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FIRST RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
PLUMAS PINES II

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**FIRST RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
PLUMAS PINES II**

That certain Declaration of Covenants, Conditions and Restrictions of Plumas Pines II, recorded on July 24, 1990, at Volume 527, Page 65 in the Official Records of Plumas County, California (the "Original Declaration"), is hereby amended and restated in its entirety to read as follows:

RECITALS

A The original developer of that certain real property located in the County of Plumas, State of California, which is more particularly described on Exhibit A attached hereto and incorporated herein by reference. Said real property is referred to herein as the "Project."

B To implement the developer's plan of development of the Project as a "planned development," as defined in California Civil Code section 4175, the developer recorded (i) a subdivision Map, which created 42 residential lots and four common area lots, and (ii) the Original Declaration, which created covenants, conditions and restrictions governing those lots to impose a general plan for the development, protection, use, improvement, occupancy and enjoyment of the lots and the Project for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of the Project.

C The developer also formed a nonprofit mutual benefit corporation, known as Plumas Pines II Homeowners Association, a California nonprofit mutual benefit corporation which was delegated and assigned the powers of administering and enforcing the covenants, conditions and restrictions set forth in the Original Declaration, as such covenants, conditions and restrictions may be duly amended from time to time, and to manage and maintain the Common Areas of the Project in accordance with the Original Declaration and the other Governing Documents of the Association.

D This First Restated Declaration of Covenants, Conditions and Restrictions of Plumas Pines II was presented to the Members for approval to improve and update the Declaration, including in the following respects: (i) to update the Original Declaration to reflect changes in underlying statutory law relating to California common interest developments and their owners' associations; (ii) to align current and desired Association practice and procedure with the requirements of the Declaration; and (iii) to eliminate unneeded and unused procedures and/or references in the Original Declaration, including to developer except as for historical reference.

E Each and all of the covenants, conditions, restrictions, easements, reservations, liens and charges set forth in this First Restated Declaration (which shall subsequently be referred to herein as the "Declaration") shall run with the land comprising the Project, be

enforceable as equitable servitudes and shall inure to the benefit of and be binding upon the Association, the Owners of Lots in the Project, and all subsequent Owners of all or any portion of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns.

F On October ____, 2015, a majority of all Owners voted by secret written ballot in accordance with California Corporations Code section 7513 and California Civil Code sections 4270 and 5100 et seq. to amend and restate, in its entirety, the Original Declaration, all in accordance with the procedures for amendment set forth in Section 15.02 of the Original Declaration. In approving this Declaration it was the intention of the Owners to replace the Original Declaration, in its entirety, with this Declaration, without, however, altering the priority of this Declaration in the chain of title to the Project. The Owners' action to amend and restate the Original Declaration with this Declaration as set forth herein, and the fact that the requisite percentage of affirmative votes required in the Original Declaration was achieved, is attested by the execution of this Declaration by duly authorized officers of the Association, as required by section 4270(a)(2) of the California Civil Code.

ARTICLE I DEFINITIONS

Section 1.01. “Architectural Committee” means the committee that may be delegated the authority under Article V of this Declaration.

Section 1.02. “Articles” means the Articles of Incorporation of the 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 1.03. “Assessment” means any Regular, Special, Special Individual or Emergency Assessment made or assessed by the Association against an Owner and the Owner's Lot in accordance with the provisions of Article IV, below.

Section 1.04. “Association” means and refers to Plumas Pines II Homeowners Association, a California nonprofit mutual benefit corporation its successors and assigns. The Association is an “association” as defined in California Civil Code section 4080.

Section 1.05. “Association Rules” means the rules and regulations adopted by the Board of Directors of the Association, as the same may be amended, revised, repealed or in effect from time to time.

Section 1.06. “Board of Directors” or “Board” means the Board of Directors of the Association.

Section 1.07. “Bylaws” means the Bylaws of the Association, as they may be amended from time to time. Concurrently with this Declaration, the Association has circulated First Restated Bylaws of the Association for approval of the membership to supersede and replace the original Bylaws.

Section 1.08. “Common Area” means the entire Project other than the residential Lots. The Common Area is managed by the Association and includes those areas shown on the Map as lots A, B, C and D.

Section 1.09. “Common Expense” means any use of Common Funds authorized by Article IV, below, and Article IX of the Bylaws and includes, without limitation: (a) all expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Project as incurred or as may be estimated from time to time by the Association's Board of Directors; (b) any amounts reasonably required to be set aside as reserves for maintenance, repair and replacement of the Common Areas and for nonpayment of any Assessments; and (c) the use of such funds to defray costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

Section 1.10. “Contract Purchaser” means the buyer or transferee of fee simple title of an interest in a Lot under a bona fide purchase and sale agreement or land sale contract with a current Member as seller or transferor.

Section 1.11. “County” means the County of Plumas, State of California, and its various departments, divisions, employees and representatives.

Section 1.12. “Davis-Stirling” shall mean the Davis-Stirling Common Interest Development Act. All citations to Davis-Stirling shall be to the Davis-Stirling numbering in the Civil Code as effective January 1, 2014 (Civil Code section 4000 et seq.). In the event Davis-Stirling is further amended, then the Declaration, Bylaws and Governing Documents shall be deemed to reference the updated Davis-Stirling citations.

Section 1.13. “Declaration” means this instrument as it may be amended from time to time.

Section 1.14. “Emergency Assessment” means and refers to an Assessment imposed by the Association’s Board of Directors in order to provide funding to respond to and remedy an emergency situation as defined herein.

Section 1.15. “Family” means one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three persons not so related who maintain a common household in a Lot.

Section 1.16. “Good Standing” means those Members who are eligible to vote with respect to any other matter or action that requires the consent or approval of the Members. In order to be in Good Standing, a Member must be current in the payment of all Assessments levied against the Member's Lot and not be subject to any suspension of voting privileges as a result of any disciplinary proceeding conducted in accordance with the due process and disciplinary hearing procedures of the Declaration and applicable law.

Section 1.17. “Governing Documents” refers collectively to this Declaration, the Articles and the Bylaws of the Association and the Association Rules, and all amendments thereto.

Section 1.18. “Improvement” means any and all structures and improvements, including, but not limited to, buildings, Residence, walls, paving, pavers, fencing, garages, decks, structures, patios, patio awnings, solar heating equipment, spas, pools, antennas, utility lines, painting (other than repainting the same color), room additions, sheds, greenhouses, any other structure of any kind, signs and landscaping.

Section 1.19. “Lease” means any agreement (written or verbal) under which a person is permitted to occupy a Lot for compensation of any kind, including, without limitation, any fee, service, gratuity, money, exchange or other consideration. The verb “leasing” shall include the above arrangements where a person other than the Owner is allowed to use the Lot.

Section 1.20. “Lessee” means any tenant or lessee under a Lease.

Section 1.21. “Lot” means those certain residential lots identified as lots 1 through 42 on the Map, but excluding the Common Area.

Section 1.22. “Map” means that certain Subdivision Map entitled “Plumas Eureka Estates Lot 7, Phase II”, recorded April 30, 1990, in Book 6 of Maps, at Pages 117 through 119, Plumas County Records, State of California.

Section 1.23. “Majority of a Quorum” means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members in Good Standing attending the meeting in person or by proxy or casting written ballots equals or exceeds the quorum requirement for Member action, as specified in the Bylaws or otherwise by statute.

Section 1.24. “Member” means every Owner who holds a membership in the Association and whose rights as a Member are not suspended pursuant to Section 13.06, below.

Section 1.25. “Mortgage” means any security device encumbering all or any portion of the Project, including any deed of trust.

Section 1.26. “Mortgagee” shall refer to a beneficiary under a Mortgage.

Section 1.27. “Office of the County Recorder” means the Official Records of Plumas County, California, and any other recorded documents maintained by the Plumas County Recorder’s office.

Section 1.28. “Owner” means any person, firm, corporation, trust or other entity (including contract sellers, but excluding any person or entity holding such interest merely as security for the payment of a debt or the performance of an obligation) which holds a fee simple interest in any Lot.

Section 1.29. “Project” means the real property described in Exhibit A, including all structures and Improvements located thereon.

Section 1.30. “Quorum” means twenty percent (20%) of the Members in Good Standing present at the meeting or returning a written ballot, except where Davis-Stirling, applicable law or the Governing Documents provide for a higher quorum, in which case the quorum required thereunder shall be the Quorum.

Section 1.31. “Record”, “Recorded”, and “Recording” means, with respect to any document, the recordation or filing of such document in the Office of the County Recorder.

Section 1.32. “Regular Assessment” means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.02, below.

Section 1.33. “Residence” means the single-family dwelling structure on a Lot.

Section 1.34. “Single Family Residential Use” means occupancy and use of a Lot for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state or municipal rules and regulations. In no event shall a Lot be occupied by more individuals than permitted by applicable law, zoning or regulation.

Section 1.35. “Special Assessment” means an Assessment levied against an Owner and his or her Lot in accordance with this Declaration.

Section 1.36. “Special Individual Assessment” means an Assessment levied against an Owner and his or her Lot in accordance with this Declaration.

ARTICLE II DECLARATION AND PROPERTY RIGHTS

Section 2.01. Ownership Lots; Easements. The interest of every Owner shall include a Lot, a membership in the Association appurtenant to said Lot, and any easements appurtenant to such Lot over the Common Area as described in this Declaration.

Section 2.02. Owners' Nonexclusive Easements of Enjoyment. The Association shall own, control and manage the Common Area. However, every Member shall have a nonexclusive right and easement of enjoyment in and to the Common Area, including ingress and egress to and from the Member's Lot. Each such nonexclusive easement shall be appurtenant to and shall pass with the title to every Lot, subject to all Association Rules adopted by the Association concerning the Member's use of the Common Area and, in the event of a breach of the Association Rules or of any other Governing Document provision, to initiate disciplinary action against the violating Member in accordance with Section 13.06, below.

Section 2.03. Delegation of Use.

(a) Delegation of Use and Leasing of Lots. Any Member may delegate his or her rights to use and enjoy the Common Area to his or her Family, Lessees or Contract Purchasers who reside in the Lot; provided, however, that any Lease may only be for Single Family Residential Use and the Member shall not retain such rights during any such delegation to Lessees or Contract Purchasers. Any Lease shall also be subject to the provisions of the Governing Documents all of which shall be deemed incorporated by reference into the Lease. Each Owner shall provide any Lessee with a current copy of all Governing Documents and shall be responsible for compliance by the Lessee with all of the provisions of the Governing Documents during the Lessee's occupancy and use of the Lot. The Board shall have the right to impose monetary penalties or to temporarily suspend the use and enjoyment of the Common Area for the failure of an Owner to pay any Assessments when due under the Declaration, or to comply with any other Association Rule imposed upon such Owner, his or her Family, Lessees or guests, pursuant to the Governing Documents.

(b) Discipline of Lessees. Subject to subsection (c) below, in the event that any person delegated use rights under subsection (a) above 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 temporary or permanent suspension of privileges to use any Common Area and/or the imposition of fines and penalties against the Owner or delegee, which may include the temporary suspension (up to one year) of privileges to use the Common Area subject to the due process procedures for Owners only as described in (c) below.

(c) Due Process Requirements for Disciplinary Action of Owner. The Association shall provide a hearing to an Owner under Section 13.06 prior to taking disciplinary action against the Owner due to the actions of a delegee, though the Owner shall remain responsible for all damages caused by the delegee and the Association may fine or otherwise discipline the Owner at the hearing.

Section 2.04. Obligations of Owners. Owners shall be subject to the following:

(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the secretary of the Association or the Association's property manager, if any, of the names of any Contract Purchaser or Lessee residing in the Owner's Lot or any other persons who have been delegated any use rights by the Owner (including the legal basis for such delegation under this Declaration).

(b) Contract Purchasers. A contract seller of a Lot must delegate his or her voting rights as a Member of the Association and his or her right to use and enjoy the Common Area to any Contract Purchaser in possession of the Lot. Notwithstanding the foregoing, the contract seller/Owner shall remain liable for any default in the payment of Assessments by the Contract Purchaser until title to the Lot sold has been transferred to the Contract Purchaser.

(c) Notification to Prospective Purchasers Regarding Governing Documents. As more particularly provided in California Civil Code section 4525 et seq., 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 certain information and documents as set forth therein.

(d) Payment of Assessments and Compliance with Rules. Each Owner shall pay when due all Assessments, including each Regular, Special, Emergency, 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.

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

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

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

ARTICLE III

PLUMAS PINES II HOMEOWNERS ASSOCIATION

Section 3.01. Association. The Association is a California nonprofit mutual benefit corporation. The Association is charged with the duties and invested with the powers set forth in the Governing Documents, including, but not limited to, control, maintenance and repair of the Common Area.

Section 3.02. Association Action; Board of Directors and Officers. With the exception of those matters requiring approval of Members under the Governing Documents or California law, the affairs of the Association shall be conducted by or under the direction of the Board of Directors and such officers as the Board may elect or appoint. Except as otherwise provided in the Governing Documents or applicable law, all matters requiring the approval of Members shall be deemed approved if approved by a Majority of a Quorum of the Members.

Section 3.03. Membership.

(a) Qualifications. Each Owner of a Lot shall be a Member of the Association. An Owner shall hold one (1) membership in the Association for each Lot he or she owns. Sole or joint ownership of a Lot or interest in it shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until his or her ownership

of, or ownership interest, in all Lot in the Project ceases, at which time the Owner's membership in the Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation, such as a Mortgagee, are not Members.

(b) Voting Rights of Members. Each Member in Good Standing of the Association shall be entitled to one vote for each Lot owned by said Member. When more than one person holds an interest in any Lot all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot. An Owner must be a Member in Good Standing to vote. An Owner's voting rights may be temporarily suspended under those circumstances described in Section 13.06, below.

Section 3.04. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale of the Lot to which it is appurtenant, and then only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Lot shall pass automatically to the purchaser upon Recordation of a deed evidencing the transfer of title. A Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Any attempt to make a prohibited transfer of a membership is void. If any Owner fails or refuses to transfer the membership registered in his or her name to the purchaser of the Lot, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 3.05. Assessments. The Association shall have the power to establish, fix and levy Assessments and to enforce payment of such Assessments as more particularly provided in Article IV, below.

Section 3.06. Powers and Authority of the Association.

(a) General Statement of Association Powers. The Association shall have the responsibility of managing, maintaining, and when necessary repairing and replacing the Common Areas of the Project, and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in operating and managing the Project and in otherwise discharging its responsibilities for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of 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 Members in common. The specific powers of the Association and the limitations thereon shall be as set forth in the Bylaws. The additional powers and rights described in subsections (b) through (d), below, are not intended to limit the general statement of Association authority set forth in this subsection (a), but rather to more particularly describe certain rights and powers that are of particular importance to the proper discharge of the Association's responsibilities to the other Owners and the Project.

(b) Association's Limited Right of Entry.

(i) Right of Entry, Generally. It is expressly agreed that the right of the Association, or its agents, when necessary, shall have the right to enter any Lot in order to:

(A) perform the Association's obligations under this Declaration, including its obligation to enforce the covenants and restrictions set forth herein and to maintain and repair the Common Areas;

(B) to remove any Improvement which is erected or constructed on a Lot without first receiving proper Association approval pursuant to Article V, below; or

(C) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat or nuisance to, or cause an unreasonable interference with, the Owners in common or any portions of the Project which the Association is obligated to repair or maintain.

(ii) Limitations on Exercise of Right. The Association's right of entry pursuant to this subsection (b) shall be subject to the following:

(A) The right of entry may be exercised immediately and without prior notice to the Owner or delegee in case of an emergency originating in or threatening the Owner's Lot or the Common Area where immediate entry is required. The Association may enter under such circumstances whether or not the Owner is present or consents to such entry.

(B) In all non-emergency situations involving routine repair and/or maintenance activities, the Association or its agents shall furnish the Owner or delegee in occupation of the Lot with at least twenty-four (24) hours prior 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 in the Lot. For purposes of this subsection, "written notice" includes notice by facsimile, email or other means of electronic transmission to the Owner so long as a record is created to confirm that the transmission has been received and that the recipient's email address or facsimile number is that of the Owner.

(C) In all non-emergency situations involving access by the Association for purposes of enforcing the Governing Documents against an Owner in default, the Association's entry shall be subject to observance of the notice and hearing requirements imposed by Section 13.06, below.

(c) Designation of Association as Attorney-in-Fact. The Association is hereby irrevocably appointed as the attorney-in-fact for the Owners of each and every Lot to, in the sole discretion of the Association: (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) delegate management functions and responsibilities to a property manager or management company; (iii) deal with the Project upon its destruction or obsolescence as hereinafter provided; and (iv) deal with and handle insurance claims and insurance proceeds, as provided in Article X, below, and condemnation and

condemnation awards, as provided in Article XI, below. 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 3.07. Association Action; Board of Directors and Officers. Except as to matters which under the Governing Documents require the approval of Members, the affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint. Such election or appointment shall be in accordance with this Declaration and the Bylaws.

Section 3.08. Association Rules

(a) Rule Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend Association Rules.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the Governing Documents or the rights, preferences and privileges of the Owners thereunder. In the event of any material conflict between any Association Rule and the provisions of this Declaration or the Bylaws, the conflicting provisions contained in this Declaration or the Bylaws shall prevail. All Association Rules specified in Civil Code section 4340 shall only be adopted, amended and repealed (as the case may be) in good faith and in substantial compliance with this Declaration and California Civil Code sections 4350 through 4370, or any successor statute governing rule adoption. The Association shall adopt operating rules for elections as required by law (Civil Code section 5105 et seq.), but in the absence of such rule shall conduct all elections in accordance with the requirements of Davis-Stirling.

(b) Distribution of Rules. A copy of the Association Rules shall be mailed or otherwise delivered to each Owner when they are adopted, amended or repealed in accordance with Davis-Stirling.

(c) Adoption of Other Association Rules. Any Association Rules other than those certain rules specified in Civil Code sections 4340 may be adopted, amended or repealed from time to time by majority vote of the Board, and the Association shall provide notice to all Owners of such actions. However, in accordance with Civil Code section 4730, any rule or regulation of an association that arbitrarily or unreasonably restricts an Owner's ability to market his or her Lot is void.

(d) Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies of the Association set forth herein and the other Governing Documents, subject to the due process procedures as set forth in Section 13.06, below.

Section 3.09. Limitation on Liability of the Association's Directors and Officers.

(a) Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to

any of the Owners or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the Governing Documents; provided that such Released Party has, upon the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and 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 director or volunteer officer of the Association shall recover damages from such director or officer if all of the following conditions are satisfied:

- (i) The director or officer owns no more than four (4) Lots;
- (ii) The act or omission was performed within the scope of the volunteer director'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 is made general liability insurance with coverage of at least One Million Dollars (\$1,000,000.00).

The payment of actual expenses incurred by a Board member or officer in the execution of such person's Association duties shall not affect such person's status as a volunteer Board member or officer for the purposes of this section. The provisions of this subsection (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations pursuant to California Civil Code section 5800. In the event said 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 Civil Code provision.

ARTICLE IV ASSESSMENTS

Section 4.01. Assessments Generally.

(a) Covenant to Pay Assessments. Each Owner of one or more Lots, by acceptance of a deed or other conveyance therefor (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association any and all: (i) Regular

Assessments; (ii) Special Assessments; (iii) Emergency Assessments; and (iv) Special Individual Assessments duly imposed in accordance with this Article.

(b) Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) authorized under Davis-Stirling (see Civil Code § 5650(b)) for the collection thereof shall be a debt and a personal obligation of the person who is the Owner of the Lot at the time the Assessment is levied, which obligations shall be joint and several for Co-Owners. Each Owner who acquires title to a Lot shall be personally liable only for Assessments attributable to the Lot which become due and payable after the date that the person acquires title. Accordingly, when a person acquires title to a Lot, the new Owner shall not be personally liable for delinquent Assessments of prior Owners of the same Lot unless the new Owner expressly assumes the personal liability of a prior Owner. However, if the acquired Lot is conveyed subject to a valid lien for delinquent Assessments and related costs of collection (i.e., the lien is not removed from record prior to close of escrow in the sale of the Lot) or the new Owner has constructive or actual knowledge that there are Assessments owing concerning the Lot, the Association may continue to exercise its foreclosure remedies against the Lot, regardless of the change of ownership, and/or the Association may pursue its collection remedies against the prior Owner, individually.

(c) Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a charge on the Lot and may become a lien upon the Lot against. Any lien for unpaid Assessments created pursuant to the provisions of this Article may be subject to foreclosure to the extent and as provided in Section 4.10(b) below.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself/herself from personal liability for Assessments duly levied by the Association, nor release the Owner's Lot 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/her Lot or any other portion of the Project.

(e) Improper Assessment. The Association shall not impose or collect an Assessment, penalty or fee which exceeds the amount necessary for the purpose or purposes for which it is levied.

Section 4.02. Regular Assessments.

(a) Preparation of Annual Budget; Establishment of Regular Assessments. Not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Areas) by preparing and distributing to all Members a budget satisfying the requirements of Davis-Sterling.

(b) Establishment of Regular Assessment by Board/Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected

income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year; provided, however, that except as provided in Section 4.05 (emergency), below, the Board of Directors may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the Association's immediately preceding fiscal year without the Members' prior approval in accordance with Section 4.08, below.

(c) Allocation of Regular Assessments. The total amount of the budgeted Common Expenses of the Association shall be allocated among, assessed against and charged to each Owner according to the ratio of the number of Lots owned by the assessed Owner to the total number of Lots that are subject to assessment so that each Lot in the Project bears an equal share all Common Expenses of the Association.

(d) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member of the Association. The Assessment roll (which may be maintained in electronic form) shall show, for each Lot that is subject to assessment, the name and address of the Owner of Record of each such Lot, all Regular, Special and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments which have been paid or remain unpaid.

(e) Mailing Notices of Assessments and Related Financial Disclosures. Not less than thirty (30) nor more than sixty (60) days prior to the beginning of the Association's fiscal year the Board of Directors shall provide notice to the Owners of Lots, at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, of the amount of the Regular Assessment for the next succeeding fiscal year. This notice is in addition to the following notices which must also be distributed to the Members: (i) the written notice required by Civil Code section 5730 which provides Members with general information regarding assessments, foreclosure rights, payment of assessments and payment plans; and (ii) the form required by Civil Code section 5570 that provides summarized information regarding the amount of the current Annual Assessment, additional assessments that have already been scheduled to be imposed or charged, and the calculation of capital replacement reserve replacement needs and reserve account funding requirements. These budgets and disclosure documents shall be delivered to the Members by one of the methods authorized by Civil Code section 4040.

(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 4.03(a)(i), below, for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Board.

(g) Installment Payment of Assessments. The Regular Assessment levied against each Owner and his or her Lot shall be due and payable in advance to the Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Association's Board of Directors. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board.

Section 4.03. 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 in amount due to extraordinary expenses not contemplated in the budget prepared for said fiscal year, then, the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(ii) New Capital Improvements. The Board may 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 Areas). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, and replacement/repair of the Common Area through Regular Assessments (including the funding of reasonable reserves) and to maintain adequate insurance on the Common Areas in accordance with Article IX, below.

(iii) Major Capital Repair and Reconstruction Projects. As more particularly provided in Section 10.03, below, the Board shall be entitled to levy a Special Assessment to fund uninsured major repairs or reconstruction of Common Areas, subject to the membership approval requirements of said Section 10.03.

(b) Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with Section 4.08, below: any Special Assessments which, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied. The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any "emergency situation" as defined in Section 4.05, below.

(c) Allocation and Payment of Special Assessments.

(i) When levied by the Board or approved by the Members as provided above, Special Assessments 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 subsection 4.02(c), above.

(ii) Any Special Assessment duly levied hereunder shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner. Special Assessments for purposes described in subsection (a)(i) of this Section shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable to the Association in equal monthly installments during the remainder of the then current fiscal year. Special Assessments for purposes described in subsection (a)(ii) shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable in full to the Association within thirty (30) days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment. Special Assessments levied pursuant to subsection (a)(iii), above, and Section 10.03, below, shall be due as a separate debt of each Owner and a lien against the Owner's Lots at such time as required by the repair or reconstruction project, but in no event sooner than sixty (60) days following receipt of the Association's notice of levy of the Assessment.

Section 4.04. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4.03, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subsections (i) through (iii) below; provided, however, that no Special Individual Assessments may be imposed against an Owner pursuant to this Section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Section 13.06, below, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Damage to Common Areas. In the event that any damage to, or destruction of, any portion of the Common Area is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her Family, or any of his or her Lessess, Contract Purchasers, guests, servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred by the Association 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 to: (A) accomplish the payment of delinquent Assessments; (B) perform any repair, maintenance or replacement to any portion of the Project that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion; or (C) otherwise bring the Owner and/or his or her Lot into compliance with any provision of the Governing Documents, the amount incurred by the Association (including 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. The Association's Special Individual Assessment authority hereunder shall extend to the collection of any reasonable fines or penalties imposed against an Owner under the Governing documents.

(iii) Required Maintenance of Lots. If any Lot is maintained so as to become a nuisance, structural, fire or safety hazard for any reason, including without limitation, the accumulation of trash, the Association shall have the right to enter said Lot, correct the condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on to a Lot by the Association or its agents shall be undertaken in strict compliance with Section 3.06(b), above.

(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 subsection (a) of this Section, such Special Individual Assessment shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within thirty (30) days after the mailing of notice of the Assessment.

(c) Limitation on Right to Lien Lots for Special Individual Assessments. The right of the Association to collect certain delinquent Special Individual Assessments through the use of lien and foreclosure remedies is subject to the limitations set forth in Section 4.10(b)(ix), below. However Special Individual Assessments may be collected by the Association through the use of other legal processes, including, without limitation, an action in small claims court.

Section 4.05. Assessments to Address Emergency Situations.

(a) Authority of Board to Impose Emergency Assessments. The requirement of a membership vote to approve: (i) Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment; or (ii) Special Assessments which, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied, shall not apply to Special Assessments necessary to address emergency situations ("Emergency Assessments").

(b) Payment of Emergency Assessments. When levied by the Board the Emergency 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 4.02(c), above. The Emergency Assessment so levied shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner. An Emergency Assessment shall be due as a separate debt of the Owner and shall be payable in full to the Association within thirty (30) days after the mailing of the notice of the Emergency Assessment or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Emergency Assessment. If an Emergency Assessment is not paid on or before the due date, the Assessment may be enforced in the manner provided in Section 4.10, below.

Section 4.06. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively: (a) to promote the recreation, health, safety and welfare of individuals residing within the Project; (b) to promote the enjoyment and use of the Project by the Owners and their Families, Lessees, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Area. 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 against each Owner and that Owner's Lot (with respect to which a separate lien may be created hereby, except as limited by subsection (c) above) that shall be binding on the Owner's heirs, successors and assigns; provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed or known (including actual or constructive notice) by them.

Section 4.07. Exemption of Certain Portions of the Project from Assessments. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

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

Section 4.08. Notice and Procedure for Member Approval Pursuant to Sections 4.02 and 4.03. In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to Sections 4.02 and 4.03, above, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members. The quorum required for such membership action shall be a majority of the Members. Any vote on an increase in the Regular Assessment or on the imposition of a Special Assessment that requires approval of the Members must be conducted by use of a secret ballot under the Bylaws.

Section 4.09. Maintenance of Assessment Funds.

(a) Establishment and Maintenance of Association Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors. In addition, the Board shall be entitled to make prudent investment of reserve funds in FDIC 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 have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code section 5510(a) and the Bylaws. Any interest received on deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subsection (b), below.

(b) Expenditure of Assessment Funds. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board

determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was levied, such surplus may, in the Board's discretion, be: (i) returned proportionately to the contributors thereof; (ii) reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded; or (iii) credited proportionately on account of the Owners' future Regular Assessment obligations. In accordance with Civil Code section 5510(b), except for temporary transfers of monies from reserve funds that are permitted pursuant to subsection (d), below, the Board of Directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components of the Project that the Association is obligated to repair, restore, replace or maintain and for which the reserve fund was established.

(c) Separate Accounts; Commingling of Funds. Except as otherwise provided in subsection (d), below, to preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate accounting of all funds received by the Association in payment of each Assessment and of all disbursements made therefrom.

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

(d) Reserve Funds.

(i) Required Study of Reserve Account Requirements. As more particularly provided in the Bylaws, at least once every three (3) years, the Association Board is required by Civil Code section 5550-5560 to cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components of the Project that the Association is obligated to repair, replace, restore, or maintain as part of a study of the Association's reserve account requirements. This three (3) year rolling study must also be reviewed annually by the Board and adjusted as appropriate.

(ii) Adoption of the Reserve Funding Plan. The reserve funding plan that is required pursuant to subsection (d)(i) above shall be adopted by the Board of Directors at an open meeting before the membership of the Association. The Association shall be obligated to provide its Members with a summary of the reserve funding plan adopted by the Board of Directors in accordance with Civil Code sections 5300(b)(3) and 5550-5560. This summary shall include notice to the Members that the full reserve study plan is available upon request. Upon receipt of a request from a Member, the Association shall provide that Member with a copy of the complete reserve plan.

(iii) Permitted Temporary Transfers of Reserve Funds. Notwithstanding the restrictions on the use of reserve funds set forth in subsection (b), above, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses, provided that the Board complies with all applicable requirements of Davis-Stirling concerning the transfers of reserve funds (see Civil Code § 5515).

(e) Limitations on Association's Authority to Assign or Pledge Assessment Obligations. The Association may not voluntarily assign or pledge its right to collect payments or Assessments, or to enforce or foreclosure a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association. However, the restrictions imposed by this subsection (e) shall not restrict the right or ability of the Association to assign any unpaid Assessments to a third party for purposes of collection.

Section 4.10. Collection of Assessments; Enforcement of Liens. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board. Special Assessments, Special Individual Assessments and Emergency Assessments shall be delinquent if not paid within the times prescribed herein. When an Assessment becomes delinquent, the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law commencing 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 promulgate a schedule of reasonable late charges for any delinquent Assessments. (See Civil Code § 5650(b).) Once an assessment becomes delinquent, the Association may elect to apply one or both of the following remedies:

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

(b) Imposition and Enforcement of Assessment Lien and Limitations Thereon. Except as otherwise provided in subsection (b)(ix), below (which imposes limitations on the right of the Association to utilize non-judicial foreclosure remedies to collect certain Special Individual Assessments), the Association may impose a lien against the Owner's Lot for the amount of the delinquent Assessments, plus any reasonable costs of collection (including reasonable attorneys fees), late charges and interest by taking the following steps (see Civil Code § 5660):

(i) Issuance of Delinquency Notice; Contents. At least thirty (30) days prior to recording a lien upon the Owner's Lot to collect a delinquent Assessment, the Association shall notify the Owner in writing by certified mail of the following (the "Delinquency Notice"):

(A) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount, a statement that the Owner of the Lot has the right to inspect the Association records, pursuant to section 5205 of the Civil Code, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed: “IMPORTANT NOTICE: IF YOUR LOT IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.”

(B) An itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent Assessments, the fees and reasonable costs of collection, reasonable attorneys’ fees, any late charges, and interest, if any.

(C) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection previously levied by the Association if it is subsequently determined that the Assessment was paid on time.

(D) The right of the notified Owner to request a meeting with the Board as provided in Civil Code section 5665.

(E) The right to dispute the assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association’s “meet and confer” program pursuant to Civil Code section 5900-5920.

(F) The right of the noticed Member to request alternative dispute resolution with a neutral third party pursuant to Civil Code section 5925-5965 before the Association may initiate foreclosure against the Owner’s Lot, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure, rather than a non-judicial foreclosure.

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

(iii) Pre-Lien Offer to Meet and Confer with the Owner or to Participate in ADR. Prior to recording a lien for delinquent assessments, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Association’s meet and confer program that is required by Civil Code section 5900-5920.

(iv) Rights of Owners to Propose Payment Plans. An Owner may also submit a written request to meet with the Board to discuss a payment plan for the delinquent assessment. This request must also be made within fifteen (15) days of the postmark of the Delinquency

Notice. The Association shall provide the Owners with the standards for payment plans, if such standards have been adopted. So long as a timely request for a meeting has been tendered, the Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request for a meeting, unless there is no regularly-scheduled Board meeting within that period, in which case the Board may designate a committee of one or more Members to meet with the Owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an Association's ability to record a lien on the Owner's Lot to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan.

(v) Association Assessment Lien Rights. Except as provided in subsection (ix), below (relating to certain Special Individual Assessments), the amount of the Assessment, plus any costs of collection, late charges, and interest assessed in accordance with Civil Code section 5600-5650 shall be a lien on the Owner's Lot from and after the time the Association causes to be recorded in the Office of the County Recorder a Notice of Delinquent Assessment. The Notice of Delinquent Assessment shall state the amount of the Assessment and other sums imposed in accordance with Civil Code section 5600-5650, a legal description of the Owner's Lot against which the Assessment and other sums are levied, and the name of the record owner of the Owner's Lot against which the lien is imposed. The itemized statement of the charges owed by the Owner that is required by subsection (b)(i)(B), of this Section 4.10 shall be recorded together with the Notice of Delinquent Assessment. The decision to record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board in an open meeting and the vote shall be recorded in the minutes of the meeting. If the Association fails to abide by the pre-lien notice and other procedures set forth above, the Association must recommence the required notice process, with any resulting additional costs being borne solely by the Association.

In order for the lien to be imposed by non-judicial foreclosure as provided in subsection (vii), below, the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed by any officer of the Association or by the person designated by the Association for that purpose or if no one is designated, by the president of the Association. A copy of the recorded Notice of Delinquent Assessment shall be mailed by certified mail to every person whose name is shown as an Owner of the Lot in the Association's records, and the notice shall be mailed no later than ten (10) calendar days after its Recordation. Upon receipt of a written request by an Owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices, including Notices of Delinquent Assessments and Notices of Default, to the secondary address that is specified.

(vi) Priority of Assessment Liens. A lien created pursuant to subsection (v), above, or subsection (ix), below, shall be prior to all other liens recorded against the Owner's Lot subsequent to the Notice of Delinquent Assessment, except as described in Section 4.11, below.

(vii) Enforcement of Assessment Liens. Subject to the limitations of this Section 4.10(b) and in particular this subsection (vii), after the expiration of thirty (30) days following the recording of a Notice of Delinquent Assessment, the Association's lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to Civil Code section 2924(a). Any sale by the trustee shall be conducted in accordance with Civil Code sections 2924, 2924(b) and 2924(c) applicable to the exercise of powers of sale in mortgages and deeds of trust

The following specific limitations shall apply to the Association's authority to pursue foreclosure remedies as a means of collecting delinquent Assessments:

(A) The decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board in an executive session and shall record the vote in the minutes of the next meeting of the Board that is open to attendance by the Members. The Board shall maintain the confidentiality of the Owner or Owners of the Lot to which the delinquent Assessment(s) pertains by identifying the matter in the minutes by the parcel number of the property, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale of the Lot in question.

(B) Prior to initiating a foreclosure for delinquent assessments, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Association's meet and confer program that is required by Civil Code sections 5900-5920 and/or alternate dispute resolution with a neutral third party pursuant to Civil Code sections 5925-5965. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate judicial foreclosure, rather than non-judicial foreclosure.

(C) If the Board votes to commence foreclosure proceedings to collect delinquent assessments pursuant to this subsection (vii), the Board shall provide notice of that decision by personal service to an Owner of the Lot. In the absence of written notification by the Owner to the Association, the address of the Owner's Lot may be treated as the Owner's mailing address.

(D) Debts for Assessments, Regular or Special, may not be collected through the use of judicial or non-judicial foreclosure remedies until the delinquent assessment amount, exclusive of any accelerated assessments, late charges, fees, costs of collection, attorney's fees, and interest, equals or exceeds \$1,800.00 or the Assessments are more than twelve (12) months delinquent. Delinquent Assessments in a smaller amount may not be collected through the use of foreclosure remedies, but may be collected through the use of any of the following other means: (a) a civil action, including in small claims court; (b) by recording a lien on the Owner's Lot (subject to the restrictions on foreclosure of that lien); or (c) any other manner provided by law, other than judicial or non-judicial foreclosure.

(viii) Foreclosed Owner's Rights of Redemption. A non-judicial foreclosure by the Association of an Owner's interest in his or her Lot to collect a debt for delinquent Assessments shall be subject to a right of redemption. In addition to the requirements of Civil Code section 2924f, a notice of sale in connection with the Association's foreclosure of a Lot in the Project shall include a statement that the property is being sold subject to the right of redemption created by Civil Code section 5715(b).

(ix) Limitation on Authority to Use Lien and Foreclosure Remedies to Collect Special Individual Assessments. As set forth in Civil Code Section 5725(b), a monetary penalty imposed by the Association as a disciplinary measure for failure to comply with the Governing Documents may not be characterized as an Assessment that may become a lien enforceable by the sale of the Lot under Civil Code Section 2924, 2924(b) and 2924(c).

(x) Obligation to Record Lien Releases. If it is determined that a lien previously recorded against a Lot was recorded in error, the party who recorded the lien, within twenty-one (21) calendar days, shall record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Lot Owner with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission.

In addition, within twenty-one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Owner with a copy of the lien release or notice that the delinquent Assessment has been satisfied.

(xi) Effect of Failure to Adhere to Statutory Lien and Foreclosure Procedures. If the Association fails to comply with the notice and other pre-lien procedures set forth in this Section 4.10(b) prior to recording a lien, the Association shall recommence the required notice process prior to recording a lien. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Owner.

The provisions of this Section 4.10(b) are intended to comply with the requirements of Davis-Stirling, as in effect on the date that this Declaration is recorded in the Office of the County Recorder. If these sections of the Civil Code are amended or modified in the future in a way that is binding on the Association and causes this Section to be in conflict with applicable law, the provisions of this Article IV automatically shall be amended or modified in the same manner such that the Board shall follow Davis Stirling to the extent Davis-Stirling is inconsistent with this Article IV.

Section 4.11. Priorities. When a Notice of Delinquent Assessment has been Recorded, such notice shall constitute a lien on the Lot which is prior and superior to all other liens except: (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto (under current law association assessment liens are subordinate to other liens and encumbrances recorded prior to recordation of the Association's Notice of Delinquent Assessment); and (b) the prior lien or charge of any first Mortgage of record (meaning any Recorded Mortgage with first priority over other Mortgages) recorded prior to the imposition of the Assessment reflected in the Notice of Delinquent Assessment made in good faith and for value; provided, however, that such subordination shall apply only to the Assessments which

have become due and payable prior to the transfer of such Lot pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or other prior encumbrance.

Section 4.12. Unallocated Taxes. In the event that any taxes are assessed against the Common Area, or the personal property which is owned by the Association, rather than being assessed to the individual Lots, such taxes shall be included in the Regular Assessments imposed pursuant to Section 4.02, above, and if necessary, a Special Assessment may be levied against Lots within the Project in an amount equal to such taxes to be paid in two installments, thirty (30) days prior to the due date of each tax installment.

Section 4.13. Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption law of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed.

ARTICLE V ARCHITECTURAL CONTROL

Section 5.01. Association Approval of Improvements.

(a) Approval Generally. Prior to commencement of construction or installation of any Improvement on a Lot within the Project, the Owner planning such Improvement must submit to the Association's Board or the Architectural Committee (if then-existing), a written request for approval. The Owner's request shall include structural plans and specifications satisfying the requirements set forth in the Architectural Rules. Unless the Association's approval of the proposal is first obtained, no work on the Improvement shall be undertaken.

(b) This Article V shall apply, without limitation, to the construction, installation, alteration or remodeling of any Improvement on any Lot.

(c) Modifications to Approved Plans Must Also Be Approved. Once a proposed work of Improvement has been duly approved by the Association, no material modifications shall be made in 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 Association.

In the event that it comes to the knowledge and attention of the Association that a work of Improvement, or any modification thereof, is proceeding without proper approval, the Association shall be entitled to exercise the enforcement remedies specified in Section 5.08, below, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement until such time as proper review and approval is obtained.

If the Board delegates the review and recommendation of approval of plans to an Architectural Committee, the Owner-Applicant shall be entitled to appear before the Committee at which the Owner's proposal has been scheduled for review and consideration. The Owner

shall be entitled to be heard on the matter and may be accompanied by his or her architect, engineer and/or contractor. Other Owners whose Lots may be affected by the proposed Improvement (in terms of aesthetics, view, noise or other considerations) shall also be entitled to attend the meeting. Reasonable notice of the time, place and proposed agenda for such meeting shall be communicated before the date of the meeting to any Owner-Applicant whose application is scheduled to be heard, and also to Owners with immediately adjacent Lots and Owners who have requested special notice of such hearings.

Section 5.02. Architectural Rules. The Board, or its duly constituted Architectural Committee, may adopt, amend, modify, or repeal rules and regulations known as "Architectural Rules." The Architectural Rules shall interpret and implement the provisions hereof and may set forth: (a) the standards and procedures for Architectural Committee review; (b) guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended or required for use in connection with particular Improvement projects within the Project; (c) the minimum required content for plans and specifications for proposed Improvements; (d) the criteria and procedures for requesting variances from any property use restrictions or minimum construction standards that would otherwise apply to the proposed Improvement under the Governing Documents; (e) the minimum design, construction or product standards or criteria for commonly requested Improvements; and (f) a fee payable to the Association to offset the costs and expenses of the review process. Notwithstanding the foregoing no Architectural Rule shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Architectural Rules and this Declaration, the provisions of the Declaration shall prevail.

Section 5.03. Basis for Approval of Improvements. Improvements may only be approved by the Board of Directors or its duly delegated Architectural Committee. When a proposed Improvement is submitted, the Board or its Committee shall approve the proposed improvements only if the Board or its committee, in its sole discretion, makes the following findings regarding the proposed project:

(a) The Owner's plans and specifications conform to this Declaration and to the Architectural Rules in effect at the time such plans are submitted;

(b) The proposed Improvement(s), if approved, will otherwise be consistent with the architectural and aesthetic standards prevailing within the Project and with the overall plan and scheme of development within the Project.

(c) The other Owners will not be unreasonably and materially adversely impacted by the Improvement as determined in the discretion of the Board.

While it is recognized that the Board's determination will, of necessity, be subjective to some degree, the members of the Board or its Committee shall act reasonably and in good faith and shall consider such factors as the quality of workmanship, and materials proposed for the Improvement project, and the material, adverse and unreasonable impacts the Improvement may have on other Owners (including whether such impacts may reasonably be avoided). Any decision on a proposed Improvement project shall be made in good faith and may not be unreasonable, arbitrary, capricious or in violation of any applicable laws. Furthermore, in spite

of the discretion conferred on the Association pursuant to this Article V, no decision regarding a proposed Improvement project can be made or imposed that violates any governing provision of law (including, without limitation, the California Fair Employment and Housing Act) or a building code or other applicable law governing land use or public safety.

Decisions on proposed Improvement project shall be in writing, which shall include both an explanation of why the proposed change was approved or not approved. Any applicant whose proposal is not approved by a Committee shall have the right to seek reconsideration by the Board of Directors at an open meeting of the Board. On an annual basis the Association shall provide the Members with notice of any requirements for Association approval of Improvement projects that are subject to this Article V. The notice shall describe the types of changes that require Association approval and shall include a copy of the procedure used to review and approve or disapprove proposed Improvement projects.

In approving a request for construction of an Improvement, the Association may condition approval upon the adoption of modifications in the Owner's plans and specifications or observance of restrictions as to noise abatement or similar mitigating conditions applicable to the Improvement and the Committee or Board, in its discretion, may condition approval on receipt of approval from other Lot owners whose Lots could potentially be affected by the Improvement.

Section 5.04. Time Limits for Approval or Rejection. Within sixty (60) days after submission of plans and specifications satisfying the requirements of the Architectural Rules, the Association shall return one set of such plans to the applicant, with either written notice of approval or disapproval or with written suggestions of changes required for approval. If written suggestions of changes required for approval accompany the returned set of plans, the applicant may implement such changes to the plans and within sixty (60) days resubmit plans incorporating such changes for approval to the Committee, which shall not unreasonably withhold its approval so long as the Owner has complied in all material respects with the requested changes. If no written notice of approval or disapproval is received by the applicant within sixty (60) days after the Owner's plans and specifications (or revisions thereto) are submitted to the Committee, the plans shall be deemed to have been approved as submitted.

Section 5.05. Employment of Architect or Engineer. If at any time the Board or Committee determines that it would be in the best interests of the Association and its Members for an applicant to employ an architect, licensed building designer or engineer to design or review any proposed Improvements or component thereof, the Association shall advise the applicant in writing of its determination whereupon all plans and specifications must thereafter bear appropriate evidence of such preparation or review and the Member shall bear and timely pay all costs and fees associated with such professional.

Section 5.06. Proceeding With Work. Upon receipt of approval from the Association, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement of construction pursuant to said approval, said commencement to be, in all cases, within one (1) year from the date of such approval. If the Owner shall fail to comply with this paragraph, any approval given shall be deemed revoked unless the Board upon written request of the Owner made prior to the expiration of the initial period, extends the time for commencement or completion. No such extension shall be granted except upon a finding by

the Board that there has been no change in the circumstances upon which the original approval was granted and that the Owner has a bona fide intention and ability to complete the project within the time specified in the extension request.

Section 5.07. Inspection of Work by Board or its agents. Inspection of the work relating to any approved Improvement and correction of defects therein shall proceed as follows:

(a) During the course of construction, representatives of the Board shall have the right to inspect the job site to confirm that the work of Improvement is proceeding in accordance with the approved plans and specifications.

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

(c) Within thirty (30) days thereafter, the Board, or its duly authorized representative, may inspect the Improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approval plans. If the Board finds that the Improvement was not erected, constructed or installed in substantial compliance with the Owner's approved plans, then within the 30-day inspection period the Board shall give the Owner a written notice of noncompliance detailing those aspects of the project that must be modified, completed or corrected. If the violation or nonconforming work is not corrected, the Association and its Board shall have the rights and remedies set forth in Section 5.08, below.

(d) If for any reason the Board fails to notify the Owner of any noncompliance within thirty (30) days after receipt of the Owner's notice of completion, the Improvement shall be deemed to have been constructed in accordance with the approved plans for the project, unless the Owner knows of the noncompliance and intentionally misleads the Committee with respect thereto.

Section 5.08. Enforcement.

(a) In addition to other enforcement remedies set forth in this Declaration, the Association or its Committee shall have the authority to order an abatement ("red tag") of any Improvement for which approval is required if Association approval is not obtained or if it does not conform to the plans and specifications submitted to and approved by the Association. If an Improvement project is red tagged, the Owner and his or her contractor shall cease all construction activity until such time as the issue giving rise to the red tag order is resolved. The red tag notice shall clearly state the reasons why the abatement has been ordered.

(b) No work for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of violation, or commencement of a suit to enjoin such work, and shall not constitute a waiver of the Association's rights or an estoppel against enforcement. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to the costs of such proceeding.

(c) If the Owner fails to remedy any noticed noncompliance within thirty (30) days from the date of such notification, or if the Owner feels that the project has been red tagged without justification, the Owner shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing shall be conducted in accordance with Section 13.06, below.

(d) The approval by the Association of any plans, drawings or specifications for any work of Improvement done or proposed, or for any other matter requiring the approval of the Association under this Declaration, or any waiver thereof, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval by the same or some other Owner. Different locations for Improvements, the size of the structure, proximity to other Lots or Common Areas and other factors may be taken into consideration by the Association in reviewing a particular submittal.

Section 5.09. Variances. The Board, in its sole discretion, shall be entitled to allow reasonable variances in any procedures specified in this Article, or in any land use restrictions specified in Article VII, below, to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships, provided all of the following conditions are met:

(a) If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise be applicable under this Declaration, the Board must conduct a hearing on the proposed variance after giving prior written notice to the Board and to all Owners of Lots located within 500 feet of the Lot where the Improvement is proposed to be constructed or installed. Said notice shall also be posted in the Association's principal office within the Project. The notice shall be posted and mailed to the interested Owners at least fifteen (15) days prior to the date when the Board is scheduled to act on the requested variance. No decision shall be made with respect to the proposed variance until the 15-day comment period has elapsed.

(b) The Board must make a good faith written determination that the variance is consistent with one or more of the following criteria: (i) that the requested variance will not constitute a material deviation from any restriction contained herein or that the variance proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; (ii) that the variance relates to a requirement land use restriction or minimum construction standard otherwise applicable hereunder or promulgated in the Architectural Rules that is unnecessary or unduly burdensome under the circumstances; and (iii) that the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance with respect, to any other Lot or Common Area within the Project.

Section 5.10. Estoppel Certificate. Within thirty (30) days after written demand is delivered to the Architectural Committee by any Owner, and upon payment to the Association of a reasonable fee (as established from time to time by the Board), the Board shall Record 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 and any other structural components of the Owner's Lot comply with this Declaration; or (b) that the Lot does not so comply, in which event the certificate shall also identify the noncomplying structural

components or Improvements and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in said Lot through the Owner, shall be entitled to rely on the Association's 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 5.11. Limitation on Liability. Neither the Association, the Board, the Architectural Committee, nor any member thereof shall be liable to any Owner or any other person for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any Improvement project, whether or not pursuant to approved plans, drawings specifications; (c) the development of any Lot within the Project; (d) issuance of an estoppel certificate pursuant to Section 5.13, above, whether or not the facts therein are correct.

Section 5.12. Compliance With Governmental Regulations. Review and approval by the Board or its Committee of any proposals, plans or other submittals pertaining to Improvements in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Owner who desires to construct, install, or modify the Improvement.

ARTICLE VI ASSOCIATION AND OWNER MAINTENANCE RESPONSIBILITIES

Section 6.01. Association Maintenance Responsibilities.

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

Section 6.02. Owner Maintenance Responsibility. Each Owner must maintain, repair, and replace all portions of his or her Lot, including, without limitation, all Improvements, in a clean, sanitary and attractive condition.

Section 6.03. Association Recovery of Costs of Certain Repairs and Maintenance.

(a) Association Maintenance Necessitated by Owner Negligence. If the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder is caused through the willful or negligent acts of an Owner, his or her Family, guests, tenants, or invitees, and is not covered or paid for by 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.

(b) Owner Defaults in Maintenance Responsibilities. If an Owner fails to perform maintenance functions for which he or she is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within fifteen (15) days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Association may exercise its rights under Section 2.06(b), above, to enter the Owner's Lot to perform the repair or maintenance so long as the Owner has been given notice and the opportunity for a hearing in accordance with Section 13.06, below.

Section 6.04. Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's maintenance obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work, including, when reasonably required, permitting access by the Association, its agents and contractors, to the Owner's Lot to perform repair and maintenance work for which the Association is responsible hereunder.

ARTICLE VII USE OF PROPERTY AND RESTRICTIONS

In addition to such restrictions as may be established by law or made a part of the Association Rules (consistent with this Declaration) from time to time promulgated by the Board of Directors, the following restrictions are hereby imposed upon the use and enjoyment of the Project (including, without limitation, the individual Lots):

Section 7.01. Single Family Residential Use. The use of any Lot within the Project is hereby restricted to Single Family Residential Use; provided, however, that nothing in this Declaration shall prevent an Owner from Leasing his or her Lot, subject to Section 2.03, above.

Section 7.02. Prohibition of Noxious Activities.

(a) No noxious or offensive activities shall be carried on within or conducted upon any portion of the Project nor shall any things be done within any Lot that shall be or become an unreasonable annoyance or nuisance to the Project or any Lot therein.

(b) Without limiting any of the foregoing, no Owner shall permit noise of any sort (including, but not limited to, barking dogs, the operation of air conditioners, stereo amplifier systems, television sets, motor vehicles and power tools) to emanate from an Owner's Lot or any portion of the Common Area which would unreasonably disturb other Owner's enjoyment of his/her Lot or the Common Area. Excessive noise levels may be determined in the sole discretion of the Board which may, but shall not be obligated to, rely on applicable governmental regulation dealing with such matters.

(c) The Board may, in its sole discretion, prohibit keeping any animal within the Project or Lot that constitutes a nuisance (whether due to its size, viciousness, unreasonable noise or otherwise) with respect to any other Owner(s).

Section 7.03. Household Pets. The following restrictions regarding the care and maintenance of pets within the Project shall be observed by all Owners, residents, tenants, guests and invitees:

(a) Not more than a total of four common household pets may be kept within each Lot so long as the same are not kept, bred or maintained for commercial purposes. This provision shall not apply to aquarium-type fish. No other animals, livestock, or poultry of any kind shall be kept, bred or raised in any Lot. Notwithstanding the foregoing, no pets may be kept on any Lot or the project which result in an unreasonable annoyance or nuisance to other Owners.

(b) A dog or dogs shall only be allowed on the Common Area when they are either (i) on leash and under the supervision and restraint of their handlers, or (ii) off leash provided that the handler must at all times be in the immediate vicinity of the dog(s), have the dog(s) in direct line of sight, and have the dog(s) under verbal or visual control of the handler at all times. The Association has the right to require any Owner or other person to keep his or her dogs on leash at all times in the Common Area if, in the sole discretion of the Association, the Owner has not complied with the off leash provisions of this section.

(c) No household pet shall be left chained or otherwise tethered within the Common Area. Pet owners shall be responsible for the prompt removal and disposal of pet wastes deposited by their pets in the Project.

(d) Each person bringing or keeping a pet on the Project shall be solely responsible and liable for the conduct of the owner's pets. The Association, its Board, officers, employees and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants and contract purchasers for any damage or injury to persons or Project caused by any pet.

(e) The Board of Directors shall have the right to establish and enforce additional Association Rules and impose standards for the reasonable control and keeping of household pets in, upon and around the Project.

Section 7.04. Signs. No advertising signs or billboards shall be displayed on the exterior of any Lot or posted within or upon any portion of the Common Area except that Owners may post on their Lot notices required by legal proceedings and a single "For Rent," "For Lease" or "For Sale" sign of reasonable dimensions and subject to the Rules and Regulations adopted by the Board.

Section 7.05. Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Lot without the prior written approval of the Board; provided, however, the foregoing restriction shall not apply to the activities, signs or activities of the Association in the discharge of its responsibilities under the Governing Documents. Furthermore, no restrictions contained herein shall be construed in such a manner so as to prohibit any Owner from: (a) maintaining his or her personal library in his or her Lot; (b) keeping his or her personal business records or accounts therein; (c) handling his or her personal or professional telephone calls or correspondence therefrom; (d) leasing or renting his

or her Lot in accordance with Section 2.03, above; or (e) conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization so long as any such activity does not involve exterior signage or create customer traffic within the Project. The uses described in (a) through (e), above, are expressly declared to be customarily incidental to the principal residential use of the Lot and not in violation of this section 7.05.

Section 7.06. Garbage. No rubbish, trash, or garbage shall be allowed to accumulate within any Lots or the Common Area. Any trash accumulated by an Owner shall be stored entirely within appropriate covered disposal containers and facilities located on that Owner's Lot. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and Improvements) shall be removed to a public dump or trash collection area by the Owner or tenant at his or her expense. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this section.

Section 7.07. Clotheslines/Appliances. No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes on the balconies, patios, porches or other exterior areas on a Lot in a manner which is visible from any neighboring Lot or the Common Area. No clothes washers, clothes dryers, refrigerators, freezers, or other large appliances may be kept, stored, or operated on any exterior area on a Lot.

Section 7.08. Restriction on Improvements. In order to insure adequate aesthetic controls and to maintain the general attractive appearance of the Project, no Owner or Lessee shall construct any Improvements to a Lot, except as authorized by the Association pursuant to Article V, above.

Section 7.09. Antennas and Similar Devices. No Owner shall construct, install and/or operate a radio and/or television antenna, satellite dish, or other signal reception or transmission device or related equipment without the consent of the Board, which the Board shall have the discretion to withhold, subject to applicable legal requirements. The Board shall, in acting upon requests for approval of a satellite dish or other signal reception or transmission devices comply with California Civil Code section 4725 and Federal Communications Commission regulations. The Board may adopt other Rules for installation and operation of any satellite dish or other signal reception or transmission devices that comply with California Civil Code section 4725 and the FCC Regulations.

Section 7.10. Machinery and Equipment. No power tools, machinery, or any other equipment of any kind shall be placed, operated or maintained within or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance or repair of a Single Family Residence on a Lot.

Section 7.11. Diseases and Pests. No Owner shall permit any thing or condition to exist within his or her Lot which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

Section 7.12. Parking and Vehicle Restrictions.

(a) All garages shall be maintained in a neat and orderly condition and garage doors shall be kept in a closed position except as necessary to permit ingress and egress of vehicles or to clean or work in the garage area. Unless otherwise allowed by the Board in writing, no motor vehicles shall be parked or left on any other portion of the Project other than a Lot's driveway, garage or other portion of the Project specifically designated for parking.

(b) No motor vehicle or other type of vehicle listed in subsection (c) below shall be constructed, reconstructed or repaired within the Project and no dilapidated or inoperable vehicle, including vehicles without wheel(s) or an engine or automobile parts, motorcycle parts or other similar parts, shall be stored on the Project; provided, however that the provisions of this section shall not apply to emergency vehicle repairs which may not exceed forty-eight (48) hours.

(c) Campers, motor homes, boats, trailers, motorcycles, all-terrain vehicles, snowmobiles, commercial vehicles and trucks in excess of one ton are not to be parked in any area of the Project, except for periods not to exceed forty-eight (48) hours for the purpose of loading and unloading. Commercial vehicles shall not include sedans or standard sized pickup trucks which are used for both business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. Boats, all-terrain vehicles and snowmobiles shall be allowed to be parked in an enclosed garage on a Lot on a long-term basis. No noisy or smoke-emitting vehicles shall be operated on the Project. No off-road unlicensed motor vehicles shall be operated on the Project.

(d) The Board shall have the authority to tow or restrain by use of devices such as the "Denver Boot," at the Owner's expense, any vehicle parked or stored in violation of this section. The Board shall post such notices or signs within the Common Area as may be required by law to effectuate this towing provision.

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

(f) Parking shall not be permitted on any street within the Project, except within garages and designated parking areas.

Section 7.13. Children. Each Owner and resident shall be accountable to the remaining Owners and residents, their Families, visitors, guests and invitees, for the conduct and behavior of their children and any children temporarily residing in or visiting the Owner's/resident and for any property damage caused by such children.

Section 7.14. Activities Affecting Insurance. Nothing shall be done or kept within any Lot which will increase the rate of insurance relating thereto without the prior written

consent of the Association and no Owner shall permit anything to be done or kept within his or her Lot or the Common Area which would cause any Improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Lot or any part of the Common Area.

Section 7.15. Window Coverings. Window coverings when viewed from the outside of the Lot shall be white, beige or other earth tone color. In no event shall bed sheets, paper or foil be used as window coverings. This section shall not be construed to prevent any owner from installing privacy glass in and or privacy/shading screens on the windows.

Section 7.16. Drainage. No Owner shall do any act or construct any Improvements which would interfere with the natural or established drainage system or patterns within the Project without the approval of the Board.

Section 7.17. Liability of Owners for Damage to Common Area. The Owner of each Lot shall be liable to the Association for all damages to the Common Area and/or Improvements thereon caused by such Owner, or any occupant of his Lot or guest, except for that portion of said damage, if any, fully covered by insurance of the Association. Liability of an Owner shall be established only after notice to the Owner and a hearing before the Board.

Section 7.18. Sports Fixtures. No basketball standards, hoops or backboards or other fixed sports apparatus shall be attached to any Residence or erected in the yard of any Lot without the approval of the Architectural Committee.

Section 7.19. Fences. No fences, hedges or walls shall be erected or maintained on any Lot, unless first approved by the Architectural Committee.

Section 7.20. Fires. There shall be no exterior fires whatsoever except fires contained in receptacles specifically designed for that purpose.

Section 7.21. Mailboxes. There shall be no new exterior newspaper tubes or freestanding mailboxes except as may be approved by the Architectural Committee.

Section 7.22. Decks. All decks must remain free of clutter and not used for storage except for uses reasonably incident to a deck.

Section 7.23. Mineral Exploration. No Lot shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance or other mineral of any kind.

Section 7.24. Golf Course. The Owners of Lots within the Project acknowledge their lots are in close proximity to the Plumas Pines Golf course and further acknowledge and take said Lots subject to the risk of unreasonable harm or injury to persons or property on said lot resulting from flying or other golf balls which travel out of the boundaries of the Plumas Pines Golf Course. Further, the Owners of all Lots in the Project shall take said Lots subject to the risk of unreasonable harm or injury to persons or property resulting from intrusion of said golf balls into the Common Area. The Owner of any Lot described above shall, in turn, take all reasonable measures to ensure that adequate notice or warning of the above-described

risk or risks is given to invitees, licensees, or other guests on any such Lot at the time of any use thereof. Furthermore, the Project shall be subject to an easement and/ or entry of golf balls upon or across the Project, and the Owners, by acceptance of a deed to the Lot, hereby waives and releases the owner of the Plumas Pines Golf Course, the Association, and its Board from any and all claims, liabilities, losses, damages, and attorney's fees incurred, made or arising out of real or personal property damage to any property including but not limited to the property of the Lot Owner, which arises from any use of this easement. Any rear yard landscaping and site improvements adjoining the Plumas Pines Golf Course shall conform to the requirements of the Architectural Committee.

Section 7.25. Propane Tanks. No new propane tanks shall be erected or maintained on any Lot unless first approved by the Architectural Committee.

Section 7.26. Maintenance and Replacement of Trees and Plantings. Each Owner shall maintain all trees, plantings, vegetation or other landscaping on their Lot in a good and husbandry-like manner, with all dead and dying trees or plant material being promptly removed. Any tree removed shall be replaced with the same (if the same materials are not available) similar materials. The Association shall have the authority to remove any dead or diseased tree as provided in this Declaration.

Section 7.27. Variances. Upon application by any Owner, the Board of Directors shall be authorized and empowered to grant reasonable variances from the use restrictions set forth in this Article, 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 development contemplated by this Declaration. In considering and acting upon any request for a variance, the Board shall follow the procedures set forth in Section 5.09, above, for the granting of: architectural variances.

ARTICLE VIII EASEMENTS

Section 8.01. Utility Easements Granted by Association. The Association shall have the power to grant and convey to any third-party easements and rights-of-way in, on, over or under the Common Area for the purpose of constructing, erecting, operating or maintaining lines, cables, wires, conduits, or other devices for utilities, electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public Improvements or facilities. Each Owner, in accepting a deed to a Lot, expressly consents to such easements and rights of way and authorizes and appoints the Association as attorney-in-fact of such Owner to execute any and all instruments conveying or creating such easements or rights-of-way.

Section 8.02. Maintenance Easements. An easement is hereby granted to the Association, their officers, agents, employees, and to any contractor selected by the Association to enter in or to cross over the Common Area and any Lot to perform the Association's duties of maintenance and repair of the Common Area provided for herein.

Section 8.03. Other Easements. Each Lot, its Owner and the Association, as the case may be, is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Project and each Lot as shown on the Map.

Section 8.04. Priority of Easements. Wherever easements granted to the County are, in whole or in part, coterminous with any other easements, the easements of the County shall have and are hereby granted priority over said other easements in all respects.

ARTICLE IX INSURANCE

Section 9.01. Insurance. In addition to other insurance required to be maintained by the Project Documents, the Association, through its Board, shall obtain from generally accepted insurance carriers, and maintain in effect at all times, the following insurance at common expense:

(a) Liability Insurance. The Association shall obtain and maintain comprehensive public liability insurance insuring the Association and each Owner against any liability incident to the ownership, use or maintenance of the Common Area, and other maintenance obligations, 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 \$1,000,000 (one million dollars) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance may include protection against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and such other risks as a customarily covered with respect to projects similar in construction, location and use. Such policy may provide for a reasonable deductible.

(b) Fire, Casualty and Extended Coverage Insurance. The Association may also obtain and maintain a policy of fire, casualty and extended coverage insurance for the full insurable replacement value (without deduction of depreciation) of all Common Area improvements within the Project. Such Policy may provide for a reasonable deductible. The form, content, term of policy, its endorsements and the issuing company shall meet the reasonable standards of all First Mortgagees and shall be consistent with good sound insurance coverage for properties similar in construction, location and use. The policy shall name as insured the Association for the benefit of the Owners and Declarant, as long as the Declarant is the Owner of any Lot, and all Mortgagees as their respective interests shall appear, and may contain a loss payable endorsement in favor of any trustee described below.

(c) Trustee. All fire, casualty and extended coverage insurance proceeds payable hereunder for losses to real property and improvements may be paid to a trustee, to be held and expended for the benefit of the Owners, Mortgagees, and others, as their respective interests shall appear. Said trustee shall be a commercial bank, savings and loan or trust company in the county in which the Project is located that agrees in writing to accept such trust.

(d) Other Insurance. The Board shall purchase and maintain worker's compensation insurance, to the extent that it is required by law, for all employees or uninsured contractors of

the Association. The Board also shall purchase and maintain fidelity bonds or insurance (which shall be in an amount not less than 150% of each year's estimated annual operating expenses and reserves and shall contain an endorsement of coverage of any person who may serve without compensation) sufficient to meet the requirements of any First Mortgagee. The Board shall also purchase and maintain insurance on personal property owned by the Association, and any other insurance that it deems necessary, that is required by any First Mortgagee or that is customarily obtained for project similar in construction, location and use.

(e) 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 hereunder. The Board is granted full right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

(f) Officer and Director Insurance. The Association may purchase and maintain insurance of behalf of any Director, Officer, or member of a committee of the Association (collectively called "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Association would have the power to indemnify the agents against such liability under applicable law.

(g) Waiver of Subrogation. All insurance carried by the Association, or the Owners, shall contain provisions whereby the insurer waives rights of subrogation as to the Association, Directors, Officers, Declarant, Owners, occupants of Lots, their family, guests, agents and employees.

(h) Notice of Cancellation. All insurance carried by the Association shall require the insurer to notify any First Mortgagee requesting such notice at least 15 days prior to the effective date of any reduction or cancellation of the policy.

(i) Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board to ascertain whether the coverage contained in the policies is adequate.

(j) Payment of Premiums. Premiums on insurance maintained by the Association shall be a Common Expense funded by Assessments levied by the Association.

(k) Individual Fire Insurance. Each Owner shall obtain and maintain, at Owner's sole expense fire and casualty coverage as may be required by the Owner's individual Mortgagee, or if no Mortgagee encumbers a Lot, fire and casualty coverage as may be determined by the Board, with respect to damage or destruction to improvements on the Owner's Lot. All such individually carried insurance shall also contain a waiver of subrogation rights by the carrier as to other Owners, the Association, Declarant, and First Mortgagee of such Lot.

Section 9.02. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

Section 9.03. Required Notifications to Owners Regarding Insurance. The Association shall provide its Members with a summary of the Association's property, general liability, earthquake, flood, and fidelity insurance policies not less than thirty (30) nor more than

ninety (90) days prior to the beginning of the Association's fiscal year, that includes all of the following information about each policy in accordance with Davis-Stirling. The annual insurance summary shall also contain a statement, in at least 10-point bold face type that states as follows (as may be amended from time to time in Davis Stirling):

This summary of the Association's policies of insurance provides only certain information, as required by Civil Code section 5310(a)(7) and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association Member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property, or, real property improvements to or around your Lot, or personal injuries or other losses that occur within or around your Lot. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association Members should consult their individual insurance broker or agent for appropriate additional coverage.

ARTICLE X DAMAGE OR DESTRUCTION

Section 10.01. Destruction.

(a) Minor Destruction Affecting Common Area. The Board shall have the duty to repair and reconstruct the Common Area without consent of Members and irrespective of the amount of available insurance proceeds or other funds, in all instances of partial destruction where the estimated cost of repair and reconstruction does not exceed 5% of the budgeted gross expenses of the Association for that fiscal year. The Board may levy a Special Assessment for the cost of such repairs and reconstruction to the extent insurance proceeds or other funds are unavailable.

(b) Major Destruction Affecting Common Area.

(i) Destruction; Proceeds Exceed 85% of Reconstruction Costs. If there is a total or partial destruction of the Common Area, and if the available proceeds of the insurance carried or other available funds are sufficient to cover not less than 85% of the costs of repair and reconstruction, the Common Area shall be promptly rebuilt unless, within 90 days from the date of destruction, Members holding at least 75% of the voting power of the Association determine that repair and reconstruction shall not take place.

(ii) Destruction; Proceeds Less than 85% of Reconstruction Costs. If the proceeds of insurance or other available funds are less than 85% of the costs of repair and reconstruction, repair and reconstruction shall not take place unless, within the 90 days from the date of destruction, Members then holding at least a Majority of a Quorum determine that repair and reconstruction shall take place. For purposes of this subsection, the Quorum shall be fifty

percent of the Members in Good Standing. If repair and reconstruction is to take place, the Board shall execute, acknowledge and record in the office of the County Recorder not later than 120 days from the date of the destruction a certificate declaring the intention of the Members to rebuild.

(iii) Special Assessment to Rebuild. If the determination is made to rebuild pursuant to the above Sections, the Association may levy a Special Assessment against all Lot Owners to cover the costs of rebuilding not covered by insurance proceeds or other funds.

(iv) Rebuilding Contracts. If the determination is made to rebuild, the Board shall obtain bids from at least three reputable contractors, and shall award the repair and reconstruction work to the most reasonable bidder. The Board shall have the authority to enter into a written contract with the contractor for the repair and reconstruction, and the insurance proceeds shall be distributed to said contractor according to the terms of the contract. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

(v) Rebuilding Not Authorized. If the determination is made not to rebuild, then any insurance proceeds and any other funds held for rebuilding of the Common Area shall, subject to Corporation Code 8724, be distributed among the Lots on the same basis as their Regular Assessment obligation, and between the Lot Owner and his Mortgagee(s) as their interests shall appear.

ARTICLE XI CONDEMNATION

Section 11.01. Sale by Unanimous Consent or Taking. If an action for condemnation of all or a portion of the Project is proposed or threatened by any governmental agency having the right of eminent domain, then, on written consent of seventy-five (75%) percent of all of the Owners and all institutional Mortgagees, the Project, or a portion of it may be sold and conveyed to the condemning authority by the Board or its designees acting as the attorney-in-fact of all Owners under an irrevocable power of attorney, which each Owner by accepting a deed to a Lot hereby grants and which shall be coupled with the interest of all other Owners, for a price deemed fair and equitable by the Board. However, an Owner in a condemnation proceeding is not precluded from obtaining private counsel to represent his or her interest. If the requisite number of Owners or institutional Mortgagees do not consent to a sale of all or a portion of the Project, and the condemning authority institutes condemnation proceedings, the court shall fix and determine the condemnation award.

Section 11.02. Distribution and Sale Proceeds of Condemnation Award.

(a) Total Sale or Taking. In the event of a total sale or taking of the Project, meaning a sale or taking: (i) that renders more than fifty (50%) percent of the Lots uninhabitable (such determination to be made by the Board in the case of a sale and by the court in the case of a taking); or (ii) that renders the Project as a whole uneconomical as determined by the vote or written consent of sixty-seven (67%) percent of those Owners and fifty-one (51%) percent of their respective institutional Mortgagees whose Lots will remain habitable after the taking, the

right of any Owner to partition through legal action as described in Article XII, below, shall revive immediately. However, any determination that a sale or taking is total must be made before the proceeds from any sale or award are distributed. Accordingly, upon such determination, the legal status of the Project as a planned development shall be terminated. The proceeds of any such total sale or taking of the Project, together with the proceeds of any sale pursuant to a partition action, after payment of all expenses relating to the sale, taking or partition action, shall be paid to all Owners and to their respective Mortgagees in the proportion that the fair market value of each Lot bears to the fair market value of all Lots on the Project. The fair market value of Lots shall be determined in the condemnation action, if such be instituted, or by a state certified appraiser.

(b) Partial Sale or Taking. In the event of a partial sale or taking of the Project, meaning a sale or taking that is not a total taking as determined in Section 11.02(a), above, the proceeds from the sale or taking shall be paid or applied in the following order of priority and any judgment of condemnation shall include the following provisions as part of its terms:

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

(ii) To Owners and to their respective Mortgagees, as their interests may appear, of Lots on the Project whose Lots have been sold or taken, an amount up to the fair market value of such Lots as determined by the Court in the condemnation proceeding or by an appraiser selected by the Board, less such Owner's share of expenses paid pursuant to this subsection (b)(ii) (which share shall be based upon the ratio of the square footage of the floor area of his or her Lot to the total square footage of the floor area of the other sold or taken Lots). After such payment, the recipient shall no longer be deemed an Owner and the Board or individuals authorized by the Board, acting as attorney-in-fact of all Owners shall amend the Map (if necessary) and this Declaration to eliminate from the Project the Lots so sold or taken and to adjust the undivided ownership interest of the remaining Owners in the Common Area based upon the ratio that each remaining Owner's undivided interest bears to all the remaining Owners' undivided interest in the Common Area; then

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

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

ARTICLE XII
NONSEVERABILITY OF COMPONENT INTERESTS IN A LOT; PARTITION

Section 12.01. Prohibition Against Severance. Except as otherwise provided in Section 12.03, below, an Owner shall not be entitled to sever the Owner's Lot from the Owner's membership in the Association, and shall not be entitled to sever the Owner's Lot and membership from the Owner's undivided interest in the Common Area for any purpose. Similarly, no Owner can sever any exclusive easement appurtenant to the Owner's Lot over the Common Area from the Owner's Lot, and any attempt to do so shall be void.

Section 12.02. Conveyances. After the initial sales of Lots within the Project, any subsequent conveyances of a Lot shall be presumed to convey the entire Lot. However, nothing contained in this section shall preclude the Owner of any Lot from creating a co-tenancy or joint tenancy in the ownership of the Lot with any other person or persons.

Section 12.03. Suspension. The right of partition is suspended pursuant to California Civil Code section 4610 (entitled "restrictions on partition") as to the Project. Partition of the Project can be had only upon a showing of one or more of the factors described in subsection (b) of said section 4610. Nothing in this Declaration shall prevent partition of a co-tenancy in a particular Lot.

Section 12.04. Power of Attorney. Each Owner grants the Association an irrevocable power of attorney to sell the Project for the benefit of the Owners when partition can be had pursuant to California Civil Code section 4610. Exercise of the power is subject to the approval of fifty-one (51%) percent of the voting power of the Members in Good Standing.

ARTICLE XIII BREACH OR DEFAULT

Section 13.01. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration are inadequate and that the failure of any Owner, Lessee, occupant or user of any Lot, or any portion of the Common Area, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors, or by their respective successors in interest.

Section 13.02. Nuisance. Without limiting the generality of the foregoing section 13.01, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 13.03. Attorneys' Fees. Reasonable attorneys' fees and costs shall be awarded to the prevailing party in any procedure to enforce the Governing Documents or a party's rights arising under the Governing Documents. Such enforcement procedures include an action brought in any Court of competent jurisdiction as well as any alternative dispute resolution procedure implemented pursuant to the Governing Documents or pursuant to

California Civil Code sections 5975, and 5925-5965 (as such sections may be renumbered or revised from time to time).

Section 13.04. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 13.05. Failure Not a Waiver. The failure of any Owner, the Board of Directors, the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same 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 13.06. Rights and Remedies of the Association.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her Family, or the Owner's guests, employees, invitees, licensees, or Lessees, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey the Association Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including, but not limited to, the hiring of legal counsel, the imposition of fines and monetary penalties, the imposition of a Special Individual Assessment, the pursuit of legal action, or the suspension of the Owner's right to use recreation Common Areas or suspension of the Owner's voting rights as a Member of the Association; provided, however, the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this Section.

The decision of whether it is appropriate or necessary for the Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement pursuant to California Civil Code sections 5975 or otherwise by law.

(b) Schedule of Fines. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate. Once imposed, a fine or penalty may be collected as a Special Individual Assessment, subject to the limitation on the use of lien and foreclosure remedies stated above.

(c) Definition of "Violation". A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for

so long as the detrimental effect continues. Similar violations on different days may justify cumulative imposition of disciplinary measures in the discretion of the Board.

(d) Limitations of Disciplinary Rights.

(i) Generally. The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Lot due to the failure by the Owner (or his or her Family members, Lessees, guests or invitees) to comply with any provision of the Governing Documents or of any duly enacted Association Rule except where the loss or forfeiture is the result of the judgment of a court of competent jurisdiction, a decision arising out of arbitration or a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association, or where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member of the Association 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 subsection (iii), below.

(ii) Notice and Hearing Requirements for Disciplinary Actions. No disciplinary action, penalty or temporary suspension of rights shall be imposed pursuant to this Article unless the Owner alleged to be in violation is given at least ten (10) days prior notice by personal delivery or first-class mail, that the Board of Directors will be meeting to consider imposing such discipline. The notice shall include, at a minimum, the date, time, and place of the meeting, the nature of the alleged violations for which the Owner may be disciplined, and a statement that the Owner has a right to attend and address the Board at the hearing. The Board shall meet in executive session if requested by the Owner.

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

In accordance with Civil Code section 5855(d), disciplinary action shall not be effective against an Owner unless the Board fulfills the requirements of this Section. Notwithstanding the foregoing, under circumstances involving conduct that constitutes: (A) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (B) a traffic or fire hazard; (C) a threat of material damage to, or destruction of, the Common Areas; or (D) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors, or its duly authorized agents, may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Association, in writing, within five (5) days following the Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

If the Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than five (5) days following the date when the fine is levied.

The hearing shall be held no more than fifteen (15) days following the date of the disciplinary action or fifteen (15) days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

At the hearing, the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The Board shall notify the accused Owner, in writing, of the Board's decision within five (5) business days following conclusion of the hearing. In no event shall the effective date of any disciplinary action commence sooner than five (5) days following conclusion of the hearing unless: (i) the hearing merely affirms summary disciplinary action initiated pursuant to the immediately preceding paragraph; or (ii) earlier commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to, or destruction of, the Lots or any portion thereof.

(e) Notices. Any notice required by this Article shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents and a reference to the specific Governing Document provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice; provided, however, 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.

(f) Rules Regarding Disciplinary Proceedings. The Board, or an appropriate committee appointed by the Board to conduct and administer disciplinary hearings and related proceedings, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings, so long as such rules meet the minimum requirements of section 5855 of the Civil Code. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules.

Section 13.07. Court Actions. Court actions to enforce the Governing Documents may only be initiated on behalf of the Association by resolution of the Board. Prior to the filing of any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents (including either such action coupled with a claim for monetary damages not in excess of Five Thousand Dollars (\$5,000)), the Association shall first comply with the provisions of California Civil Code sections 5925-5965 relating to alternative dispute resolution.

Section 13.08. Assessment Collection Actions. The notice and hearing procedures set forth in Section 13.06, above, shall not apply to any actions by the Association or its duly authorized agents to collect delinquent assessments. Assessment collections shall be subject to the notice and procedural requirements imposed by Section 4.10, above, and any other notice, hearing and/or dispute resolution requirements or procedures as may be specifically applicable by law to community association assessment collection efforts.

ARTICLE XIV PROTECTION OF MORTGAGEES

Section 14.01. Assessment Lien Subordinated. Any lien created or claimed under the provisions of Article IV, above, shall be subject and subordinate to a lien of any first Mortgage given in good faith and for value. No such first Mortgagee who acquires title to any Lot, or to the Owner's interest therein, by judicial foreclosure or by exercise of power of sale contained in the Mortgage shall be obligated to cure any breach of this Declaration by a former Owner of such Lot or shall be liable for any unpaid Assessments made against the Lot which accrued prior to the date the Mortgagee acquired such title. No lien created or claimed under the provisions of Article IV, above, shall in any way defeat, invalidate or impair the rights of any Mortgagee under any such Recorded first Mortgage.

Section 14.02. Amendment of This Declaration. Except where an amendment has been approved in accordance with Section 14.12, below, no amendment of this Declaration shall affect any of the rights of the holder of any Mortgage described in Section 14.01, above, which is made in good faith and for value, if such Mortgage is Recorded and notice of the delivery and Recordation thereof is given to the Association prior to the Recording of such amendment.

Section 14.03. 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 or the Owner's interest therein, but all of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes shall remain provided for or against any person who acquires title to or any beneficial interest in any Lot through foreclosure, trustee's sale or otherwise.

Section 14.04. Exchange of Information. The Association shall, at the written request of any Mortgagee, insurer or guarantor, notify such party of:

- (a) Any condemnation or casualty loss that affects either a material portion of the Project or the Lot(s) securing the Mortgage;
- (b) Any delinquency of sixty (60) days or more in the payment of Assessments or charges owed by the Owner(s) of the Lot(s) securing the Mortgage;
- (c) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (d) Any proposed action of the Association that requires the consent of a specified percentage of Eligible Mortgagees (see Section 14.12(a), below, for definition of "Eligible Mortgagee").

To be entitled to receive this information, the Mortgagee, insurer or guarantor must send a written request to the Association, stating both its name and address and the number or address of the Lot(s) securing the Mortgage. Any Mortgagee of any Lot is hereby authorized to furnish to the Board of Directors, upon written request by the Board therefor, the amount of any unpaid balance of any indebtedness secured by a lien of a Mortgage and the amount and due date of any delinquent payment or payments on such indebtedness.

Section 14.05. Certain Restrictions Affecting the Association.

Notwithstanding any other provisions of this Declaration, without the prior written consent of at least sixty-seven (67%) percent of the Owners or sixty-seven (67%) percent of the first Mortgagees, such percentage to be based upon the total number of Lots so mortgaged with each such Mortgage entitled to one vote for each Lot, the Association shall not:

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

(b) Change the method provided in this Declaration for determining the Assessments or other charges which may be assessed against an Owner or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(c) By act or omission, change, waive or abandon the scheme of maintenance and repair of the Project, or the enforcement thereof, as provided in this Declaration;

(d) Fail to maintain fire and extended coverage insurance on the Common Areas in the amount and against the risks provided in Article XI, above; and

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

Section 14.06. Right of First Mortgagees to Make Certain Payments and Right of Reimbursement Therefor. The holders of first Mortgages on the Lots shall have the right (but not the obligation), jointly or singly: (i) to pay taxes or other Assessments or charges which are in default and which may or have become a lien or charge against the Common Areas; (ii) to pay overdue premiums on casualty insurance policies for the Common Areas; and (iii) to secure and pay for new casualty insurance coverage on the Common Areas upon the lapse of any such policy, in the amount and against the risks provided in Section 9.01, above. Any first Mortgagee making such payment shall be entitled to immediate reimbursement therefor from the Association. Upon the request of any first Mortgagee, the Association shall, by separate instrument signed by the president or any vice president and the secretary or any assistant secretary, evidence its agreement to the provisions of this section as the same affects the Mortgage held by such Mortgagee.

Section 14.07. Right to Examine Books and Records of the Association. All Mortgagees, insurers and guarantors of any Mortgages on any Lot shall have the right, upon written request to the Association, to:

(a) Examine current copies of the Governing Documents and the Association's books, records and financial statements, during normal business hours;

(b) Require the Association to provide an audited statement for the preceding fiscal year; and

(c) Receive written notice of all membership meetings and designate a representative to attend such meetings.

Section 14.08. Notices to First Mortgagees. The Association shall furnish to the holder of any first Mortgage on any Lot, upon 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) any decision by the Association to terminate professional management, if any, and assume self-management of the Project; (d) any condemnation or eminent domain proceeding; and (e) any extensive damage to or destruction of any Improvements located on the Common Area.

Section 14.09. Superiority of Mortgage to Condemnation Proceeds. If any Lot, or portion thereof, or the Common Area, or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of said Lots or Common Area with respect to any distribution of the proceeds of any condemnation award or settlement.

Section 14.10. Superiority of Mortgage to Insurance Proceeds. In the event of any substantial damage to any Lot, or on any part of the Common Area, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of said Improvements with respect to any distribution of any insurance proceeds relating to such damage or destruction.

Section 14.11. Declaration to Conform With Mortgagee Requirements. It is the intent of this Article that this Declaration, the Articles of Incorporation, the Bylaws and the Project 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.

Section 14.12. Approval of Material Amendments or Termination.

(a) Material Amendments. In addition to the approvals required by Section 18.01 and Section 17.02, below, Eligible Mortgagees who represent at least fifty-one (51%) percent of the votes of Lots that are subject to Mortgages held by Eligible Mortgagees must approve any amendment to this Declaration of a material nature. An Eligible Mortgagee is the beneficiary of a first Mortgage who has requested the Association to notify it of any proposed action that requires the consent of a specified percentage of Eligible Mortgagees.

(b) Termination. In addition to the approvals required by Article XVII, below, Eligible Mortgagees who represent at least sixty-seven (67%) percent of the votes of Lots that are subject to Mortgages held by Eligible Mortgagees must approve any proposed termination of the legal status of the project for reasons other than substantial destruction or condemnation of the Project.

(c) Implied Approval. Each Eligible Mortgagee which receives notice of a proposed amendment or termination of this Declaration by certified or registered mail, with a "return receipt" requested, shall be deemed to have approved the amendment or termination if the

Eligible Mortgagee fails to submit a response to the notice within thirty (30) days of receiving the notice.

ARTICLE XV NOTICES

Section 15.01. Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner:	To the street address of his or her Lot, or to such other address as the Owner may from time to time designate in writing to the Association.
If to the Association:	Plumas Pines II Homeowners Association, at the principal office of the Association or to such other address as the Association may from time to time designate in writing to the Owners.

Nothing in this Section 15.01 is intended to preclude the use of any other means of delivering notices to Members or Owners (other than by personal service or mail) if other methods of delivery are authorized by this Declaration by Civil Code Sections 4040-4050, or by other provisions of Davis-Stirling that reference Civil Code sections 4040-4050.

Section 15.02. Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the co-owners of any Lot, to any general partner of a partnership which is the Owner of Record of any Lot, or to any officer or agent for service of process of a corporation, or to any member or manager of a limited liability company which is the Owner of Record of any Lot, shall be deemed delivered to all such co-owners, to such partnership, to such corporation, or to such limited liability company, as the case may be.

Section 15.03. Deposit in United States Mails. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered seventy-two (72) hours after deposit in the United States mail in the County.

ARTICLE XVI NO PUBLIC RIGHTS IN THE PROPERTY

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

ARTICLE XVII AMENDMENT OF DECLARATION

Section 17.01. Requirements for Member Approval of Amendments. Any amendment shall be approved by the vote or assent by written ballot of the holders of not less

than fifty-one percent (51%) of the Members in Good Standing. Notwithstanding the foregoing, the percentage of the voting power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Any vote to amend any provision of this Declaration shall be conducted in accordance with the procedures pertaining to the use of secret ballots that are set forth in the Bylaws.

Section 17.02. Mortgage Approval. Mortgage approval of any proposed material amendment shall be required in accordance with Section 14.12, above, for any amendment affecting a Mortgage.

Section 17.03. Effective Date of Amendment. The amendment shall be effective upon the Recordation of an instrument setting forth the terms thereof duly certified and executed by the president and secretary of the Association.

Section 17.04. 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 XVIII GENERAL PROVISIONS

Section 18.01. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Project, the Lots and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, officers and agents, and their respective successors in interest, for the term of sixty (60) years from the date of Recordation of this Declaration. After the expiration of the initial term, the term of this Declaration shall be automatically extended for successive periods of ten (10) years each unless, within six (6) months prior to the expiration of the initial 60-year term or any such 10-year extension period, a written instrument, approved by Owners entitled to vote and holding at least a majority of the Voting Power of the Association, terminating the effectiveness of this Declaration, is Recorded.

Section 18.02. Construction.

(a) Restrictions Construed Together. All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Project 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 (a), above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

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

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

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

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

(g) Certification of Officers. Pursuant to Civil Code section 4270(a)(2), the undersigned declare under penalty of perjury that the following facts are true and correct of my own personal knowledge:


(i) Steve Munsen is the duly elected President of the Association;

(ii) Robert Darling is the duly elected Secretary of the Association; and

(iii) The required percentage of Members gave their approval under the original Declaration in a secret ballot election to amend the original Declaration by adopting this First Restated Declaration to supersede and replace the original Declaration in its entirety.

DATED: Nov 5th, 2015

PLUMAS PINES II HOMEOWNERS
ASSOCIATION, a California nonprofit
mutual benefit corporation

By: 
Steve Munsen, President

By: 
Robert Darling, Secretary

[Notary Acknowledgements on the following Page]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

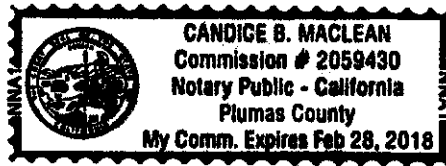
State of California)
County of Plumas)

On November 5, 2015, before me, Candice B. Maclean, Notary Public, personally appeared Steve Munsen, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person 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.

Candice B Maclean
NOTARY PUBLIC



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Plumas)

On November 5, 2015, before me, Candice B. Maclean Notary Public, personally appeared Robert Darling, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person 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.

Candice B Maclean
NOTARY PUBLIC

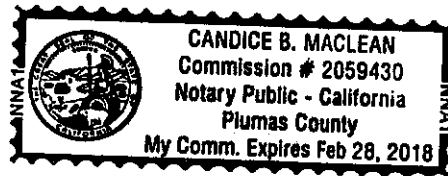


EXHIBIT "A"

DESCRIPTION OF PROPERTY SUBJECT TO DECLARATION

All that certain real property situated in the Plumas County, State of California,
described as follows:

Lots 1 through 42, inclusive, and Lots "A,B,C and D", as shown on the map entitled "Plumas Eureka Estates Unit 7, Phase II", filed for record April 30, 1990, in book 6 of Maps, Pages 117-119, Plumas County Records.

EXHIBIT "A"