seller of any Lot shall continue to be liable for all Assessments and charges until a conveyance by deed of such Lot is recorded in the Office of the Yuba County Recorder.

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(c) Authority of Board to Levy Assessments.

The Board shall have the power, duty and authority to levy Regular and Special Assessments sufficient to meet the Association's obligations under the Governing Documents and applicable law. The Board shall not levy or collect an Assessment or fee that exceeds the amount necessary to defray the costs for which it is levied. The Board shall also have the power and authority to levy Special Individual Assessments against particular Owners and their Lot(s).

(d) Authority of Board to Record Assessment Lien.

The Board shall have authority to prepare and record a lien against any Lot for which assessments are delinquent, and to foreclose upon such lien pursuant to Section 7.9 of this Declaration.

(e) No Avoidance of Assessment Obligations.

No Owner may exempt him or herself from personal liability for Assessments duly levied by the Association, nor release the Lot or other property owned by him or 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 non-use of his or her Lot or any other portion of the Development.

(f) Offsets.

All Assessments levied by the Board shall be payable in the full amount specified, including any additional charges imposed as provided for by the Governing Documents. No offsets against any such Assessment shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Governing Documents.

Section 7.2. Regular Assessments.

(a) Purpose of Regular Assessments.

All Regular Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Residents of the Development and, in particular, for the maintenance, operation and Improvement of the Lots, Common Area, and any real or personal property in which the Association holds an interest.

(b) Annual Budget; Regular Assessments & Board Authority.

In accord with the timing provisions of Civil Code Section 5300 (or comparable superseding statute), if any, 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/Common Area), prepare and then distribute to all Association Members a budget satisfying the requirements of the Bylaws. If the Board fails to distribute the budget for any fiscal year within the time period provided for in this section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains the approval of Owners.

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(c) Board or 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 that, except as provided in Subsections (e) and (g) below, the Board of Directors may not impose a total aggregate Regular Assessment that is more than twenty percent (20%) greater than the total aggregate Regular Assessment for the Association's immediately preceding fiscal year without the vote or written assent of Members casting a majority of the votes at a duly called meeting or election of the Association (see Section 7.7, below). For purposes of this Subsection (c), the phrase "total aggregate Regular Assessment" means the amount of Regular Assessment assessed to and due from all Lots for that particular year.

(d) Assessments to Address Emergency Situations.

The requirement of a membership vote to approve Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment shall not apply to Assessment increases necessary to address emergency situations. For purposes of this Subsection (d), an emergency situation is any of the following:

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

(ii) An extraordinary expense necessary to repair or maintain the Common Areas, Common Facilities or any portion of the separate interests which the Association is obligated to maintain where a threat to personal safety is discovered.

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

(e) Allocation of Regular Assessment.

The total estimated Common Expenses, determined in accordance with Subsection (b), above, shall be equally divided and allocated among, assessed against, and charged to each Lot.

(f) Failure to Make Estimate.

If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Section 7.3 for that year, shall be automatically assessed against each Owner and his or her Lot on account of the then-current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Association.

The failure of the Board to fix Regular Assessments hereunder before the expiration of any year, for that or the next year, shall not be deemed a waiver or modification in any respect of the

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provisions of this Declaration or a release of the Owner from the obligation to pay the Assessments, or any installment thereof for that or any subsequent year. Failure to provide a copy of the budget to any Owner shall not affect the validity of Assessments based thereon so long as that Owner receives reasonable notice before the Association commences any action or proceeding to enforce collection thereof.

(g) Assessment Due Date, Installment Payments & Delinquency.

The Regular Assessment levied against each Owner and the Owner's Lot shall be due and payable in two (2) equal installments to the Association on or before June 1 and December 1 of each year. In the event of a default in the payment of any installment, the Association may pursue the remedies set forth in Section 7.9, below, as to said delinquency.

(h) Mailing Notice of Assessment.

The Board of Directors shall mail to each Owner at the street address of the Owner's Lot, or at such other address as the Owner may designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year no less than thirty (30) nor more than sixty (60) days prior to the fiscal year.

Section 7.3. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied.

Subject to the membership approval requirements set forth in Subsection (b), below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Lots for the following purposes:

(i) Regular Assessment Insufficient in Amount.

If, at any time, the Regular Assessment for any fiscal year is insufficient due to extraordinary expenses not contemplated in the budget prepared for said fiscal year, then, except as prohibited by Section 7.3(b), the Board of Directors shall levy and collect a Special Assessment for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(ii) Capital Improvements.

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

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(iii) Reimbursement of Reserve Account(s).

A Special Assessment may be levied to reimburse any reserve account for funds borrowed from it to meet current operating expenses or to deal with emergencies.

(iv) Repair of Defects or Damage.

A Special Assessment may be levied to repair damage or defects discovered in the Common Area or Common Facilities or within those portions of a Lot or Residence which are the responsibility of the Association to maintain and repair, where the reserve funds are inadequate to pay for such repairs, or where the affected component is not a component included in the reserve funding program.

(b) Special Assessments Requiring Membership Approval.

No Special Assessments described in Section 7.3(a) hereof, which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for the fiscal year in which the Special Assessment(s) is levied shall be made without the vote or written approval of a majority of a quorum of Owners. For purposes of this section, a quorum shall be a majority of the Owners. This Owner approval requirement shall not apply to any Special Assessment levied to address "emergency situations" as defined in Section 7.2(e).

(c) Allocation and Payment of Special Assessments.

When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against, and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 7.2(f), above. Notice of the Special Assessment so levied shall be mailed to each Owner.

(d) Due Date for Special Assessments.

Unless the time for payment is extended by the Board, payment of all Special Assessments shall be due thirty (30) days after the Board gives the Owners written notice thereof or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

(e) Installment Payments of Special Assessment.

The Board may, in its discretion, prorate the amount of any permitted Special Assessment over a period of months. If prorated, the monthly prorated amount of any Special Assessment shall be due and payable at the same time as the Regular Assessment monthly installments. Installments of Special Assessments shall be delinquent if not actually received by the Association or its designated agent by the fifteenth (15th) day of the month in which the Special Assessment installment is due (if on a weekend or holiday, then on the next business day). In the event of a default in the payment of any Special Assessment installment, the Association may pursue the remedies set forth in Section 7.9, below, as to said delinquency, and the Board may in its discretion declare the entire unpaid amount of the Special Assessment immediately due and payable.

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Section 7.4. 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 7.3, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in Subsections (i) through (vi), below or as otherwise provided in this Declaration or the Governing Documents, provided that no Special Individual Assessments may be imposed against an Owner pursuant to this Section 7.4 until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Sections 14.6(f) & (g) hereof, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Association's Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Damage to Common Area or Common Facilities.

In the event that any damage to, or destruction of, any portion of the Common Area or the Common Facilities, including any portion of a Lot which the Association is obligated to repair and maintain is caused by the willful misconduct and/or negligent act or omission of any Owner, any member of Owner's Family, or any of Owner's tenants, lessees, guests, contract purchasers, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses, including but not limited to any costs or expenses incurred in deterring, apprehending and/or identifying those persons causing damage, incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Expenses Incurred in Gaining Member Compliance.

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

As long as Civil Code Section 5725 (or comparable superseding statutes) places restrictions upon the Association's foreclosure powers, any lien that is based upon one (1) or more Special Individual Assessment imposed by the Board as a disciplinary measure (i.e., fines or penalties imposed under Article XIV) may only be enforceable by the sale of said Lot pursuant to judicial foreclosure. All other liens under this Subsection (ii) may be enforceable by the sale of said Lot under nonjudicial foreclosure by power of sale pursuant to Civil Code Sections 2924, 2924b and/or 2924c or comparable superseding statute(s).

(iii) Required Maintenance on Lots.

As more particularly provided in Section 6.5(b) (and without limiting the generality of that section), if the Board, in its discretion, determines that any Lot is maintained so as to become a nuisance or fire or safety hazard for any reason, including without limitation, the accumulation

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of trash, junk, or improper weed or vegetation control, the Association shall have the right to enter said Lot, correct the offensive or hazardous condition, and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner.

(iv) Diminution in Insurance Proceeds.

Pursuant to Section 9.9, the Association shall levy a Special Individual Assessment for the amount of the loss in insurance proceeds against any Owner who caused any diminution in the insurance proceeds otherwise payable to the Association due to the Owner's individual casualty insurance.

(v) Increase in Insurance Burden.

The Association shall have the authority to levy a Special Individual Assessment for the amount of the increased insurance premium against any Owner who caused any increase in the rate of insurance paid by the Association to reimburse the Association for any such increase in the rate of insurance.

(vi) Additional Costs Associated With Extended Payment Program.

If the Board permits payment of a Special Assessment by periodic payments over a specified period of time and funds such an extended payment program through a commercial loan or line of credit, the Owners who participate in such a program (rather than paying the entire Special Assessment when due) shall be assessed the interest, loan fees, and other costs associated with the program in addition to the principal amount of the special assessment.

(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 Section 7.4(a), notice thereof shall be mailed to the affected Owner, and the Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within fifteen (15) days after the mailing of notice of the Assessment.

Installments of Special Individual Assessments shall be delinquent if not actually received by the Association or its designated agent within fifteen (15) days from the due date provided in the mailing of notice of Assessment. In the event of a default in the payment of any Special Individual Assessment, the Association may declare that Owner's Special Individual Assessment to be in default and pursue the remedies set forth in Section 7.9, below, as to said delinquency.

Section 7.5. Reasonableness of Assessments.

Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns, provided that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

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Section 7.6. Exemption of Certain Parts of the Development from Assessments.

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

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

Section 7.7. Notice and Procedure for Member Approval.

In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to Sections 7.2 and/or 7.3, approval of the requisite percentage of the Members shall be solicited by written ballot pursuant to Section 3.6 of the Bylaws. The quorum required for such membership action shall be a majority of Owners.

Section 7.8. Maintenance of Assessment Funds.

(a) Bank Accounts.

All sums received or collected by the Association from Assessments, together with any interest or other charges thereon, shall be promptly deposited in the Association's bank account, which shall be either an insured checking, savings or money market accounts in a bank, savings and loan association or other financial institution selected by the Board of Directors which has offices located within the United States of America. In addition, the Association shall maintain at least two (2) bank accounts which accounts shall be clearly designated as either an "operating" or "reserve" account.

Disbursements from the operating account shall be for the general operation of the Association including, but not limited to, wages, repairs, betterments, maintenance, and other operating expenses of the Development. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes, including (at minimum) a reserve account for replacement of capital improvements as set forth in this Article VII.

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.

To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one (1) or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained.

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(b) Separate Accounts & Commingling of 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 amount required to accomplish the purpose for which such Assessment was levied, such surplus may, in the Board's discretion, be returned proportionately to the contributors thereof, reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded or credited proportionately on account of the Owners' future Regular Assessment obligations.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall maintain a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom, provided that receipts and disbursements of Special Assessments made pursuant to Section 7.3 shall be accounted for together with the receipts and disbursements of Regular Assessments.

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.

(c) Checks.

All checks (or other demands for payments of Association money) and/or notes of the Association shall be signed by the president or by such other Directors and/or officers or such other person(s) as the Board of Directors may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association reserve accounts shall require the minimum signature requirements of Civil Code Section 5510 or superseding statute (i.e., two (2) Directors or an officer (who is not a Director) and a Director).

Section 7.9. Collection of Assessments; Enforcement of Liens.

(a) Delinquent Assessments.

If any payment of a Regular or Special Assessment (installment or lump sum) or any payment of a Special Individual Assessment assessed to any Owner is not actually received by the Association or its designated agent within fifteen (15) days after the same becomes due, such payment shall be delinquent and the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law beginning thirty (30) days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to impose late charges for any delinquent Assessments in the amount of ten dollars (\$10) or ten percent (10%) of the delinquent amount, whichever is greater.

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(b) Effect of Nonpayment of Assessments.

(i) Creation and Imposition of Liens for Delinquent Assessments.

The amount of any delinquent Regular, Special or Special Individual Assessment together with any late charges, interest, costs and/or reasonable attorneys' fees attributable thereto or incurred in the collection thereof, shall become a lien upon the Lot of the Owner so assessed from and after the time the Association causes to be recorded with the Yuba County Recorder a Notice of Delinquent Assessment in conformance with Civil Code Section 5675 or comparable superseding statute. Each default shall constitute a separate basis for a lien. Upon the Association's receipt of payment of the sums specified in the Notice of Delinquent Assessment, the Association shall cause to be recorded in the Office of the County Recorder of the County of Yuba, State of California, a Notice of Satisfaction and Release of Lien.

(ii) Partial Payment of Assessments.

Subject to the limitations imposed by Civil Code Section 5655 or comparable superseding statute, if any, any partial payments the Association receives will be applied as specified in the Association's Delinquent Assessment Collection Policy and/or Association Rules.

(iii) Remedies Available to the Association to Collect Assessments.

In the event of default in payment of any assessment, the Association may commence any procedure for collection upon its own decision. In addition to any other remedies herein or by law provided, the Association may enforce each such obligation as follows: (A) initiate a legal action against the Owner personally obligated to pay the delinquent Assessment, (B) foreclose its lien against the Owner's Lot, or (C) accept a deed in lieu of foreclosure. Foreclosure by the Association of its lien may be by judicial foreclosure or by non-judicial foreclosure. However, except as otherwise provided by law, judicial or non-judicial foreclosure shall only be available to collect delinquent Assessments in excess of one thousand eight hundred dollars (\$1,800) exclusive of any accelerated Assessments, late charges, fees and costs of collection, attorney's fees or interest or if the Assessments are more than twelve (12) months delinquent. The Association shall, in collecting any delinquent Assessment, comply with the requirements for internal dispute resolution and alternative dispute resolution set forth in the Governing Documents or California law.

(iv) Non-judicial Foreclosure.

Non-judicial foreclosure shall be commenced by the Association in compliance with California law. (See Civil Code Section 2924c, or comparable superseding statute). Each of the Owners does, by mere acceptance of a deed to a Lot, give the Association the power to appoint a trustee and attorney-in-fact by special power of attorney to enforce and to foreclose such lien by private power of sale as provided in Division Third, Part 4, Title 14, Chapter 1, Article 1, Sections 2920 et seq. of the Civil Code or superseding statute and further grants to the Association the authority and power to sell the Lot of such defaulting Owner, or any part thereof to satisfy said lien, for lawful money of the United States to the highest bidder. The Association shall have the rights conferred by California Civil Code Section 2934a or superseding statute to assign its rights and obligations as trustee in any non-judicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust and for purposes of said Section 2934a, the Association shall be deemed to be the sole beneficiary of the delinquent Assessment obligation. Furthermore, in lieu of an assignment of trusteeship, the Association shall be entitled to employ the services of a title insurance company or other responsible company authorized to serve as a

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trustee in non-judicial foreclosure proceedings to act as an agent on behalf of the Association in commencing and prosecuting any non-judicial foreclosure hereunder.

(v) Judicial Foreclosure.

In the event foreclosure is by action in court, reasonable costs, including attorneys' fees, shall be allowed.

(vi) Actions for Money Judgment.

In the event of a default in payment of any Assessment, the Association, in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid Assessments, costs and attorneys' fees without foreclosure or waiver of the lien securing same.

(c) Payment Plans.

The Board may, but is not required to adopt rules or policies (which shall become part of the Association Rules) permitting an owner to make installment payments on any delinquent Assessments, accelerated Assessments, late charges, fees and costs of collection, attorney's fees and/or interest, subject to reasonable terms and conditions, including payment of additional administrative costs for administering such a payment plan.

Section 7.10. Transfer of Lot by Sale or Foreclosure.

The following shall govern the Association's rights to enforce its Assessment collection remedies following the sale or foreclosure of a Lot.

(a) Assessment Liens Recorded Prior to Transfer.

Except as provided in Subsection (b), below, the sale or transfer of any Lot shall not affect any Assessment lien duly recorded with respect to that Lot before the sale or transfer, and the Association may continue to foreclose its lien in spite of the change in ownership.

(b) Foreclosure by Holder of Prior Encumbrance.

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 before the Association's Notice of Delinquent Assessment is recorded.

(c) Liability of New Owner for Future Assessments.

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 that 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 thereafter becoming due or from the lien thereof.

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(d) Personal Liability of Prior Owner for Assessments.

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 of the Lot personally to collect the delinquent Assessments, late charges, interest, and associated costs of collection incurred by that prior Owner prior to the sale or transfer.

Section 7.11. Priorities.

Except as otherwise provided by law, the lien securing each of the Assessments provided for under this Article V shall have priority, as of the date of recording of the Notice of Delinquent Assessment, over all other liens and encumbrances applicable to the Lot, except (a) all taxes, bonds, Assessments and other levies which, by law, would be superior thereto; (b) any lien or encumbrance recorded prior to the recording of the Notice of Delinquent Assessment; or (c) the lien or charge of any First Mortgage of record made in good faith and for value, provided that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such First Mortgage.

Section 7.12. Estoppel Certificate.

A certificate executed by any two (2) members of the Board setting forth the amount of any due and unpaid Assessments with respect to a Lot (or the fact that all Assessments due are paid, if such is the case) shall be conclusive against the Board, the Association, and/or the Owners in favor of any and all persons who rely thereon in good faith. Any Owner shall be entitled to such a certificate within ten (10) days after demand therefore and upon payment of a reasonable fee.

Section 7.13. Unallocated Taxes.

In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments imposed pursuant to Section 7.2 and, if necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

Section 7.14. Assignment of Rents.

Each Owner does hereby presently assign to the Association, absolutely and regardless of possession of the property, all rents and other monies now due or hereafter to become due under any lease or agreement or otherwise for the use or occupation of any or all parts of any Lot owned by the Owner, now existing or hereafter made for the purpose of collecting all Assessments due the Association pursuant to this Declaration which are in default. The Association hereby confers on each Owner the authority to collect and retain the rents and other monies derived from any such lease or agreement as they become due and payable. Upon an Owner's default of Assessments due to the Association, the Association after providing written notice to the defaulting Owner may, in its discretion, revoke the authority allowing the defaulting Owner to collect and retain rents and other monies. Upon revocation of such authority the Association may, pursuant to court order or by court-appointed receiver, collect and retain such monies, whether past due and unpaid or current. The Association's rights under this section shall be subordinate to the rights of any First Mortgagee. In addition, the Association shall have the right to levy a Special Individual Assessment, pursuant to Section 7.4 above, against the defaulting Owner for attorney's fees

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and costs incurred by the Association in collecting or retaining rents and other monies derived from an Owner's lease or agreement for failure to pay the Owner's Assessments.

Section 7.15. Waiver of Exemptions.

Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Article VII, 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 against the Owner's Lot.

Section 7.16. Secondary Address.

Any Member may provide the Association with a secondary address. Any notice of a secondary address shall be in writing and shall be mailed to the Association in a manner that shall indicate the Association has received it. If a secondary address is provided in accordance with this section, the Association shall send any and all correspondence and legal notices regarding Assessments and foreclosures required by this Article VII or by California law to both the primary and the secondary address.

ARTICLE VIII: EASEMENTS & RESERVATIONS.

Section 8.1. Easements.

The ownership interests in the Common Area and Lots described in this Article are subject to the easements granted and reserved in this Declaration. Each of the easements reserved or granted herein shall be deemed to be established upon the recordation of this Declaration and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots superior to all other encumbrances applied against or in favor of any portion of the Development. Individual grant deeds to Lots may, but shall not be required to, set forth the easements specified in this article.

(a) Easements on Subdivision Map.

The Common Area and Lots are subject to the easements and rights of way shown on the Subdivision Map.

(b) Easements for Common Area.

Every Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the right of the Association to dedicate and/or grant easements over all or any portion of the Common Area. The rights herein created shall include, but not be limited to, the right of the Owners of Lots fronting on public streets to have access to and across the Private Streets; provided, however, that any conveyance, dedication or encumbrance affecting the Common Area is expressly subject to the Owners' rights to use the Private Streets for ingress and egress.

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(c) Utilities.

There are reserved and granted for the benefit of each Lot, as dominant tenement, over, under, across and through the Development (including the Common Area and each other Lot), as the servient tenement, non-exclusive easements for utility services and affording the Association and any and all utility companies a right of access to all Lots and Improvements where necessary to install utilities and perform necessary maintenance and repair.

(d) Encroachment.

There are reserved and granted for the benefit of each Lot, as dominant tenement, over, under and across each other Lot and Common Area, as servient tenements, and for the benefit of the Common Area, as dominant tenement, over, under and across each Lot, as servient tenement, non-exclusive easements for encroachment, support, occupancy and use of such portions of Lots and/or Common Area as are encroached upon, used and occupied by the dominant tenement as a result of any original construction design, accretion, erosion, addition, deterioration, decay, errors in original construction, movement, settlement, shifting or subsidence of any building or structure or any portion thereof, or any other cause. In the event any portion of the Development is partially or totally destroyed, the encroachment easement shall exist for any replacement structure which is rebuilt pursuant to the original construction design. The easement for the maintenance of the encroaching Improvement shall exist for as long as the encroachments exists; provided, however, that no valid easement of encroachment shall be created due to the willful misconduct of the Association or any Owner. Any easement of encroachment may but need not be cured by repair and restoration of the structure.

(e) Support, Maintenance and Repair.

There is hereby reserved and granted a non-exclusive easement appurtenant to the Common Area and to all other Lots, as dominant tenements, through each Lot and the Common Area, as servient tenements, for the support, maintenance and repair of the Common Area and all Lots.

(f) Annexation of Additional Property.

Upon the recordation of a Declaration of Annexation, the Lots and the Owners of Lots in the annexed Phase shall have all of the easements specified in this Article and the Lots and the Owners of Lots in the Development prior to the annexation shall have all of the easements specified in this Article as though the annexed phase were initially a part of the Development.

(g) Association's Easements.

There are hereby reserved to the Association and its duly authorized agents and representatives such easements as are necessary to perform the duties and obligations of the Association set forth in the Development Documents, including without limitation and subject to Section 6.5(b), the right to enter upon Lots. Said easements include but are not limited to the following:

(h) Private Utility Easements.

Where necessary to allow utility service to Lots from utility installations in the Private Streets there is hereby created and reserved to the Lots, as dominant tenements, a nonexclusive easement

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appurtenant, over, across, above and under the abutting Lots, as servient tenements, for the purpose of installing, maintaining, repairing and replacing utility connections to the utilities located in any of the Private Streets.

ARTICLE IX: INSURANCE.

Section 9.1. Types of Insurance Coverage.

The Association shall purchase, obtain and maintain the following types of insurance with the coverages described below to extent economically feasible and/or obtainable:

(a) Fire & 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 X, 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 & Property Damage Insurance.

A policy of comprehensive public liability and property damage insurance naming as parties insured the Association, each member of the Board and AC, any manager, the Owners and Residents of the 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 any other Association owned or maintained real or personal property including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than two million dollars (\$2,000,000.00) (or such higher amounts as may be required under California law, including but not limited to Civil Code Section 5800 and 5805 or superseding statute) for claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location and use.

(c) Directors & Officers Insurance.

A policy of Directors' and officers' errors & omissions insurance (i.e., D&O coverage) naming the Association's Directors and officers and appointed committee members as insured parties. The limits of such insurance shall not be less than five hundred thousand dollars (\$500,000.00) (or such

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higher amounts as may be required under California law, including but not limited to Civil Code Section 5800 or superseding statute)

If obtained, D&O coverage shall insure against claims arising out of or based upon negligent acts, errors, omissions, or alleged breaches of duty of any Director, officer, or committee member while acting in his or her capacity as such.

(d) Fidelity Bonds/Insurance.

The Association may also purchase and maintain fidelity bonds or insurance in an amount not less than one hundred percent (100%) of each year's estimated annual operating expenses that shall contain an endorsement for Directors, officers, trustees and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association. If the Association has delegated some or all of the responsibility for the handling of funds to a management agent, a bond shall be obtained for the managing agent's officers, employees and/or agents that handle or are responsible for the funds of, or administered on behalf of, the Association. The bonds shall name the Association as an obligee and shall contain a waiver by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions.

(e) Workers' Compensation Insurance.

The Association shall also purchase and maintain Workers Compensation Insurance bonds or insurance to the extent it is required by law, for employees or uninsurable contractors of the Association. The policy shall insure each Owner, the Association, the Board, and/or Association Manager, from liability in connection with the Common Area.

(f) Additional Insurance and Bonds.

To the extent such insurance is available at a reasonable premium cost, the Association may also purchase with common funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this Section 9.1, personal property insurance, flood insurance, umbrella insurance, demolition insurance, and earthquake insurance. The amounts of said coverage shall be determined by the Board. The Association shall be the owner and beneficiary of any such insurance obtained.

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. Owners Right to Policies & Notice of Significant Changes.

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 Association Members at any reasonable time. Pursuant to Civil Code Section 5300(b)(9) and 5810 or comparable superseding

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statutes, the Association shall notify Members if any insurance policies are not immediately renewed or replaced upon cancellation or lapse and/or if there is a significant change in the policy.

Section 9.4. Individual Insurance.

An Owner may carry whatever personal liability, property damage liability, fire, and casualty insurance with respect to the Owner's Lot, Residence and personal property as the Owner desires. The Association shall have no responsibility for the adequacy or extent of such insurance coverage.

Section 9.5. Adjustment of Losses.

The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Section 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 9.6. Deductibles.

(a) Owner Responsible for Omissions.

If any Owner is responsible for causing an insurable loss to the Common Area, Common Facilities, or any other property owned by the Association (by either the Owner's acts and/or the acts of Owner's Family members, contract purchasers, tenants, guests, or invitees or as a result of a defective condition within the Owner's Lot), the Owner shall be obligated to contribute the Owner's proportional share of the insurance deductible, if any, corresponding to the insurance covering the loss. The proportional share of each Owner responsible for causing the insurable loss under this Section 9.6(a) shall be based upon the ratio that the responsibility of each Owner responsible for causing the insurable loss bears to the total responsibility of all Owners responsible for causing the insurable loss.

(b) Failure to Pay Deductible.

If, within thirty (30) days of notice by the Association to an Owner regarding that Owner's proportionate share under Subsection (a), (b) or (c) of this Section 9.7, any Owner fails or refuses to pay his or her proportionate share, the Board may levy a Special Individual Assessment against the Lot of such Owner which may be enforced under the lien provisions contained in Article VII or in any other manner provided in this Declaration.

(c) Objection to Payment of Deductible.

Within fifteen (15) days of the date that the notice to the Owner of his or her share of the liability is mailed, any Owner may contest the amount of his or her proportionate liability under Subsections (a), (b) or (c) of this Section 9.7 by submitting to the Board written objections supported by cost estimates or other information that the Owner deems to be material. Upon receipt of said written objections, the Board shall set a hearing date on the matter. The Owner(s) contesting liability may be represented by counsel at this hearing. Following such hearing, the Board shall give written notice of its decision to all affected Owners, including any recommendation that adjustments be made with respect to the liability of any Owner(s). The Board's decision shall be final and binding.

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ARTICLE X: DAMAGE OR DESTRUCTION.

Section 10.1. General Provisions.

This Article X shall apply in the event that substantial portions of the Common Area or Common Facilities are substantially damaged or destroyed as a result of fire, earthquake or other casualty. In such event, the Association shall have exclusive authority to negotiate losses/insurance proceeds covering such losses.

All insurance proceeds shall be held by the Association in a separate trust account in trust for the Association, the Owner(s) and their Mortgagees as their respective interests may appear to be in accordance with the terms and provisions of any applicable Mortgage.

Section 10.2. Repair and Reconstruction if Adequate Insurance is Available.

(a) Board's Authority to Contract for Repairs.

Upon a determination that insurance proceeds will cover at least eighty-five percent (85%) of the costs to repair and reconstruct the Common Area and Common Facilities, the Board shall have the authority, without a vote of the Members, to enter into written contracts with general contractors, design professionals and other construction professionals for the repair and reconstruction of damaged or destroyed property covered by the insurance, pursuant to Section 10.4 below.

(b) Funding of Repair and Reconstruction.

The Board may borrow from the reserve account to fund any repair or reconstruction covered by insurance, so as not to delay reconstruction. Any such borrowed funds shall be immediately replaced upon receipt by the Association of the insurance proceeds.

If the available proceeds from the insurance maintained pursuant to Article IX and borrowed from the reserve account are sufficient to cover at least eighty-five percent (85%) of the anticipated costs of repair and reconstruction of the Common Area and Common Facilities but insufficient to cover the full cost of repair and reconstruction, the Board shall impose a Special Assessment for the costs of such repair and reconstruction. Such Special Assessment shall be levied without the consent or approval of the Members, despite any contrary provisions in this Declaration.

If the insurance proceeds exceed the cost of repair and reconstruction, the excess proceeds shall be paid to the reserve account and held for the benefit of the Association.

Section 10.3. Repair and Reconstruction if Adequate Insurance is not Available.

If the proceeds of insurance carried pursuant to Article IX or other available funds are less than eighty-five percent (85%) of the costs of the repair and reconstruction of the Common Area and Common Facilities, repair and reconstruction shall not take place without the approval of at least a majority of the Members. Such approval from the Members shall be obtained within ninety (90) days of the destruction. If repair and reconstruction is to take place, the Board shall execute, acknowledge and record in the office of the Yuba County Recorder not later than one hundred twenty (120) days from the date of destruction a certificate declaring the intention of the Members to rebuild.

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Section 10.4. Repairs and Reconstruction.

This section shall apply if repair and reconstruction is authorized under Section 10.2 or 10.3, above.

(a) Board's Authority to Contract.

The Board shall have the sole authority to contract for repair and reconstruction of the Common Area and Common Facilities under this Article and to hire appropriate contractors, design professionals and other necessary consultants for the work. The Board shall obtain bids from at least two (2) 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 Area or Common Facilities to substantially the same condition as they existed before the damage and the itemized priced asked for such work. The Board shall award the contract(s) for repair and reconstruction to such bidder as the Board determines is more qualified and favorable for the Association.

Such repair and reconstruction shall commence no later than one hundred eighty (180) days after the event requiring reconstruction and it shall be the obligation of the Board to take all steps necessary to assure the commencement and the completion of authorized repairs and reconstruction occur at the earliest possible date.

(b) Licensed Contractors.

Only contractors duly licensed in the State of California shall be employed by the Association for the work.

(c) Scope of Repairs and Reconstruction.

The damaged or destroyed Improvements shall be rebuilt to the condition existing immediately prior to the event causing the loss, subject to current building codes and ordinances, unless the Board, Owners and First Mortgagees agree upon a different scope of work.

Section 10.5. Emergency Repairs.

Without waiting to obtain insurance settlements or bids, the Board may undertake such emergency repair work after a casualty as the Board may deem necessary or desirable under the circumstances, and the Board may charge the maintenance fund for the costs thereof where such repairs are done prior to settlement of insurance claims.

Section 10.6. Damage to Residences.

In the event of damage or destruction of a Residence, the Owner of thereof shall, within sixty (60) days after the date of such damage or destruction or within thirty (30) days that the amount of the insurance payment initially offered becomes known, whichever is later, inform the Association in writing that the Owner will accomplish at their sole expense one of the following alternatives:

(a) Replace the Residence. The Owner must obtain approval of the Architectural Committee in order to make any modifications to the Improvements that are not in accordance with their condition immediately before the damage or destruction; or

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(b) Remove from the Lot all debris and remains of the Improvements, so that the Lot is level, clean, and landscaped.

The Owner of the Lot must promptly, and in all instances no more than thirty (30) days after the damage or destruction, remove all debris from the Lot and put the Lot in a safe condition and clean appearance.

All such repair, restoration or removal of damaged Improvements shall be completed as promptly as practical, and in all instances no more than nine (9) months after the damage or destruction, and in a lawful and workmanlike manner, in accordance with plans approved by the Board as provided in Article IV.

ARTICLE XI: CONDEMNATION.

Section 11.1. Condemnation of Common Area.

If all or part of the Common Area is taken by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Area shall be payable to the Association as trustee for all Owners and Mortgagees. The Board may act on behalf of the Owners with respect to issues regarding the taking and compensation affecting the Common Area. Each Owner designates and appoints the Association as his or her attorney-in-fact for such purposes.

Section 11.2. Condemnation of a Lot.

In the event of any taking of a Lot, the Owner (and such Owner's Mortgagees as their interests appear) of the Lot shall be entitled to receive the award for such taking and after acceptance thereof such Owner and such Owner's Mortgagee shall be divested of all further interest in the Lot and membership in the Association if such Owner shall vacate such Owner's Lot as a result of such taking.

ARTICLE XII: PARTITION OF COMMON AREA.

Section 12.1. Suspension or Right of Partition.

Except as expressly provided in this Article XII, an Owner shall have no right to partition or divide his or her ownership of the Common Area. Partition of the Common Area can be had on a showing that the conditions to such partition as stated in Article X (relating to damage or destruction) or in Article XI (relating to condemnation) or in California Civil Code Section 4610 or superseding statute have been met.

Nothing in this Declaration shall prevent partition of a co-tenancy in a Lot; provided, however, that any such judicial partition of a co-tenancy shall require the prior written consent of any First Mortgagee holding a Mortgage on such Lot.

Section 12.2. Distribution of Proceeds upon Partition.

Proceeds resulting from a partition of property shall be distributed to and among the respective Owners and their Mortgagees as their interests appear in proportion to the ratio that the fair market value of each Owner's Lot bears to the fair market value of all Owners' Lots determined by appraisal. The fair

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market value shall be determined as of a date immediately prior to the event giving rise to the right of Owners to partition the Common Area.

Section 12.3. Power of Attorney.

Each of the Owners irrevocably appoints the Association as attorney-in-fact and irrevocably grants to the Association full power in the name and stead of such Owner to dispose of the entire Development, and to execute deeds and conveyances to it, in one (1) or more transactions, for the benefit of all Owners when partition of the Development may be had under Civil Code Section 4610 or superseding statute and under the circumstances authorizing partition under this Declaration.

The power of attorney shall: (a) be binding on all Owners, whether they assume the obligations under this Declaration or not; (b) be exercisable by a majority of the Board acting on behalf of the Association, subject to obtaining the prior approval by vote or written consent of a majority of the Members in Good Standing (as defined in Section 1.4(a) of the Bylaws); and (c) be exercisable only after recordation with the Yuba County Recorder of a certificate executed by those who have power to exercise the power of attorney that the power of attorney is properly exercisable under Civil Code Section 4610 or superseding statute. This certificate shall be conclusive evidence of proper exercise in favor of any person relying on it in good faith.

ARTICLE XIII: NON-SEVERABILITY OF COMPONENT INTERESTS.

Section 13.1. Severance Prohibited.

An Owner shall not be entitled to sever his or her Lot from his or her membership in the Association. Nor shall an Owner be entitled to sever his or her Lot or his or her membership from the Owner's undivided interest in the Common Area for any purpose. None of the component interests in a Lot can be severally sold, conveyed, encumbered or hypothecated. Any violation or attempted violation of this provision shall be void. Similarly, an Owner shall not sever any exclusive easement appurtenant to his or her Lot over the Common Area from the Owner's Lot. Any attempt to do so shall be void.

Notwithstanding anything to the contrary contained herein, however, this restriction shall not extend beyond the period during which the right to partition the Development is suspended pursuant to the provisions of Article XII.

However, an Owner (or tenant) may sublet portions of the Owner's Lot. The Association shall be promptly notified of any sublet pursuant to Section 2.6(a)(ii) and any such sublease shall terminate upon the Owner's sale, conveyance or transfer of ownership of the Lot.

Section 13.2. Limitation on Interests Conveyed.

Unless otherwise expressly stated, any conveyance of a Lot or any portion of it by an Owner shall be presumed to convey the entire Lot. However, nothing contained in this Section 13.2 shall preclude the Owner of any Lot from creating an estate for life or an estate for years or from creating a cotenancy or joint tenancy in the ownership of the Lot with any other person or persons.

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ARTICLE XIV: BREACH & DEFAULT.

Section 14.1. Remedy at Law Inadequate.

The provisions of the Declaration, the Bylaws, the Association Rules and/or resolutions of the Board, as the same may be adopted or amended from time to time, shall constitute enforceable servitudes which shall inure to and bind each Owner, Owner's Family, lessee, tenant, contract purchaser, guest, invitee, licensee, Resident or user of any Lot. Any Owner, the Association, its officers or Board, or by their respective successors in interest, may enforce, by any proceeding at law or in equity, said provisions of the Governing Documents against any Owner, member of Owner's Family, lessee, tenant, contract purchaser, guest, invitee, licensee, Resident or user of any Lot, or any portion of the Common Area or Common Facilities. Further, the failure of any Owner, member of Owner's Family, lessee, tenant, contract purchaser, guest, invitee, licensee, Resident or user of any Lot, or any portion of the Common Area or Common Facilities, to strictly comply with any provision of the Governing Documents shall be grounds for: (1) an action to recover sums due for damages, and/or (2) an action to enjoin by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board, or by their respective successors in interest.

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 and the Association's Governing Documents is inadequate.

Section 14.2. Nuisance.

Without limiting the generality of Section 14.1, the result of every act or omission whereby any covenant contained in this Declaration or the Association's Governing Documents is violated, in whole or in part, is hereby declared to be a nuisance. In addition to any other remedies which may be available, such nuisance may be abated or enjoined by the Association, its officers, the Board, and/or any Owner.

Further, every remedy against nuisance, either public or private, shall be applicable against every such act or omission; provided, however, the Board shall not be obligated to take action to abate or enjoin a particular violation if, in the discretion of the Board, the Board determines that acting to abate or enjoin such violation is not likely to foster or protect the interests of the Association and its Members as a whole.

Section 14.3. Violation of Law.

Any violation of a federal, state, county, municipal, local or other governmental law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Development is hereby declared to be a violation of this Declaration and subject to any and all enforcement procedures set forth herein.

Section 14.4. Cumulative Remedies.

The respective rights and remedies provided by this Declaration or by law shall be cumulative, and not exclusive. The exercise of any one (1) 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

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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, or the Governing Documents.

Section 14.5. 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, easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration and/or the Association's Governing Documents shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Association or the Board, or any of its officers or agents.

Section 14.6. 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, the Owner's Family, guests, contract purchasers, employees, invitees, licensees, lessees and/or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or suspension of the Owner's voting rights as a Member of the Association. The Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section 14.6. The initiation of legal action shall be subject to Section 14.7, below.

The decision of whether it is appropriate or necessary for the Association to initiate enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement as may exist by virtue of California Civil Code Section 5975 (or superseding statute) or otherwise by law.

Upon a determination by the Board of Directors, after prior notice to the affected Member and an opportunity for a hearing pursuant to Subsections 14.6(f) and (g), that said Member has violated any provision of the Governing Documents, including but not limited to a failure to pay any Assessment when due, the Board may give notice in writing to such Member that the Member is deemed to be a Member not in good standing. Such Member shall be deemed to be a Member not in good standing until such time as the Board shall determine in writing that the violation which resulted in the Board's determination that the Member was not in good standing has been cured or remedied or, on some other basis as in the judgment of the Board is just and proper, that such Member shall again be deemed to be a Member of the Association in good standing.

(b) Schedule of Fines.

The Board may implement a schedule of reasonable fines of no less than fifty dollars (\$50.00) per day per offense and penalties for particular offenses that are common or recurring 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 and shall be enforceable as a Special Individual Assessment pursuant to Section 7.4.

(c) Definition of "Violation".

A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. The Board shall not take action on an alleged violation unless the Board has received written complaints regarding an alleged violation from three (3) separate Owners. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one (1) 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) "Meet and Confer" Requirement.

In the event of a dispute between the Association and a Member concerning an alleged violation of the Governing Documents, either party may request in writing to meet with the other party to discuss the dispute. The Association shall comply with any request by a Member by notifying the requesting Member of the date and time for such a meeting within thirty (30) days of receipt of the written request. If such a request is made by the Association to a Member, the Member may, but is not required to, respond in writing within ten (10) days agreeing to the requested meeting on the terms set forth in the Association's request. The meeting shall be attended by the Board or the Board's designated representative and the requesting Member. If the meeting is not attended by the entire Board, the Member may appeal any resolution resulting from the meeting to the entire Board. Any agreement between the Association and the Member as a result of such a meeting shall be reduced to writing and signed by the Association and the Member. Once signed by both parties, such agreement shall become final, binding and un-appealable. The Association may comply with any "Meet and Confer" request by a Member pursuant to this subsection by a disciplinary hearing pursuant to Subsection 14.6(f) below. However, if the meeting is to be in conjunction with a disciplinary hearing, the notice required by Subsection 14.6(g) must be given to the Member.

(e) Limitations of Disciplinary Rights.

(i) Loss of Rights: Forfeitures.

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 Owner's Family members, tenants, lessees, contract purchasers, guests, invitees and/or licensees) to comply with any provision of the Governing Documents, including, but not limited to any duly enacted Association Rule, except where the loss or forfeiture is the result of: (A) the judgment of a court of competent jurisdiction, (B) a decision arising out of arbitration, (C) a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association, or (D) where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member of the Association or the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents so long as the Association's actions satisfy the due process requirements of Subsections 14.6(f) and (g).

(ii) Liens Against Member's Lot.

Except as provided in the Association's delinquent assessment collection policy, or Association Rules, if any, an assessment imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to common areas and facilities

for which the Member and/or the Member's Family, guests, lessees, tenants, contract purchasers, employees, invitees and/or licensees were responsible may become a lien against the Member's Lot enforceable by the sale of the Lot and Improvements under Civil Code Sections 2924, 2924b, and 2924c, or comparable superseding statutes.

(f) Hearings.

No penalty or temporary suspension of rights shall be imposed pursuant to this Article XIV unless the Owner alleged to be in violation is given prior notice of the proposed penalty or temporary suspension, and is given an opportunity to be heard before the Board of Directors or appropriate committee established by the Board with respect to the alleged violation(s) as provided in Association Rules adopted by the Board pursuant to Subsection 14.6(h). However, this subsection shall not prevent the Board from taking emergency action (such as towing of vehicles) to eliminate an immediate threat to the health or safety of Residents or a nuisance causing substantial interference with the property rights of other Residents. The required disciplinary hearing shall be scheduled as soon as practicable after any such emergency action has been taken, and if it is determined that such action was unnecessary or improper, the Association shall compensate the Member for any costs incurred as a result of such action. The Association Rules may specify those violations justifying emergency action pursuant to this subsection.

(g) Notices.

Any notice of a disciplinary hearing pursuant to Subsection 14.6(f) above 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(s) alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice, provided that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Association. The Association's notice of a disciplinary hearing shall be delivered to the Member at least ten (10) days prior to any hearing. Notice of the Board's action as a result of the disciplinary hearing must be delivered to the Member within fifteen (15) days after the Board's decision.

(h) Rules Regarding Disciplinary Proceedings.

The Board shall be entitled to adopt rules that set forth the procedures for conducting disciplinary proceedings. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules and shall provide for notices and procedures satisfying the alternative dispute resolution requirements of Civil Code Section 5975 or comparable superseding statute.

Section 14.7. Court Actions; Alternative Dispute Resolution ("ADR").

Court actions to enforce the Governing Documents may only be initiated on behalf of the Association upon approval of the Board. As long as Civil Code Sections 4925 - 4965 (or comparable superseding statutes requiring ADR) are in force, this Section 14.7 shall control the initiation of a legal action by the Association and/or its Members. This Section 14.7 shall automatically be repealed from this Declaration should the above Civil Code sections (or comparable superseding statutes) be repealed by the California Legislature.

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(a) Alternative Dispute Resolution.

Before initiating any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents (including either of those actions coupled with a claim for monetary damages not in excess of five thousand (\$5,000.00)), the Association and/or Members shall first comply with the provisions of Civil Code Sections 4925 – 4965, or comparable superseding statutes, relating to ADR. The Board shall have discretion as to the form of ADR which shall be proposed to a Member to satisfy the requirements of this subsection and Civil Code Sections 4925 – 4965 (or superseding statutes).

(b) Actions Relating to Assessments.

Disputes related to Association Assessments are expressly exempted from the provisions of this Section 14.7, unless the Member strictly complies with the requirements of Civil Code Section 5705 or comparable superseding statute.

(c) Small Claims Court Actions.

If any claim, dispute or controversy involves a sum of money not in excess of the jurisdiction of the Small Claims Court, any party to the dispute shall have the right to file a claim in Small Claims Court and have the matter determined therein in lieu of the ADR procedures required by this Section 14.7.

(d) Statement and Admissions during ADR.

Unless mutually agreed to in writing by all parties to the dispute, evidence of anything said or of any admissions made in the course of the ADR process shall not be admissible into evidence in any legal proceeding. Testimony referring to such statement or admission shall not be admissible. Nor shall disclosure of any such statement or admission be compelled in any civil action. Documents prepared for the purpose of, in the course of or pursuant to ADR procedure shall not be admissible into evidence and disclosure of such documents may not be compelled in any legal proceeding.

Section 14.8. Joint and Several Liability of Co-Owners.

If a Lot is owned jointly by two (2) or more persons, the liability of each Owner thereof in connection with the obligations of Owners imposed by this Declaration shall be joint and several.

Section 14.9. Costs and Attorneys' Fees.

In the event that the Association takes any action because of any alleged breach or default of any Member or other party hereto under the Association's Governing Documents (whether or not any legal proceeding, including an arbitration, is initiated), the Association shall be entitled to recover from that Member (or other party) all costs, including attorneys' fees, the Association incurred as a result of the alleged breach or default. The Association's remedies to recover its costs and attorneys' fees shall include, but are not limited to, the imposition of a Special Individual Assessment pursuant to Section 7.4.

In the event an action (including an arbitration) is brought by a Member (or other individual with the right to enforce the Governing Documents) because of any alleged breach or default by any party hereto under the Association's Governing Documents, the court may award to the prevailing party in any such action (as defined by Civil Code Section 1717 or comparable superseding statute) such attorneys'

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fees and other costs, including by way of example, but not limited to court costs and experts' fees, incurred in connection therewith as the court deems just and reasonable.

ARTICLE XV: MORTGAGE PROTECTION.

Section 15.1. Conflict.

Notwithstanding any contrary provision contained elsewhere in the Governing Documents, the provisions of this Article XV shall control with respect to the rights and obligations of Mortgagees specified herein.

Section 15.2. Assessment Lien Subordination.

Any lien created or claimed under the provisions of Section 7.9, 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 acquire such title. No lien created or claimed under the provisions of Section 7.9 shall in any way defeat, invalidate, or impair the rights of any Mortgagee under any such recorded Mortgage.

Section 15.3. Amendment to this Declaration.

No amendment of this Declaration shall affect any of the rights of the holder of any Mortgage described in Section 15.2, 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 15.4. Breach; Obligation after Foreclosure.

No breach of any provision of this Declaration by the Association or any Owner shall impair or invalidate the lien of any recorded Mortgage made in good faith and for value and encumbering any Lot. The Association 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 15.5. 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, thirty (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.

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Section 15.6. 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 XVI: AMENDMENT OF DECLARATION.

Section 16.1. Amendment in General.

This Declaration may be amended or revoked in any respect by the vote or assent of Members representing at least fifty-one percent (51%) of Members. Notwithstanding the foregoing, the percentage of the Members necessary to amend a specific clause or provision of this Declaration shall be at least the percentage of affirmative votes prescribed in said clause or provision.

Section 16.2. Effective Date of Amendments.

Any amendment to this Declaration will be effective upon the recording in the Office of the Recorder of Yuba County a Certificate of Amendment, duly executed and certified by the president and secretary of the Association setting forth in full the amendment so approved and that the approval requirements of Section 16.1, above, have been duly met. Notwithstanding anything to the contrary herein contained, no such amendment shall affect the rights of the holder of any first deed of trust or Mortgage recorded prior to the recording of such amendment. If the consent or approval of any governmental authority, Mortgagee or other entity is required under this Declaration to amend or revoke any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

Section 16.3. Reliance on Amendments.

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

ARTICLE XVII: GENERAL PROVISIONS.

Section 17.1. Effective Date.

This Declaration shall become effective upon its recordation in the Official Records of the County of Yuba, State of California.

Section 17.2. Notices.

(a) Mailing as Alternative to Personal Service.

Any communication or notice of any kind permitted or required pursuant to any provision of the Governing Documents shall be in writing and may be served, as an alternative to personal service,

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by mailing the same as follows: to an Owner at the Owner's Lot or to such other address as the Owner may designate from time to time in writing to the Association; to the Association at the principal office of the Association manager or to such other address as the Board may from time to time designate in writing to the Association Members; and to First Mortgagees at the most recent address of the First Mortgagees provided in writing to the Association or to such other address as the First Mortgagee may from time to time designate in writing to the Association. Any mailing by the Association based upon the information in its records at the time of the mailing shall be deemed effective for any notice required under the Governing Documents.

(b) Personal Service upon Co-Owners & Others.

Personal service of a notice or demand to one (1) of the co-Owners of any Lot, to any general partner of a partnership which is the Owner of the Lot, or to any officer or agent for service of process of a corporation which is the Owner 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 17.3. No Public Rights in Development.

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

Section 17.4. Construction of Declaration.

(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 as set forth in the Recitals of this Declaration.

Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

(b) Restrictions Severable.

Notwithstanding the provisions of Subsection 17.4(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 which shall remain in full force and effect.

(c) Singular Includes Plural/Gender.

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, titles or headings 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.

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(e) Conflicts.

In the event of any conflict between any of the provisions of this Article XVII and any other provisions of this Declaration, the provisions of this Article XVII shall control. In the event of any conflict between any of the provisions of this Declaration and any other provisions of the Governing Documents, the provisions of this Declaration shall control. Further, neither the Articles nor the Bylaws shall be amended so as to be inconsistent with this Declaration; and, in the event of any inconsistency, the provisions of this Declaration shall control.

(f) Exhibits.

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

Section 17.5. Power of Attorney.

To the extent necessary to carry out and enforce the provisions of this Declaration and the Association's Governing Documents in general, an irrevocable power of attorney coupled with an interest is granted to the Association by the Owners.

Section 17.6. Term of Declaration.

The provisions of this Declaration shall be effective to bind the Owners, the Association, its Board of Directors, its officers and agents and their successors in interest for a period of sixty (60) years from the date this Declaration is recorded. After the expiration of this term, the term of this Declaration shall be automatically extended for successive periods of ten (10) years each, unless within six (6) months before the expiration of the initial sixty (60)-year term established by this section, or any ten (10)-year extension period, a recordable written instrument approved by Owners entitled to vote and holding a majority of the voting power of the Association (or such other majority of Owners as may be required by California law) terminating the effectiveness of this Declaration is recorded.

Certification

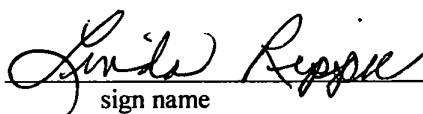
We, the undersigned hereby certify, under penalty of perjury, that this Declaration of Covenants, Conditions and Restrictions set for herein was duly adopted with the vote of no less than fifty-one percent (51%) of the Voting Power of the Members of the Association.

Dated: 4/15/14

Browns Valley Ridge Property Owners Association

By President: 
sign name

STEVEN M. SANKREN
print name

By Secretary: 
sign name

LINDA RIPPÉE
print name

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CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

State of California

County of Sutter

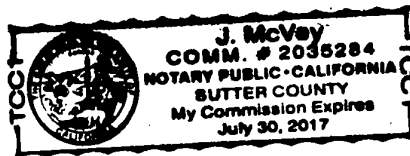
On April 15th, 2014 before me, J. McVey, notary public (insert name and title of the officer) personally appeared Linda Rippee, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

J. McVey (Seal)



CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

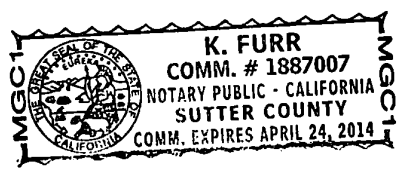
State of California
County of Sutter

On April 17, 2014 before me, K. Furr (insert
name and title of the officer) personally appeared Steven M. 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~~ he ~~she~~ he executed the same in
his ~~her~~ his authorized capacity~~(ies)~~, and that by his ~~her~~ his signature~~(s)~~ on the instrument the
person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature K. Furr (Seal)



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Exhibit A

The following described real property in the unincorporated area of the County of Yuba, State of California:

Lots 4, 12, 13, 17, 18, 19, 22, 23, 24, 25, 26, 27, 29 and 32 as shown on that certain map entitled Tract No. 2000-586, The Ridge, filed on February 25, 2004 in the office of the County Recorder, County of Yuba, State of California in Book 77 of Maps, page 15.

A.P. #005-720-006, 011, 009 and #005-710-014, 013, 012, 009, 016, 017, 008, 007, 006, 004, and 001

Parcels 1 and 2, as shown on Parcel Map No. 2004-37, according to the official plat thereof, filed in the office of the Recorder of Yuba County, California on October 4, 2005, in Book 83 of Maps, at page 43.

A.P. #005-710-018 and 019

Parcels 1 and 2, as shown on Parcel Map No. 2004-63, filed in the office of the County Recorder of Yuba County, California on October 20, 2005, in Book 84 of Maps, at page 3.

A.P. #005-710-020 and 021

Parcels 1 and 2, as shown upon that certain Map entitled "Parcel Map No. 2004-38" filed for record December 20, 2005 in Book 84 of Parcel Maps at page 18, Official Records of Yuba County.

A.P. #005-710-022 and 023

Parcels 1 and 2, as shown on that certain Map entitled "Parcel Map No. 2005-45," filed in the Office of the County Recorder of Yuba County, California on September 6, 2006 in Book 85 of Maps, at page 31.

A.P. #005-710-024 and 025

Parcels 1 and 2, as shown on that certain Map entitled "Parcel Map No. 2006-16," filed in the Office of the County Recorder of Yuba County, California on May 11, 2007, in Book 87 of Maps, at page 39.

A.P. #005-710-026 and 027

Parcels 1 and 2, as shown on that certain Map entitled "Parcel Map No. 2005-39," filed on October 8, 2007 in the office of the County Recorder, County of Yuba, State of California, in Book 88 of Maps, at page 14.

A.P. #005-710-028 and 029

Parcels 1 and 2, as shown on that certain Map entitled "Parcel Map No. 2011-05", filed on December 14, 2012 in the office of the County Recorder, County of Yuba, State of California, in Book 94 of Maps, at page 32.

A.P. #005-720-037 and 038

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Parcels 1 and 2, as shown on that certain Parcel Map entitled "Parcel Map No. 2005-58 for Butte Vista Development, L.P." filed on May 14, 2012 in the office of the County Recorder, County of Yuba, State of California, in Book 93 of Maps, at page 42.

A.P. #005-720-035 and 036

Parcels 1 and 2, as shown on that certain Parcel Map entitled "Parcel Map No. 2005-19", according to the official plat thereof, filed in the office of the Recorder of Yuba County, California on April 5, 2006, in Book 84 of Maps, at page 41.

A.P. #005-720-018 and 019

Parcels 1, 2 and 3, as shown on Parcel Map No. 2005-20, filed in the Office of the County Recorder of Yuba County, State of California, on October 10, 2006, in Book 85 of Maps, at page 49.

A.P. #005-720-020, 021 and 022

Parcels 1 and 2, as shown on Parcel Map 2005-30, filed in the Office of the County Recorder of Yuba County, California on December 1, 2006, in Book 86 of Maps, at page 18.

A.P. #005-720-023 and 024

Parcels 1 and 2, as shown on that certain Map entitled "Parcel Map No. 2005-34", filed on December 14, 2006 in the office of the County Recorder, County of Yuba, State of California, in Book 86 of Maps, page 32.

A.P. #005-720-025 and 026

Parcels 1 and 2, as shown on that certain Map entitled "Parcel Map No. 2004-42", filed on June 6, 2007 in the office of the County Recorder, County of Yuba, State of California, in Book 87 of Maps, page 43.

A.P. #005-720-027 and 028

Parcels 1 and 2, as shown on that certain Map entitled "Parcel Map No. 2006-70", filed on December 21, 2010 in the office of the County Recorder, County of Yuba, State of California, in Book 92 of Maps, at page 48.

A.P. #005-720-033 and 034

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Parcel A created by Lot Line Adjustment 07-11, assessor parcel #005-720-031

Being a portion of Lot 9, as shown on Tract Map No. 2000-586 which is filed in Book 77 of Maps, at Page 15 in the office of the Recorder of Yuba County, being also located in the Southwest quarter of Section 16, Township 16 North, Range 5 East, M.D.B.&M., and being more particularly described as follows:

Commencing at the Northwest corner of said Lot 9; thence along the Northerly line of said Lot 9 North 86° 58' 43" East a distance of 686.65 feet; thence South 78° 10' 28" East a distance of 136.65 feet to a point on the centerline of Stern Lane; thence along said centerline South 11° 43' 44" West a distance of 85.98 feet to the beginning of a tangent curve to the right, said curve having a radius of 500 feet, a length of 140.53 feet, through a central angle of 16° 06' 11"; thence South 27° 49' 55" West a distance of 62.40 feet to the beginning of a tangent curve to the left, said curve having a radius of 200 feet, a length of 161.32 feet, through a central angle of 46° 12' 49", to the beginning of a reverse curve to the right, said curve having a radius of 900 feet, a length of 141.50 feet, through a central angle of 46° 12' 49"; thence leaving said centerline North 80° 11' 39" West a distance of 385.76 feet; thence South 89° 44' 26" West a distance of 364.06 feet to a point on the Westerly line of said Lot 9; thence along said Westerly line North 00° 15' 34" West a distance of 492.60 feet to the point of beginning.

Parcel B created by Lot Line Adjustment 07-11, assessor parcel #005-720-032

Being all of Lot 8 and a portion of Lot 9 as shown on Tract Map 2000-586 which is filed in Book 77 of Maps at page 15 in the office of the Recorder of Yuba County, being also located in the southwest quarter of Section 16, Township 16 North, Range 5 East, Mount Diablo Base and Meridian, and being more particularly described as follows:

Commencing at the Northwest corner of said Lot 9; thence North 86° 58' 43" East a distance of 686.65 feet; thence South 78° 10' 28" East a distance of 136.65 feet to a point on the centerline of Stern Lane; thence along said centerline South 11° 43' 44" West a distance of 85.98 feet to the beginning of a tangent curve to the right, said curve having a radius of 500 feet, a length of 140.53 feet, through a central angle of 16° 06' 11"; thence South 27° 49' 55" West a distance of 62.40 feet to the beginning of a tangent curve to the left, said curve having a radius of 200 feet, a length of 161.32 feet, through a central angle of 46° 12' 49" to the beginning of a reverse curve to the right, said curve having a radius of 900 feet, a length of 141.50 feet, through a central angle of 9° 00' 29" to the true point of beginning; thence from said true point of beginning continuing along said centerline and continuing along said reverse curve to the right, having a radius of 900 feet, a length of 54.48 feet, through a central angle of 3° 28' 05"; thence South 05° 54' 20" East a distance of 66.80 feet to the beginning of a tangent curve to the right, said curve having a radius of 200 feet, a length of 104.27 feet, through a central angle of 29° 52' 21" to the beginning of a reverse curve to the left, said curve having a radius of 200 feet, a length of 197.84 feet, through a central angle of 56° 40' 37"; thence South 32° 42' 36" East a distance of 183.76 feet to the beginning of a tangent curve to the right, said curve having a radius of 200 feet, a length of 46.65 feet, through a central angle of 13° 21' 51" to the beginning of a reverse curve to the left, said curve having a radius of 200 feet, a length of 157.99 feet through a central angle of 45° 15' 38" to the centerline of Stewart Court; thence leaving the centerline of Stern Lane and running along the centerline of Stewart Court South 16° 02' 30" West a distance of 120.33 feet to the beginning of a tangent curve to the right, said curve having a radius of 150 feet, a length of 162.45 feet, through a central angle of 62° 03' 01" to the beginning of a reverse curve to the left, said curve having a radius of 100 feet, a length of 83.07 feet, through a central angle of 47° 35' 48"; thence South 30° 29' 43" West a distance of 126.80 feet; thence leaving said centerline North 59° 30' 17" West a distance of 50.00 feet to a point on the southerly line of said Lot 8; thence along the southerly line of said Lot 8 South 60° 48' 21" West a distance of 748.06 feet to the southwest corner of said Lot 8; thence along the westerly line of said Lots 8 and 9 North 00° 15' 34" West a distance of 1503.33 feet; thence North 89° 44' 26" East a distance of 364.06 feet; thence South 80° 11' 39" East a distance of 385.76 feet to the true point of beginning.

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Parcel B created by Lot Line Adjustment 05-34, assessor parcel #005-720-030

BEING A PORTION OF LOT 1 AS SHOWN ON TRACT MAP NO. 2000-586 "THE RIDGE" FILED IN THE OFFICE OF THE COUNTY RECORDER OF YUBA COUNTY, STATE OF CALIFORNIA, IN BOOK 77 OF MAPS AT PAGE 15.

COMMENCING AT THE SOUTHWEST CORNER OF LOT 2 OF SAID TRACT MAP: THENCE NORTH 89 DEGREES 24'16" EAST ALONG THE SOUTHERLY LINE OF SAID LOT 2 AND LOT 1 A DISTANCE OF 1495.42 FEET TO THE TRUE POINT OF BEGINNING; THENCE FROM TRUE POINT OF BEGINNING AND LEAVING SAID SOUTHERLY LINE NORTH 33 DEGREES 35'03" EAST 718.03 FEET TO THE CENTERLINE OF STERN LANE; THENCE ALONG SAID CENTERLINE THE FOLLOWING COURSES:

- 1. SOUTH 57 DEGREES 20'11" EAST 297.74 FEET;**
 - 2. THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 1000.00 FEET THROUGH A CENTRAL ANGLE OF 7 DEGREES 38'38" AN ARC LENGTH OF 133.41 FEET;**
 - 3. THENCE SOUTH 49 DEGREES 41'33" EAST 389.65 FEET;**
 - 4. THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 350.00 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 55'11" AN ARC LENGTH OF 72.81 FEET;**
 - 5. THENCE ALONG A COMPOUND CURVE TO THE LEFT HAVING A RADIUS OF 3441.69 FEET THROUGH A CENTRAL ANGLE OF 0 DEGREES 47'14" AN ARC LENGTH OF 47.29 FEET TO THE EAST LINE OF SAID LOT 1;**
- THENCE SOUTH 00 DEGREES 40'40" EAST ALONG SAID EAST LINE A DISTANCE OF 30.37 FEET TO THE SOUTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 89 DEGREES 24'16" WEST ALONG THE SOUTHERLY LINE OF SAID LOT 1 A DISTANCE OF 1154.05 FEET TO THE TRUE POINT OF BEGINNING.**

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Parcel A created by Lot Line Adjustment 05-34, assessor parcel #005-720-029

Being Lot 2 and a portion of Lot 1 as shown on Tract Map No. 2000-586 "The Ridge" filed in the office of the County Recorder of Yuba County, State of California, in Book 77 of Maps at Page 15.

Beginning at the Southwest corner of said Lot 2; thence North $00^{\circ}49'48''$ West along the West line of said Lot 2 a distance of 665.57 feet to the Northwest corner of said Lot 2; thence South $89^{\circ}44'08''$ East along the Northerly line of said Lot 2 a distance of 596.57 feet; thence South $83^{\circ}48'33''$ East a distance of 649.93 feet; thence South $80^{\circ}25'41''$ East 50.00 feet to the center of the cul-de-sac on Dry Oak Court being the Northeast corner of said Lot 2; thence along the centerline of said Dry Oak Court and the Northerly line of said Lot 1 the following courses:

1. North $68^{\circ}44'05''$ East 146.28 feet;
2. Thence along a curve to the right having a radius of 250.00 feet through a central angle of $14^{\circ}49'05''$ an arc length of 64.66 feet;
3. Thence along a reverse curve to the left having a radius of 200.00 feet through a central angle of $36^{\circ}32'29''$ an arc length of 127.55 feet;
4. Thence North $47^{\circ}00'41''$ East 30.56 feet to the intersection of Dry Oak Court and Stern Lane:

Thence along the centerline of Stern Lane the following courses:

1. Along a non tangent curve to the right having a radius of 200.00 feet through central angle of $8^{\circ}46'51''$ an arc length of 30.65 feet the chord being South $59^{\circ}12'03''$ East 30.62 feet;
2. Thence South $63^{\circ}35'28''$ East 93.73 feet;
3. Thence along a curve to the left having a radius of 200.00 feet through a central angle of $13^{\circ}57'14''$ an arc length of 48.71 feet;
4. Thence South $77^{\circ}32'42''$ East 55.41 feet;
5. Thence along a curve to the right having a radius of 200.00 feet through a central angle of $20^{\circ}12'31''$ an arc length of 70.54 feet;

Thence leaving said centerline South $33^{\circ}35'03''$ West 718.03 feet to the South line of Said Lot 1; thence South $89^{\circ}24'16''$ West 1495.42 feet to the point of beginning containing 25.02 acres.