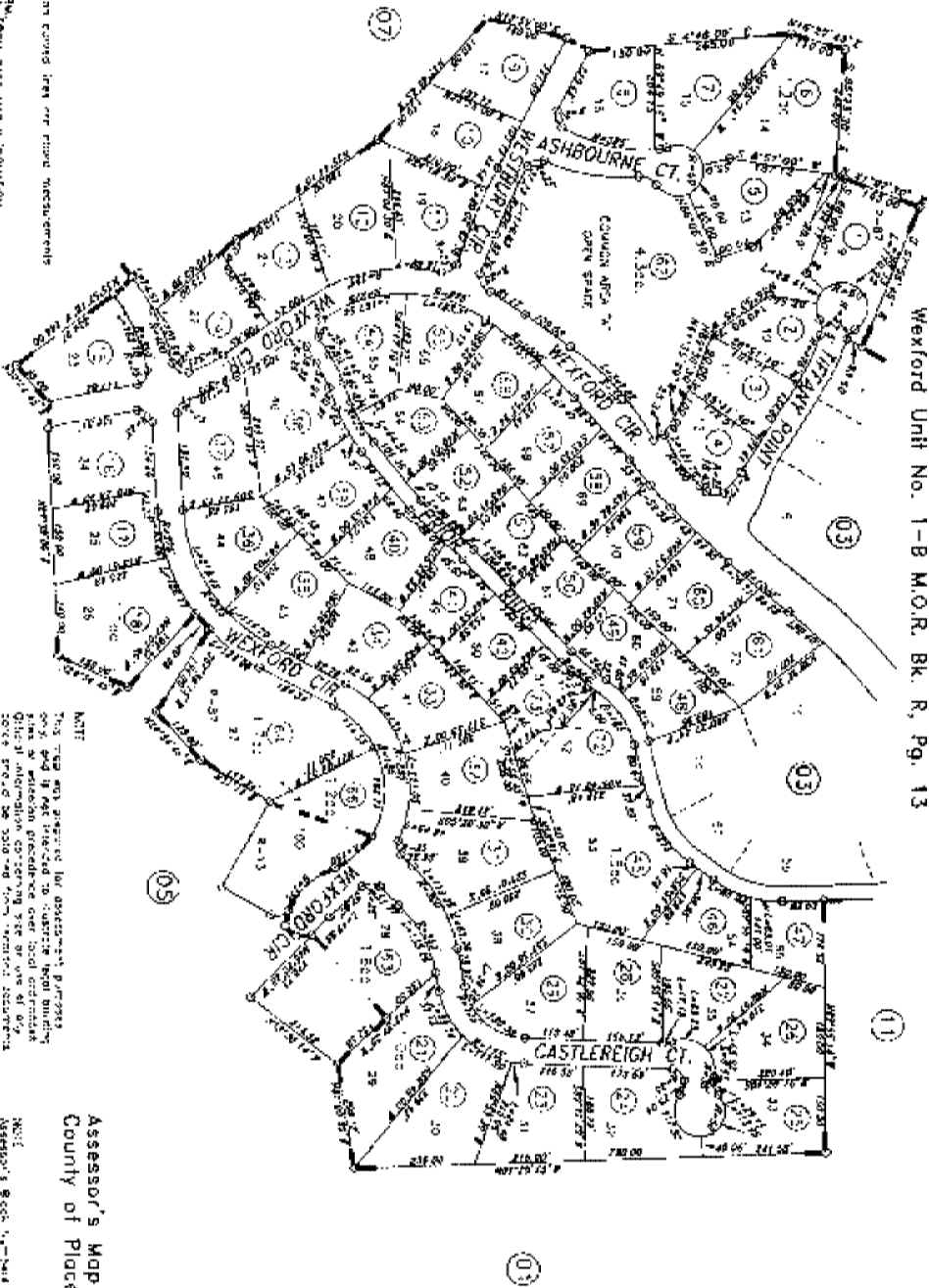


POR. W.1\2 SEC.15, T.10 N., R.7 E., M.D.B.&M.
Wexford Unit No. 1-A M.O.R. Bk. P. Pg. 87
Parcel Map M.O.R. Bk. 5, Pg.107, P-70809
Wexford Unit No. 1-B M.O.R. Bk. R, Pg. 13

465-02



NOTE:
 1. DISTANCE MEASUREMENTS
 2. TO BE MADE FROM THE
 3. CENTER OF THE CURVE
 4. UNLESS OTHERWISE
 5. SPECIFIED

NOTE:
 THIS MAP WAS PREPARED BY THE ASSESSOR'S OFFICE
 FROM AERIAL PHOTOGRAPHS AND FIELD SURVEYS
 AND IS SUBJECT TO THE FOLLOWING:
 1. A REVISION PROCEDURE OVER THE COURSE
 2. OF THE MAP'S LIFE.
 3. ALL ALLEGED DISCREPANCIES SHOULD BE
 4. REPORTED TO THE ASSESSOR'S OFFICE
 5. IMMEDIATELY UPON DISCOVERY.

Assessor's Map Bk 465 Pg.02
 County of Placer, Calif.
 NOTE:
 Assessor's Office
 Assessor's Office
 JOHN J. BROWN
 JUN 9 3 2000

94-073822

Rec Fee 28.00
Check 28.00

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

WEINTRAUB GENSHEA & SPROUL
Law Corporation
Attn: Curtis C. Sproul, Esq.
P.O. Box 15208
Sacramento, California 95851-0208

Recorded 1
Official Records 1
County of 1
Placer 1
Jim McCauley 1
Recorder 1
12:47pm 20-Oct-94 1

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(Space Above For Recorder's Use)

**FIRST AMENDMENT TO THE
AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS FOR
WEXFORD HOMEOWNERS ASSOCIATION
Placer County, California
A RESIDENTIAL COMMUNITY**

This First Amendment (the "First Amendment") to the Amended and Restated Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Wexford Homeowners Association (the "Declaration") is executed by WEXFORD HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation (the "Association").

RECITALS

- A. The Association is the owners association organized to manage and maintain the Wexford planned development (the "Development") which is located in the County of Placer, State of California. The lots and parcels of real property included within the Development are more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.
- B. The property comprising the Development is encumbered by and subject to the Declaration, which was Recorded on May 15, 1989, as Instrument No. 25269 in Book 3628, page 280, in the Official Records of Placer County, California.
- C. On August 25, 1994, 72% of the total voting power of the Association voted by written ballot to amend the Declaration as set forth below. The amendments effected by and contained within this First Amendment required approval by the affirmative vote of at least sixty-seven percent (67%) of the voting power of the Association pursuant to section 13.02 of the Declaration. By executing and Recording this First Amendment, the Association hereby certifies that the First Amendment was duly adopted by the Members of the Association.

AMENDMENTS

1. Parking and Vehicle Restrictions. Article IX, Section 9.02 of the Declaration is amended in its entirety to read as follows:

Section 9.02. Parking and Vehicular Restrictions:

(a) Definitions. The following words and phrases shall have the following meanings when used in this section 9.02:

(i) The phrase "authorized vehicles" shall mean and include the following:

(A) any standard size passenger automobile;

(B) any Jeep Cherokee, Blazer or Bronco-type vehicles (i.e., trucks with an enclosed passenger compartment);

(C) open bed trucks (including trucks with camper shells that are not designed as a passenger compartment) which do not exceed three quarter tons in gross carrying capacity and which do not bear commercial signage of any kind;

(D) any van or mini-van-type vehicle that is designed for passenger (i.e., non-commercial) usage;

(E) motorcycles with standard muffler systems (i.e., unmodified factory installed mufflers);

(F) and any other type of vehicle of a make or model that is similar in kind or appearance to any of the vehicles listed in (A) through (D) and which are typically used in routine residential transportation as may be classified by the Board as "authorized vehicles by the Association Rules.

(ii) The phrase "regulated vehicles" and shall mean and include the following types of vehicles and equipment:

(A) any vehicles bearing commercial signage;

(B) vehicles in excess of three quarter tons gross carrying capacity;

(C) other large commercial-type vehicles (including, but not limited to, any: bus, dump truck, cement mixer truck, oil or gas truck, commercial van or mini-van or delivery truck);

(D) recreational vehicles (including, without limitation, any motor home, truck with a camper unit, or any trailer coach or camp trailer);

(E) boats or trailers of any kind (including, without limitation, equipment that is towed behind a vehicle on affixed wheels);

(F) golf carts, go-carts and ATV-type recreation vehicles; or

(G) any junk vehicle (including, without limitation any vehicle which is inoperable, dilapidated, materially damaged or has broken windows).

(b) Authorized Vehicles. Any authorized vehicle may only be parked within the Properties in

the Owner's/resident's garage or driveway and not on any public or private street within or abutting the Properties.

(c) Regulated Vehicles. Regulated vehicles shall be subject to the following restrictions:

(i) If any Owner or resident desires to park any regulated vehicle on a regular basis within the Properties, the vehicle may only be parked (A) completely within the Owner's/resident's garage in a manner which permits the garage door to be in a completely closed position; or (B) at a location on the Owner's/resident's Lot which is completely screened from view by persons on abutting streets or other Lots or Common Areas. In no event shall any regulated vehicle be parked in a garage if such parking will cause the Owner or resident to park another vehicle within the Properties in a manner which violates this section 9.02.

(ii) Boats and other regulated vehicles which cannot be parked in accordance with subparagraph (c)(i), above, may be permitted within the Properties for periods of time, not to exceed four hours in duration, for purposes of loading and unloading.

(iii) Regulated vehicles owned or operated by the guests or invitees of Owners/residents or by contractors providing services to a particular Owner or resident may only be parked on streets or in driveways within the Properties in strict compliance with the following restrictions: (A) the regulated vehicle must not be parked in a way that obstructs the free flow of traffic, creates a nuisance or violates the Association Rules; (B) the vehicle must not be parked in a manner which creates a traffic or safety hazard; and (C) any such regulated vehicles may only be parked on streets within the Properties or in the driveway of the visited Owner or resident during the period when the guest, invitee or contractor is physically present at the Lot he or she is visiting. Furthermore, no person may park a vehicle pursuant to this subparagraph (iii) and stay in the vehicle overnight.

(d) Restriction of Parking on Streets. Except as provided in subparagraphs (c)(ii) and (c)(iii), above, there shall be no parking on any public or private street within or abutting the Properties of any vehicle or equipment of any kind, other than emergency or law enforcement vehicles and equipment. One of the principal objectives of the restrictions imposed by this section 9.02 is to restrict, to the greatest extent reasonably possible, the parking of any vehicles or equipment on the streets within or abutting the Properties.

(e) Restriction on Vehicle Repairs and Maintenance. Major repairs or restorations of vehicles within the Properties is not encouraged and shall only be permitted if conducted entirely within the Owner's or resident's garage and in a manner which does not cause another vehicle or trailer to be parked in violation of this section 9.02. In any specific instance involving a vehicle repair project the Board may prohibit the activity entirely if the Board determines that the activity is being conducted in a manner which constitutes a nuisance or an unreasonable interference with the quiet enjoyment of neighbors. The restrictions imposed by this subparagraph (e) are not intended to prohibit routine vehicle maintenance, such as the changing of oil, the replacement of an air filter or other similar routine vehicle maintenance activities

that can be completed in a few hours, so long as such maintenance is conducted on the Owner's/resident's driveway or in the Owner's/resident's garage.

(f) Compliance With Laws. All operators of motor vehicles, including motorcycles, within the Properties must possess a valid California driver's license. All provisions of the California Vehicle Code must

be honored at all times when operating any motor vehicle within the Properties.

(g) Maintenance of Driveways and Garages. All driveways and garages shall be maintained in a neat and orderly condition and garage doors shall be kept in a closed position at all times except: (i) when the garage door must be opened to permit the ingress or egress of vehicles or trailers parked in the garage or (ii) when an Owner or resident is working in the garage area.

(h) Garage Conversions/Alternative Uses. No garage shall be converted to living quarters or used for storage, hobbies or recreational activities if such conversions or non-parking uses will prevent the parking of vehicles in each of the parking stalls within the garage, unless the garage contains more parking stalls than the Owner/resident requires for those authorized and regulated vehicles that the Owner/resident desires to park within the Properties on a regular basis.

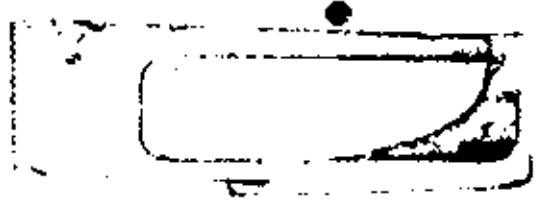
(i) Enforcement of Parking and Vehicle Restrictions. The Association and its authorized agents shall have the right to enforce all parking and vehicle restrictions set forth herein and to remove, or cause the removal, of vehicles, trailers or other equipment parked in violation of this Section 9.02 in accordance with the provisions of Section 22658 of the California Vehicle Code, or other applicable laws, codes and statutes. To the extent required by law, the Association shall be authorized to post within the Common Areas all signage required by law to authorize the towing of vehicles parked in violation of these restrictions.

(j) Authority to Adopt Additional Parking and Vehicle Rules. The Board shall have the authority to promulgate further reasonable rules and regulations of uniform application regarding the parking of vehicles within the Properties in order to effectively implement the purposes and intent of this section 9.02.

(k) Variances.

(i) In the event that an Owner or resident believes that he or she should be granted a variance from any of the parking or vehicle restrictions contained in this section 9.02, the Owner/resident may apply to the Board for a variance. Except as provided in subparagraph (ii), below, no variance may be granted by the Board until the following procedures have been satisfied: The Board shall conduct a hearing on the request for a variance. Notice of the hearing (which shall generally describe the desired variance) shall be presented in the notice of the meeting of the Board of Directors at which the matter will be considered and acted upon and a copy of that notice shall be delivered to any other Lot owner within 500 feet of the applicant's Lot. The Board meeting at which the matter will be considered shall not take place sooner than 15 days following issuance of the notice. Variances shall only be granted if the Board, in its sole discretion, determines that the activity permitted by the variance will not materially or adversely compromise the purposes and intent of these restrictions.

(ii) If a variance is needed for the short-term parking of vehicles in a manner or at a location not authorized by this section 9.02, the Board or management, if authorized by the Board, may grant a short-term variance without compliance with the notice and hearing procedures described in subparagraph (i), above. A short term variance shall be defined as the parking of any vehicle or equipment in a manner or at a location not otherwise authorized by this section 9.02 for periods not to exceed 72 hours and which does not create a safety hazard or, in the opinion of the Board/management materially detract from the aesthetics of the development. One example of a permissible short-term variance situation would be the parking of a well maintained motor home in a driveway while the guest-owner of the vehicle is making a weekend visit to the owner of the property where the driveway is located.



(1) Application of Restrictions to Abutting Public Streets. Even though the Association may not be entitled directly to regulate activity on public streets abutting the Properties, each Owner, by acquiring a Lot within the Properties agrees to be bound by the foregoing restrictions as they apply to abutting public streets.

2. Full Force and Effect. Accept as amended herein, the Declaration is confirmed and remains in full force and effect. As so amended, the easements, covenants, restrictions and conditions set forth in the Declaration shall run with the Properties and shall be binding upon all parties having or acquiring any right, title or interest in the Properties or any portion thereof, and shall inure to the benefit of each Owner thereof.

3. Exhibits. All exhibits attached hereto are incorporated herein by reference.

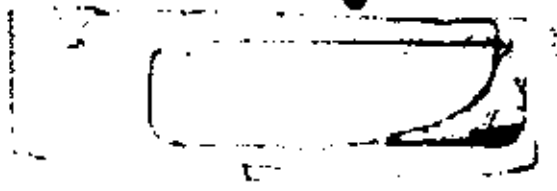
DATED: October 14, 1994

WEXFORD HOMEOWNERS ASSOCIATION,
a California non-profit mutual benefit corporation

By: *Stephen Tyrrell*
(Stephen Tyrrell, President)

By: *Thomas Kelly*
(Thomas Kelly, Secretary)

Christina Kramer
WITNESS



STATE OF CALIFORNIA)
) ss.
 COUNTY OF)

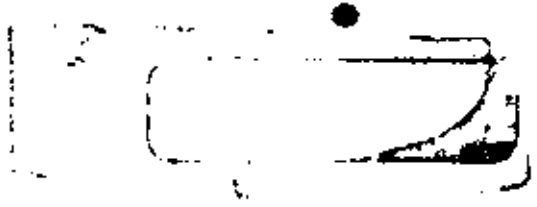
On Oct 14, 1994, before me, Jane Garrett, personally appeared STEPHEN TYRRELL, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Jane Garrett

 NOTARY PUBLIC



SUBSCRIBING-WITNESS ACKNOWLEDGMENT ("WITNESS JURAT")

40

State of California
County of Placer } SS.

On this the 17th day of October 19 94 before me, the undersigned Notary Public, personally appeared Christina Cramer (name of subscribing witness);
 personally known to me
 proved to me on the oath/affirmation of _____ (name of credible witness who identifies subscribing witness), a credible witness whom I know personally, to be the person whose name is subscribed to the within instrument as a witness thereto, who being by me duly sworn, deposes and says that she (hereinafter) was present and saw Thomas Kelly (name of principal signer not appearing before Notary), the same person described in and whose name is subscribed to the within and annexed instrument as a party thereto, execute the same, and that said affiant subscribed her name to the within instrument as a witness at the request of Thomas Kelly (name of principal signer agent)



Janet Gilmour (Notary's signature)

ATTENTION NOTARY: Although the information requested below is OPTIONAL, I could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED AT RIGHT:

Title or Type of Document Amendment to Wexford CC&Rs
Number of Pages 8 Date of Document 10-14-94
Signer(s) Other Than Named Above Stephen Tyrrell

25269

PLACER COUNTY RECORDS
REQUESTED BY

PLACER TITLE CO.

89 MAY 15 AM 11:57

MARY ANNE HULSE
PLACER CO RECORDER

25269

171

R.P.	8/1
S.I.	8/4
N.	1
A.I.	
M.	
9E	171

AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS,
AND RESERVATION OF EASEMENTS FOR
WEXFORD HOMEOWNERS ASSOCIATION
 Placer County, California
 A RESIDENTIAL COMMUNITY

BK 3628 PG 280

RECORDING REQUESTED BY, AND

WHEN RECORDED, MAIL TO:

THE LUSK COMPANY
17550 Gillette Avenue
P.O. Box C-19560
Irvine, California 92713-9650
Attn: David Steffensen

AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS,
AND RESERVATION OF EASEMENTS FOR
WEXFORD HOMEOWNERS ASSOCIATION

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AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS,
AND RESERVATION OF EASEMENTS FOR
WEXFORD HOMEOWNERS ASSOCIATION

This Amended and Restated Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements (the "Declaration") is made by TREELAKE PARTNERS, a General Partnership and DCK, a California Limited Partnership (both of which are referred to hereinafter collectively as "Declarant"). This Declaration entirely supersedes and replaces that certain Declaration of Covenants, Conditions and Restrictions of Treelake Village Unit No. 1 recorded on SEPTEMBER 7, 1988 in Book 3472, on Page 286 in the Official Records of Placer County, California.

RECITALS:

A. Declarant is the owner of certain real property ("the Property") located in the County of Placer, California, more particularly described as follows:

Residential Estate Lots 1 through 78, inclusive, and common Area Lots A, B and C, and private roads designated as, "Wexford Circle, Prior Ridge, Castlereigh Court, Manchester Court, Westbury Circle, Ashbourne Court and Tiffany Point all as shown on that certain map entitled "Wexford Unit No. 1-A," filed in the Office of the Placer County Recorder on Sept. 7, 1988, in Book P of Maps, at Pages 87 et seq.

B. Declarant intends to develop the Property, and any additional real property annexed thereto, as provided herein (the "Project"), pursuant to the Treelake Village Development Agreement," recorded in the Placer County Recorder's Office on August 24, 1987, in Book 3251, at Page 165. Wexford at Treelake Village is a residential development which is intended to provide a serene, pastoral setting with appropriate restrictions to ensure the privacy, security and enduring comfort of its residents.

C. Each Owner shall receive fee title to his Lot, Membership in the Wexford Homeowners Association ("Association"), Membership in the Treelake Village Master Association ("Master

Association"), a nonexclusive easement for ingress, egress, use and enjoyment over the Common Area, and such other interests as are provided herein or set forth in the Owner's deed.

D. Each Owner shall be subject to the covenants, conditions, restrictions, liens, limitations, duties and powers as set forth in that certain Amended and Restated Master Declaration of Covenants, Conditions and Restrictions for Treelake Village, recorded on APRIL 6, 1989, in Volume 3604, at Pages 1 et seq., in the Office of the Placer County Recorder, as said instrument has been amended from time to time.

E. By this Declaration, Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Project and the interests therein conveyed, and to establish thereon a Planned Unit Development.

NOW, THEREFORE, it is hereby declared that the Project shall be held, sold, conveyed, leased, rented, encumbered and used subject to the following Declaration as to division, easements, rights, Assessments, liens, charges, covenants, servitudes, restrictions, limitations, conditions and uses to which the Project may be put, hereby specifying that such Declaration shall operate for the mutual benefit of all Owners of the Project and shall constitute covenants to run with the land and shall be binding on and for the benefit of Declarant, their respective successors and assigns, the Association, its successors and assigns, and all subsequent Owners of all or any part of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns, for the benefit of the Project, and shall, further, be imposed upon all of the Project as equitable servitudes in favor of each and every other Lot and Owner thereof as the dominant tenant.

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ARTICLE I

DEFINITIONS

Unless otherwise expressly provided, the following words and phrases when used herein shall have the following meanings.

Section 1.01 - Annexable Property: "Annexable Property" shall mean the real property (including all Improvements thereon)

described on Exhibit "A" attached hereto and incorporated herein by this reference, which is subject to annexation to the Property by Declarant in Phases as provided in Article XVI of this Declaration.

Section 1.02 - ARC or Architectural Committee: "ARC" or "Architectural Committee" shall mean the architectural review committee created under Article III of this Declaration.

Section 1.03 - Articles: "Articles" shall mean the Articles of Incorporation of the Association, as such Articles may be amended from time to time.

Section 1.04 - Assessments: "Assessments" shall mean the combination of each of the following described charges:

(a) "Annual Assessment" shall mean the annual charge against each Owner and his Lot, representing that Owner's portion of the Common Expenses.

(b) "Capital Improvement Assessment" shall mean a charge against each Owner and his Lot, representing a portion of the costs to the Association for installation or construction of any Improvements on any portion of the Common Area which the Association may from time to time authorize under the provisions of this Declaration.

(c) "Reconstruction Assessment" shall mean a charge against each Owner and his Lot, representing a portion of the cost to the Association for reconstruction of any portion of the Improvements on the Common Area under the provisions of this Declaration.

(d) "Special Assessment" shall mean a charge against a particular Owner and his Lot, directly attributable to, or reimbursable by, that Owner, equal to the cost incurred by the Association at the request of that Owner, or for corrective action performed, or a reasonable fine or penalty assessed by the Board, plus attorneys' fees, interest and other charges on such Special Assessment, payable by that Owner under the provisions of this Declaration. Special Assessments shall not include any late payment penalties, interest charges or costs (including attorneys' fees) incurred by the Association in the collection of Annual, Capital Improvement and Reconstruction Assessments.

Section 1.05 - Association: "Association" shall mean WEXFORD HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation (formed pursuant to the Nonprofit Mutual

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Benefit Corporation Law of the State of California), its successors and assigns.

Section 1.06 - Beneficiary: "Beneficiary" shall mean a Mortgage under a Mortgage or a Beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgage or Beneficiary.

Section 1.07 - Board or Board of Directors: "Board or Board of Directors" shall mean the Board of Directors of the Association, elected in accordance with the Bylaws.

Section 1.08 - Budget: "Budget" shall mean a written itemized estimate of the income and Common Expenses of the Association in performing its functions under this Declaration, prepared as provided in the Bylaws.

Section 1.09 - Bylaws: "Bylaws" shall mean the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 1.10 - Close of Escrow: "Close of Escrow" shall mean the date on which a deed is recorded which conveys a Lot and/or Residence through a transaction requiring the issuance of a Public Report.

Section 1.11 - Common Area: "Common Area" shall mean the combination of those areas to be maintained by the Association and all the real property and Improvements, including, without limitation, slopes, passageways, roads, guard gate, landscape areas, waterways, lakes and streams which are owned in fee simple by the Association. The Phase 1 Common Area shall include the Common Area Lots A, B, and C and those certain private roads described as Ashbourne Court, Castlereigh Court, Manchester Court, Prior Ridge, Tiffany Point, Westbury Circle and Wexford Circle as described on the Final Map for Wexford Unit No. 1-A and all Improvements thereon. Additional Common Area may be annexed to the Property pursuant to the provisions of Article XVI hereof. The Common Area in each Phase shall be conveyed to the Association free of money encumbrances prior to the first conveyance, under authority of a Final Public Report, of a Lot in each Phase.

Section 1.12 - Common Expenses: "Common Expenses" shall mean actual and estimated costs of (a) maintenance, management, operation, repair and replacement of the Common Area; (b) unpaid Capital Improvement, Reconstruction and Special Assessments; (c) any commonly metered charges for the Project; (d) management,

administration of the Association including, but not limited to, compensation paid to Managers, accountants, attorneys and Association employees; (e) all utilities, gardening, security and liability insurance, workers' compensation insurance, and other insurance covering the Common Area, the directors, officers and agents of the Association; (g) the costs of obtaining any fidelity bonds as required hereunder; (h) taxes (including any blanket taxes on the Property) paid by the Association; (i) amounts paid by the Association for discharge of any lien or encumbrance levied against the Project, or portions thereof; (j) maintaining adequate reserves for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis; and (k) any other item or items designated by the Association for any reason whatsoever in connection with the Project, for the benefit of all of the Owners.

Section 1.13 - County: "County" shall mean Placer County, California.

Section 1.14 - CSA: "CSA" shall mean the Placer County Community Service Area No. 28, Zone 69, established pursuant to an agreement between Placer County and Moss Land Company, Leona M. Pastor and DCK, a California General Partnership, to provide for the maintenance of certain public facilities throughout the entire Treelake Village development.

Section 1.15 - Declarant: "Declarant" shall mean both TREELAKE PARTNERS, a General Partnership, and DCK, a California Limited Partnership, and their respective successors and assigns by merger, consolidation or purchase of all or substantially all of their respective assets and any Person to which they assign any of their rights hereunder as hereinafter provided by an express written and Recorded assignment.

Section 1.16 - Declaration: "Declaration" shall mean this instrument, as such instrument is amended from time to time.

Section 1.17 - Deed of Trust: "Deed of Trust" shall mean a Mortgage or a Deed of Trust, as the case may be.

Section 1.18 - DRE: "DRE" shall mean the California Department of Real Estate and any successors thereto.

Section 1.19 - Dwelling: "Dwelling" shall mean any structure and related Improvements located on a Lot which are designed for use and occupancy as a single-family residence.

Section 1.20 - Family: "Family" shall mean one (1) or more natural persons each related to the other by blood, marriage or adoption, or one or more natural persons not all so related, but who maintain a common household in a Residence.

Section 1.21 - FHA: "FHA" shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development and any department or agency of the United States government which succeeds to the FHA's function of insuring notes secured by Mortgages on residential real estate.

Section 1.22 - FHLMC: "FHLMC" shall mean the Federal Home Loan Mortgage Corporation (also known as The Mortgage Corporation) created by Title II of the Emergency Home Finance Act of 1970, and any successors to such corporation.

Section 1.23 - Fiscal Year: "Fiscal Year" shall mean the fiscal accounting and reporting period of the Association selected by the Board.

Section 1.24 - FNMA: "FNMA" shall mean the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and any successors to such corporation.

Section 1.25 - GNMA: "GNMA" shall mean the Governmental National Mortgage Association administered by the United States Department of Housing and Urban Development, and any successor to such association.

Section 1.26 - Improvement: "Improvement" shall mean all structures and appurtenance thereto of any type and kind within the Project, including, without limitation, all Dwellings, buildings, outbuildings, sprinklers and sprinkler pipes and heads, utility installations, roads, drives, driveways and walkways, parking areas, fences, screening walls, retaining walls, hedges, windbreaks, trees and shrubs and other landscaping, antennae, poles and signs within the Project.

Section 1.27 - Lot: "Lot" shall mean any legal parcel of land shown on the Map or included in any real property annexed into the Project as provided herein.

Section 1.28 - Maintenance Funds: "Maintenance Funds" shall mean the accounts created for receipts and disbursements under Article IV, Section 4.02 hereof.

Section 1.29 - Manager: "Manager" shall mean the person or entity employed by the Association, pursuant to and limited by Article II, Section 2.09 hereof, and delegated the duties, power or functions of the Association as limited by said Section.

Section 1.30 - Map: "Map" or "Final Map" shall mean that certain subdivision map entitled "Wexford Unit No. 1-A," filed in the Office of the Placer County Recorder on September 7, 1988, in Book P, of Maps, at Pages 87. Map or Final Map shall also include all recorded subdivision maps affecting any subsequent phase of the Project annexed pursuant to the provisions of Article XVI herein.

Section 1.31 - Master Association: "Master Association" shall mean the TREELAKE VILLAGE MASTER ASSOCIATION, a California nonprofit mutual benefit corporation, of which each Owner herein is automatically a Member.

Section 1.32 - Master Declaration: "Master Declaration" shall mean the Master Declaration of Covenants, Conditions and Restrictions for Treelake Village, and any amendments thereto, as Recorded in the Office of the Placer County Recorder.

Section 1.33 - Master Waterways Management Plan: "Master Waterways Management Plan" shall mean that plan which provides for lakes, streams, canals and waterways management and protection in accordance with the conditions set forth by Placer County's Conditions of Approval for the Project.

Section 1.34 - Member: "Member" shall mean any Person holding a membership in the Association as provided in this Declaration. The term Member shall be synonymous with the Term Owner herein.

Section 1.35 - Membership: "Membership" shall mean the property voting and other rights and privileges of the members as provided herein, together with their corresponding duties and obligations.

Section 1.36 - Mortgage: "Mortgage" shall mean any recorded Mortgage or Deed of Trust or other conveyance of a Lot and/or Residence or other portion of the Project to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance. The term "Deed of Trust" when used herein shall be synonymous with the term "Mortgage."

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Section 1.37 - Mortgagee: "Mortgagee" shall mean a Person to whom a Mortgage is made and shall include the Beneficiary of a Deed of Trust.

Section 1.38 - Mortgagor: "Mortgagor" shall mean a Person who mortgages his Lot and/or Residence to another (i.e., the maker of a Mortgage), and shall include the Trustor of a Deed of Trust.

Section 1.39 - Notice and Hearing: "Notice and Hearing" shall mean written notice and a public hearing before a forum appointed by the Board, at which the Owner concerned shall have an opportunity to be heard in person, or by counsel at the Owner's expense, in the manner further specified in the Bylaws.

Section 1.40 - Notice of Annexation: "Notice of Annexation" shall mean any instrument recorded under Article XVI hereof to annex all or any portion of the Annexable Property to the Property.

Section 1.41 - Owner: "Owner" shall mean the Person or Persons holding a fee simple interest in any Lot and/or Residence of the Project, including sellers under executory contracts of sale, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.42 - Person: "Person" shall mean a natural individual, a trustee, a partnership, a corporation or any other entity with the legal right to own real property.

Section 1.43 - Phase: "Phase" shall mean any portion of the Project for which a Public Report has been issued by the DRE. The Property and any Improvements constructed thereon shall be Phase A of the Project.

Section 1.44 - Project: "Project" shall mean the Property, and property annexed thereto as provided in this Declaration (including the Annexable Property, and all Improvements thereon).

Section 1.45 - Project Documents: "Project Documents" shall mean the combination of the Articles, Bylaws, this Declaration and the Rules and Regulations for the Project established by the Board from time to time, as the governing instruments of the Project.

Section 1.46 - Property: "Property" shall mean that certain real property described in Paragraph A of the Recitals, located in Placer County, California.

Section 1.47 - Public Report: "Public Report" shall mean the final subdivision public report issued by the DRE for any Phase of the Project.

Section 1.48 - Record, File, Recordation: "Record," "File" or "Recordation" shall mean, concerning any document, the recordation or filing of that document in the Office of the County Recorder of the County.

Section 1.49 - Residence: "Residence" shall mean the combination of a Lot and all Improvements (including a Dwelling) intended for residential use thereon.

Section 1.50 - Restrictions: "Restrictions" shall mean the covenants, conditions, restrictions, easements, equitable servitudes, liens and charges created by, and described in, this Declaration.

Section 1.51 - Rules and Regulations: "Rules and Regulations" shall mean the rules and regulations adopted by the Board, from time to time, in the manner specified in the Bylaws and this Declaration.

Section 1.52 - Treelake Village: "Treelake Village" shall mean the entire project approved by Placer County in the General Development Agreement. Wexford is one of the residential developments within Treelake Village. Treelake Village, as planned, will be composed of both residential and commercial development, and both public and private facilities.

Section 1.53 - VA: "VA" shall mean the Veterans Administration of the United States of America and any department or agency of the United States government which succeeds to VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

Section 1.54 - VA Administrator: "VA Administrator" shall mean the Administrator of Veterans Affairs, an Officer of the United States of America.

ARTICLE II

ASSOCIATION

Section 2.01 - Association is Management Body: The Association is hereby designated as the management body of the Project, and as such, shall have the right and power to do all things necessary and appropriate for its management and operation. The Association shall have those powers and duties specified in this Article as well as all those general and implied powers that a California nonprofit mutual benefit corporation may exercise in operating for the general welfare of its Members, subject only to the limitations on such powers set forth in the Project Documents. The affairs of the Association shall be managed by the Board, whose members shall be elected and shall operate as provided in the Bylaws.

Section 2.02 - Specified Duties and Powers: In addition to its other powers and duties described elsewhere in the Project Documents, the Association, acting through the Board, shall have the power and, except where specified otherwise, the duty to do the following:

(a) Maintain, or provide for the maintenance of, the Common Area (including all Improvements thereon) in the condition and manner specified in Article VIII, Section 8.02;

(b) Enforce, by all means authorized in the Project Documents, the Owners' obligations to maintain and repair all portions of the Project subject to their exclusive control (including their Lots and/or Residences) in the condition and manner specified in Article VIII, Section 8.01;

(c) Assume and pay out of the Assessments, collected as provided in this Declaration, all Common Expenses;

(d) Adopt and enforce Rules and Regulations for the operation of the Association in the manner provided in the Bylaws;

(e) Cause financial statements and Budgets for the Association to be regularly prepared and copies distributed to the Members in the manner provided in the Bylaws;

(f) Subject to the limitations specified in the Project Documents, elect, in its discretion, to (1) employ or contract with a professional Manager to perform all or part of the

Association's duties, and/or (2) delegate its powers to committees, officers and employees;

(g) Subject to the limitations specified in the Project Documents, contract for any materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or insurance, or to pay any taxes or assessments which, in the Board's opinion, is necessary or proper for the operation of the Association or for the enforcement of this Declaration;

(h) Enforce by appropriate means all provisions of the Project Documents and any contracts or other agreements to which the Association is a party;

(i) Exercise the powers and perform the duties specified in Article IV of the Bylaws to be exercised by the Board;

(j) Make available for inspection and copying by any prospective purchaser of a Lot, and Owner, and the Beneficiaries, insurers and guarantors of the first Mortgages on any Lots and/or Residences, current copies of the Project Documents and all of the Association's other books, records and financial statements. "Available for inspection," as used in this subsection, means available for inspection upon request during normal business hours or under other reasonable circumstances. The Board shall establish reasonable rules with respect to (1) notice to be given to the custodian of records by an Owner desiring to make the inspection, (2) hours and days of the week when such an inspection may be made, and (3) payment of the cost of reproducing copies of documents requested by an Owner. Any fee established by the Board to reproduce requested documents shall not exceed the Association's reasonable costs of reproduction;

(k) Elect, in its discretion (but without the obligation to do so) to remove or replace any Improvement that extends into the Common Area under the authority of an easement when access to any utility lines and facilities is requested by the utility company responsible therefor; provided, however, that the cost thereof shall be assessed against the Owner of the Lot involved as a Special Assessment if that Owner caused the Improvement to be placed within the Common Area without the legal right to do so; and

(1) Grant licenses, easements and rights-of-way over the Common Area for private streets and utilities lines and facilities where necessary or appropriate for the orderly maintenance, preservation and enjoyment of the

Project or for the preservation of the health, safety, convenience and welfare of the Owners.

Section 2.03 - Membership: Every Owner of a Lot shall be a Member of the Association and shall comply with all of the provisions of the Project Documents. The foregoing is not intended to include any Person who holds an interest in a Lot merely as security for performance of an obligation.

Section 2.04 - Classes of Voting Membership: The Association shall have two (2) classes of voting Membership as follows:

Class A: Class A Members shall originally be all Owners, except Declarant for so long as there exists a Class B Membership. Class A Members shall be entitled to one (1) vote for each Lot owned and subject to Assessment. Declarant shall become a Class A Member concerning the Lots it owns upon conversion of its Class B Membership as provided below.

Class B: The Class B Member shall be Declarant, and shall be entitled to three (3) votes for each Lot owned and subject to Assessment. The Class B Membership shall cease in each Phase and be converted to Class A Membership on the happening of any of the following events, whichever occurs earliest:

(1) The second anniversary of the original issuance of the most recently issued Public Report for a Phase; or

(2) The fourth anniversary of the original issuance of the Public report for Phase 1; or

Section 2.05 - Required Percentages: All voting rights shall be subject to the provisions of the Project Documents. Except as provided in Article IV, Sections 4.04(c) and 4.06, and Article XIII, Section 13.02 of this Declaration, and Article IV, Section 4.08 of the Bylaws: (a) as long as there exists a Class B Membership, any provision of the Project Documents which expressly requires the vote or written consent of a specified percentage of the voting power of the Association before action may be undertaken (i.e., other than actions requiring merely the vote or written consent of a majority of a quorum) shall require the vote or written consent of such specified percentage of the voting power of each class of Membership, and (b) when the Class B Membership has terminated, any provision of the Project Documents which expressly requires the vote or written consent of Owners representing a specified percentage of the voting power of

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the Association before action may be undertaken shall then require the vote or written consent of Owners representing such specified percentage of both the total voting power of the Association and the voting power of the Association residing in Owners other than Declarant.

Section 2.06 - Membership and Voting Rights for Co-Owners:

As provided above, Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one Person holds such interest or interests in any Lot, all such Co-Owners shall be Members and may attend Association meetings, but only one Co-Owner shall be entitled to exercise the vote to which the Lot is entitled. Co-Owners may, from time to time, designate one of their number to vote. Fractional votes shall not be allowed, and the Class A vote for each Lot shall be exercised, if at all, as a unit. Where no voting Co-Owner is designated or if such designation has been revoked, the vote for such Lot shall be exercised as a majority of the Co-Owners mutually agree. Unless the Board receives a written objection from a Co-Owner, it shall be presumed that the voting Co-Owner is acting with the consent of his Co-Owners. No vote shall be counted for any Lot where the majority of the Co-Owners present in person or by proxy and representing such Lot cannot agree to that vote or other action. The nonvoting Co-Owner or Co-Owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Lot and shall be entitled to all other benefits of ownership.

Section 2.07 - Vesting of Voting Rights: The voting rights attributable to any Lot shall not vest until an Assessment has been levied against that Lot by the Association as provided in Article IV of this Declaration.

Section 2.08 - Transfer: No Membership in the Association shall be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of the Lot to which that Membership is appurtenant and then only to the purchaser or Mortgagee of that Lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. A Class A Member who has sold his Lot to a contract purchaser under an agreement to purchase shall be entitled to delegate his Membership rights to such contract purchaser. Such delegation shall be in writing and shall be delivered to the Board before the contract purchaser may vote; however, the contract seller shall remain liable for all charges and Assessments attributable to his Lot until fee title thereto is

transferred. If the Owner of any Lot fails or refuses to transfer the Membership registered in his name to the purchaser of his Lot upon transfer of fee title thereto, the Board shall have the right to record the transfer upon the books of the Association. The Association may levy a reasonable transfer fee against a new Owner and his Lot (which fee shall be added to the Annual Assessment for the administrative cost of transferring the membership to the new Owner on the records of the Association provided such fee does not exceed the Association's actual cost involved in changing its records of ownership.

Section 2.09 - Use of Manager: The Board, acting on behalf of the Association, shall contract with a Manager for the performance of such portion or portions of the Association's duties as the Board deems necessary or appropriate. The term of such contract, or any contract with Declarant for the furnishing of services to the Association shall not exceed one (1) year, renewable by agreement of the parties for successive 1-year periods, and such contract shall be terminable by the Association, acting through the Board, at any time (a) for cause upon thirty (30) days' written notice thereof, and (b) without cause or the payment of a termination fee upon ninety (90) days' written notice. The Contract shall also require the Manager to obtain, at its expense and to the extent available, fidelity bond coverage, naming the Association as obligee, for any employees of the Manager handling Association funds, in an amount not less than the estimated maximum funds, including reserve funds, in the custody of Manager at any given time during the term of each bond; however, in no event may the aggregate amount of such bonds be less than the sum equal to three (3) months aggregate Assessments on all Lots plus reserves.

Section 2.10 - Unsegregated Real Property Taxes: To the extent not assessed to or paid by the Owner, the Association shall pay all real and personal property taxes and assessments levied upon any portion of the Common Area. All such Association tax payments shall be included in the Common Expenses.

ARTICLE III

ARCHITECTURAL REVIEW COMMITTEE

Section 3.01 - Members of the Committee: The Architectural Review Committee (sometimes call the "Architectural Committee," the "Committee," or the "ARC" in this Declaration) shall consist of three (3) members. The initial members of the Committee shall

be appointed by Declarant. Declarant shall also have the right and power to appoint or remove a majority until the "Turnover Date." The Turnover Date shall be the earlier to occur of the following:

(a) The date on which Close of Escrow has occurred for the sale of ninety percent (90%) of the Lots then subject to this Declaration [and, subject to subsection (b) below, Declarant's rights of appointment may be reinstated upon annexation of additional Lots pursuant to Article XVI hereof]; or

(b) Five (5) years after the date of original issuance of the Public Report for Phase A and continuing until the Turnover Date, the Board shall have the power to appoint and remove all of the members of the Architectural Committee. ARC members appointed by the Board shall be from the Membership of the Association, but ARC members appointed by Declarant need not be Members of the Association. Board members may also serve as ARC members.

Section 3.02 - Architectural Control and Approval:

(a) Committee's Duties: The ARC shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration and shall perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with ARC approved plans.

(b) Committee Approval Required: No construction, alteration, removal, relocation, repainting, demolishing, addition, modification, decoration, redecoration or reconstruction of any Improvement in the Project (including, without limitation, landscaping and solar energy equipment) shall be commenced or maintained, until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to, and approved in writing by, the ARC. Notwithstanding the foregoing, however, (a) any Improvement may be repainted without the ARC's approval, so long as the Improvement is repainted the identical color which it was last painted, and (b) the ARC's approval and control powers concerning solar energy equipment shall be subject to the provisions of California Civil Code Section 714.

(c) Plan Submission and Approval Criteria: Any Owner submitting plans and specifications for ARC approval (the

"Applicant") shall obtain a written dated receipt for such plans and specifications from an authorized agent of the ARC. The ARC shall approve such submitted plans and specifications only if it determines that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Project or maintenance thereof will not become a burden on the Association. The ARC may condition its approval upon (1) the Applicant furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be recorded against the Property as a result of such work, (2) such changes therein as it deems appropriate, (3) the Applicant's agreement to grant appropriate easements to the Association for the maintenance of the Improvements, (4) the Applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption, (5) the Applicant's agreement to reimburse the Association for the cost of the maintenance, or (6) the Applicant's agreement to complete the proposed work within a stated period of time, or all of the above, and may require submission of additional plans and specifications or other information before approving or disapproving the material submitted. The ARC may also issue rules or guidelines to be approved and adopted by the Board of Directors, setting forth procedures for the submission of plans for approval; criteria to be followed with regard to design, height, setbacks, etc; requiring a fee to accompany each application for approval; or, reviewing submissions. The ARC may provide that the amount of the fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. The ARC may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Until the ARC's receipt of all required submissions, it may postpone review of any partial submissions.

(d) Approval Time Period: The ARC's decision concerning any submitted plans and specifications and the reasons for such decision shall be transmitted by the ARC to the Applicant at the address set forth in the application for approval, within sixty (60) days after receipt by the ARC of all materials required to

be submitted. Any application submitted under this Section shall be deemed approved, unless written disapproval or a request for additional information or materials by the ARC has been transmitted to the Applicant within sixty (60) days after the date of receipt by the Committee of all required materials.

(e) Governmental Approvals Also Required: The Applicant shall also satisfy all County and other governmental entity review or permit requirements before making any alterations or Improvements permitted hereunder. Such requirements include, without limitation, the requirement that the Applicant obtain the County's approval (in addition to the ARC's approval) of any Improvement or building additions to his Residence, including patio covers, before installing such Improvement. Applicant should be advised that County regulations may prohibit the construction of any Improvement or building additions to his Residence due to the fact that the presently existing Residence, without any additions, may possess the maximum square footage permitted on Lots within the Project. Applicant should consider and verify all pertinent County regulations prior to constructing any Improvements or building additions.

Section 3.03 - Treelake Village Master Guidelines: Any Improvement to be installed or constructed upon a Lot must also conform to the restrictions set forth in the "Treelake Village Master Guidelines Booklet" and the "Design Concepts Guidelines Booklet" prepared as Exhibit "A" to the Treelake Village General Plan.

Section 3.04 - Meetings of the Committee: The ARC shall meet from time to time as necessary to perform its duties hereunder. The ARC may, from time to time, by a resolution unanimously adopted in writing, designate an ARC Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the ARC, except the granting of variances pursuant to Section 3.09. In the absence of such designation, the vote of a majority of the ARC or the written consent of a majority of the ARC taken without a meeting, shall constitute an act of the ARC.

Section 3.05 - No Waiver of Future Approvals: The ARC's approval of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the ARC's approval under this Article shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar proposals, plans and

specifications, drawings or matter subsequently or additionally submitted for approval or consent.

Section 3.06 - Compensation of Members: The members of the ARC shall receive no compensation for services rendered, other than reimbursements for expenses incurred by them in the performance of their duties hereunder. Notwithstanding the preceding sentence, however, any architect or similar professional employed by the ARC shall be entitled to a fee.

Section 3.07 - Inspection of Work and Correction of Defects: Inspection of work and correction of defects therein shall proceed as follows:

(a) The Owner shall give the ARC a written notice of completion promptly after the completion of any work which required the ARC's approval under this Article.

(b) At any time both during the course of construction and for a period of sixty (60) days after the ARC has received a notice of completion for such work, the ARC or its duly authorized representative may inspect it. If the ARC finds that the work was done without obtaining approval of plans therefor or was not done in substantial compliance with the approved plans, it shall notify the Owner in writing, specifying the particulars of noncompliance, and shall require the Owner to remedy the same.

(c) If the Owner has not remedied the noncompliance within sixty (60) days after receipt of a noncompliance notice, the ARC shall notify the Board in writing of such failure. The Board, after Notice and Hearing, shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date the notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Board, at its option, may Record a Notice of Noncompliance and may peacefully remedy the noncompliance. The Owner shall reimburse the Association, upon demand, for all expenses (including reasonable attorneys' fees) incurred in connection therewith and if such expenses are not promptly repaid, the Board shall levy a Special Assessment against the Owner for reimbursement as provided in this Declaration. The Association's right to remove a noncomplying Improvement or otherwise remedy the noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity or in this Declaration.

(d) If for any reason the ARC fails to notify the Owner of any noncompliance within sixty (60) days after receipt of written notice of completion from the Owner, the Improvements shall be deemed to be in accordance with the approved plans.

Section 3.08 - Limitation of Liability and Review: Neither Declarant, the ARC, any member of the ARC, the Board nor their authorized representatives, shall be liable to any Owner for any loss, damage or injury arising out of or connected to the ARC's performance of its duties hereunder, unless due to the ARC's willful misconduct or bad faith. The ARC shall review and approve or disapprove all plans required to be submitted to it, solely on the basis of aesthetic considerations, consistency with this Declaration, the overall benefit or detriment which would result in the immediate vicinity and the Project generally, and the other considerations set forth in this Article. The ARC shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 3.09 - Variances: The ARC may permit variances from any of the architectural provisions of this Declaration, including restrictions upon height, size, floor area structural placement, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing, signed by at least a majority of the ARC members, and shall become effective upon Recordation. The granting of a variance shall not be deemed to waive any provisions of this Declaration for any purpose except as to the particular Lot and particular provision(s) hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of his Lot or the construction of any proposed Improvement.

Section 3.10 - Appeal: If the ARC disapproves any plans and specifications submitted to it, the Applicant may appeal that decision in writing to the Board; provided, however, that to qualify for the Board consideration, such appeal must be received by the Board within fifteen (15) days after the ARC's final decision. The Board may submit any appeal request to the ARC for review, and the ARC shall submit its written recommendations concerning the appeal to the Board. The Board shall render its written decision within sixty (60) days of the receipt of the appeal request. The Board's failure to render a decision within

that 60-day period shall be deemed a decision in favor of the Applicant.

Section 3.11 - Declarant's Construction and Maintenance Activities Exempt: Notwithstanding anything to the contrary in this Article, Declarant need not seek approval for, and the ARC shall have no authority over Declarant's development and construction activities until the Close of Escrow for the sale of the last Lot (including Lots located in any Phase of Annexable Property) in the Project by Declarant under a Public Report.

Section 3.12 - General Architectural and Landscaping Restrictions: The following architectural restrictions shall apply to all Owners and the written guidelines, if any, adopted by the ARC shall in no way amend or modify these restrictions; provided, however, that the ARC may, but shall not be required to, grant variances from these restrictions as provided in Section 3.09 hereinabove:

(a) **Setbacks:** All structures shall be set back at least twenty-five feet (25') from the Lot's front boundary, twenty-five feet (25') from each side boundary, twenty-five feet (25') from the rear boundary, and twenty-five feet (25') from the Lot side facing the street right-of-way.

(b) The maximum height for any Residence shall be forty feet (40') measured from the street fronting the Residence, and the maximum number of stories shall be two and one-half (2-1/2).

(c) The Lot design plan shall contain provision for a minimum of two (2) enclosed parking spaces.

(d) The minimum garage door opening from the right-of-way of any estate residence shall be twenty-five feet (25').

(e) **Excavation Fill:** Except to the extent reasonably necessary for the construction, reconstruction or alteration of any Improvement, the Owner shall be prohibited from engaging in any excavation or fill and change in the natural or existing drainage for surface or subsurface waters, or from removing or destroying any living tree or other vegetation having a height of six feet (6') or more and having a trunk measuring six inches (6") or more in any diameter at ground level on his Lot, until and unless the Owner of such Lot first obtains the approval therefor from the Committee as herein provided. The Association may, as the case may be, restore a Lot which has been so altered without approval of the Committee to its state existing

immediately prior to such violation, remove all unauthorized power, telephone or other utility lines (wires or conduits) or replace any tree which has been improperly removed or destroyed with either a similar tree in type and size or with such other tree as the Association may deem appropriate. The Owner of such Lot shall reimburse the Association for all expenses incurred by it in performing its obligations under this paragraph; provided, however, that with respect to the replacement of any tree, the Owner shall be obligated to pay an amount in excess of the expenses which would have been incurred by the Association had it elected to replace the destroyed or removed tree with a tree similar in type and size.

(f) Site Plan: The location of the structure or structures on the building site and the landscaping shall bear an overall relation to the adjacent properties as to create an aesthetically pleasing overall appearance. The Owner and/or his architect or contractor shall consider such factors as the topography of the Lot, the curve of the Lot's frontage, views from the Lots in determining appropriate placement of improvements, and landscaping and outside lighting.

(g) Fences: All fences, and designs depicting the location, style, material, color, height and function thereof, shall be subject to the written approval of the ARC prior to installation. Chain link fences are prohibited. The Owner will maintain and repair the fences on his Lot. If the Owner fails or refuses to fully and faithfully comply with and conform to the provisions of this paragraph, then Declarant or the Association shall have the right to enter upon said Lot or Lots and perform such work as may be necessary to fulfill the requirements of this paragraph, charging the costs to the Owner.

(h) Landscaping: Landscaping will provide shade and privacy, and ornamental and coniferous trees will be placed to provide maximum screening for each estate. All landscaping plans shall be submitted to the ARC with specification within three (3) months of occupancy or six (6) months of recording a Notice of Completion, whichever occurs first. Plans must be approved in writing prior to the commencement of any construction or preparation, and shall include the size, type and location of all plants, walkway materials and sprinkler systems. Permanent landscaping shall be installed around said Residence in the front, side and rear yard areas within a reasonable time after the completion of the Residence. A reasonable time shall be no more than six (6) months after completion of the dwelling for the rear yard. Landscaping shall be maintained in a neat and orderly

condition at all times after installation so as to present a pleasing appearance to the owners and occupants of the building sites. Declarant or the Association hereby reserves the right at all times upon evidence, written or visual, of any unplanted or inadequately maintained vacant or unimproved building site, to enter in or upon said building site after a reasonable notice to the Owner, to plant, cut or replant, trim, cut back, remove, replace and/or maintain hedges, trees, shrubs and flowers within said back areas and/or to keep cultivated and/or remove plants on any portion of the Lot, all at the expense of the Owner. Declarant or the Association, or any officer or agent of either, shall not hereby be deemed guilty of any manner of trespass.

(i) Landscaping Criteria: Trees and brushes planted along the Lot boundaries shall effectively screen fencing and Residences from view from any Common Area or other residential Lot. A list of approved planting shall be published in the ARC's guidelines.

(j) Plantings on Waterfront Lots: The ARC may also adopt a separate list of approved plantings for Lots fronting waterways within the Project.

(k) Basic Structural Requirements:

(1) Exterior Design: Exterior design of all the buildings shall be traditional in character, such as Tudor, Cape Cod, Country, French Mansard or Colonial in style and character, and shall in all cases be subject to final approval by the ARC. Exterior design in each case shall be compatible to the relaxed, refined ambiance of Wexford, which Declarant and/or the ARC shall strive to maintain.

(2) Colors: All exterior colors, textures and materials, including roof, must be set forth in plans and specifications, and approved in writing by the Board prior to construction. Color samples shall be submitted with plans and specifications, which plans and specifications shall be coded or marked so as to mark where the colors will be used upon the finished dwelling. As is the case of type and character of design, the ARC's decision as to colors shall be final.

(3) Residence Size Requirements: No Residence shall be erected on any of the Lots having a total floor area of the main structure, exclusive of open porches, garages, patios, exterior stairways and walkways of less than 3,000

square feet, and in the event a Residence has more than one story, the ground floor area shall have at least 2,400 square feet.

(4) Maximum Height: The maximum height of any structure shall be forty feet (40'). Any variance to this limitation granted by the ARC is subject to variance

procedures of the Placer County Zoning ordinance, or other applicable regulation or statute.

(5) Split-Level Residences: Owners of Lots located on Prior Ridge Road may submit plans and specifications for split-level homes, provided these Residences have a minimum square footage of 3,000 square feet, and the ground level story has a minimum square footage of 2,400 square feet. "Ground level" will be defined as the level on a plane with Prior Ridge Road. The ARC may, at its discretion, reduce the maximum height permitted to protect neighboring Owners' interest in maintaining their privacy and views.

(6) New Material, New Structures Only: No secondhand materials except used brick shall be used in construction of any building or structure without the prior written approval of the ARC, and all building shall be painted or stained. No building of any kind shall be removed from any other place to any said building sites, or from one building site to another, without prior written permission of the ARC.

(7) Garages: Each house shall have at least a two (2) car garage, which may be either of an attached or detached design. The ARC will consider appropriate screening and overall architectural design when determining whether to approve garages facing the street.

(8) Painting: All exterior wood manufactured services, with the exception of brick or masonry, shall be painted or stained.

(9) Roof Design, Pitch and Materials: All roof surfaces shall have a pitch of at least four (4) and twelve (12) degrees. No flat roofs (except in cases of French Mansard designs) shall be permitted. The roofing material shall be approved by the ARC.

(10) Solar Devices: The requirements for architectural control shall not be construed as

unreasonably restricting any solar energy and water saving devices where opportunities exist for effectuating their use consistent with overall architectural plans and purposes. These devices shall be flush with the roof, and must be screened so that they are not visible from the street or from adjoining Residences.

(11) Licensed Contractor: All structures shall be constructed by contractors licensed under the laws of the State of California.

(12) Basketball Standards: No basketball standards or fixed sports apparatus shall be attached to any Residence or garage, or be on any Lot, except as approved by the ARC.

(13) Swimming Pools: The minimum setbacks for swimming pools will be fifteen feet (15') from the side and rear boundaries of the Lots.

(14) Tennis Courts: Plans for tennis courts must be submitted to the ARC. These plans must provide a detailed schematic for lighting and fencing. The criteria for judging the appropriateness of the plans will be the intrusion the tennis court fencing and lighting will have on the view of neighboring Lots.

ARTICLE IV

ASSESSMENTS AND ASSOCIATION MAINTENANCE FUNDS

Section 4.01 - Creation of the Lien and Personal Obligation of Assessment: Declarant, for each Lot it owns, hereby covenants and agrees to pay, and each owner of a Lot, by acceptance of a deed therefor whether or not it is expressed in that deed, is deemed to covenant and agree to pay to the Association all Annual Assessments for Common Expenses and all applicable Special Assessments, Reconstruction Assessments and Capital Improvement Assessments. Except as otherwise provided in this Declaration, all such Assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and continuing lien on the Lot against which it is made as well as the personal obligation of the Person who was the Owner of the Lot against which it is made at the time when it fell due. This personal obligation cannot be avoided by abandonment of the Lot or by an offer to waive use and enjoyment of any Common Area. The

personal obligation for delinquent Assessments shall not pass to any new Owner unless expressly assumed by the new Owner.

Section 4.02 - Maintenance Funds: The Board shall establish no fewer than two (2) separate accounts (the "Maintenance Funds"), into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under this Declaration. The Maintenance Funds may be established as trust accounts at a banking or savings institution. The Maintenance Funds shall include: (a) an Operating Fund for payment of current Common Expenses of the Association, (b) a Reserve Fund to be used solely for payment of expenses for capital Improvements, replacements, painting and repairs of the Common Area (which cannot normally be expected to occur on an annual or more frequent basis), and (c) any other funds which the Board may establish to the extent necessary under the provisions of this Declaration. To qualify for higher returns on accounts held at banking or savings institutions, the Board may commingle any amounts deposited into any of the Maintenance Funds with one another, provided that the integrity of each individual Maintenance Fund shall be preserved on the books of the Association by accounting for disbursements from, and deposits to, each Maintenance Fund separately. Nothing contained herein shall limit, preclude or impair the establishment of additional Maintenance Funds by the Association, so long as the amounts assessed to, deposited into, and disbursed from any such Fund are earmarked for specified purposes authorized by this Declaration.

Section 4.03 - Purpose of Assessments: The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners, for the operation, replacement, improvement and maintenance of the Project, and to discharge any other obligations of the Association under this Declaration.

Section 4.04 - Annual Assessments:

(a) **Levy and Collection:** The Association, acting through the Board, shall levy and collect Annual Assessments from the Owner (including Declarant and Builder) of each Lot in the Project on an equal basis (based upon the number of Lots owned by each Owner) in an aggregate amount sufficient to cover all the Common Expenses.

(b) Commencement and Due Dates: The Annual Assessments for all of the Lots in each Phase of the Project shall commence on the first day of the month after the Close of Escrow for the first Lot in that Phase. Annual Assessments shall be paid and collected in installments in such amounts at such frequency as the Board shall establish; provided, however, that no such installments may be levied or collected more frequently than monthly. Annual Assessments for fractions of any month shall be prorated. No notice of the due date of any installment shall be required other than the annual notice [described in subsection (c) below] specifying the amount thereof.

(c) Amount and Limitation on Increase: Until the end of the Association's Fiscal Year immediately following the Close of Escrow for the first Lot in the Project, the Annual Assessment shall be that amount shown on the Project Budget approved by the DRE, which amount shall be prorated based upon the number of months remaining in that Fiscal Year. Thereafter, the Board shall determine and fix the amount of the Annual Assessment and shall give written notice of any change in the amount thereof to every Owner not less than fortyfive (45) nor more than sixty (60) days prior to the beginning of the fiscal year (which may correspond to the calendar year before the effective date of such change. Notwithstanding the preceding sentence, however, the Annual Assessment shall not, except as otherwise expressly permitted in Section 4.07, be increased by more than twenty percent (20%) over the Annual Assessment for the Association's prior Fiscal Year without the vote or written assent of a majority of Members, constituting a quorum, at a meeting or election of the Association. For the purposes of this Article IV, "Quorum" means more than fifty percent (50%) of the Members of the Association. The Annual Assessments shall also be subject to adjustment as provided in Article XVI, Section 16.05 after the annexation of any Phase of the Annexable Property as provided in Article XVI.

(d) Supplemental Annual Assessments: If the Board, by majority vote, determines that the important and essential functions of the Association may be properly funded by an Annual Assessment in an amount less than the authorized maximum amount, it may levy such lesser Annual Assessment. If the Board determines that the estimate of total charges for the current year is now or will become inadequate to meet all Common Expenses for any reason, it shall immediately determine the approximate amount of the inadequacy. Subject to the then maximum authorized Annual Assessment, the Board shall have the authority to levy, at any time by a majority vote, a supplemental Annual Assessment

reflecting a revision of the total charges to be assessed against each Lot.

(e) Application of Excess Funds and Distribution Upon Dissolution: The Board may, from time to time, determine that all excess funds in the Operating Fund be retained by the Association and used to reduce the following year's Annual Assessments. Upon dissolution of the Association incident to the abandonment or termination of the Project, any amounts remaining in any of the Maintenance Funds shall be distributed for the benefit of the Members in the same proportions as such monies were collected from them.

Section 4.05 - Special Assessments: Any maintenance, repair or replacement performed by the Association within the Project which is required because of the willful or negligent act of an Owner, his family, guests or invitees shall be done at the Owner's expense or, after Notice and Hearing, a Special Assessment therefor shall be made by the Board against his Lot. Notwithstanding anything to the contrary in this Section or elsewhere in the Project Documents, however, no Special Assessment shall be made unless all of the requirements of the Bylaws concerning the discipline of Members have been satisfied.

Section 4.06 - Capital Improvement Assessments: In addition to the Annual Assessments authorized above, the Board may levy, in any Fiscal Year, a Capital Improvement Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, repair or replacement of a capital improvement or other such addition upon the Common Area, including fixtures and personal property related thereof; provided that, except as expressly permitted in Section 4.07, no Capital Improvement Assessment in the aggregate exceeding five percent (5%) of the Association's budgeted gross expenses for that Fiscal year shall be levied without the vote or written assent of a majority of Members, constituting a quorum, at a meeting or election of the Association. This Section shall not be construed as creating an affirmative obligation on the part of the Association to undertake or perform any Improvements upon the Common Area.

Section 4.07 - Alternate Limits on Certain Assessments:

(a) Emergency Situations: Annual Assessment and Capital Improvement Assessment increases necessary for addressing an "Emergency Situation" shall not be limited as provided in

Sections 4.04 and 4.06. For purposed of this section, "Emergency Situation" is any one of the following:

(1) An extraordinary expense required by an order of a court;

(2) An extraordinary expense necessary to repair or maintain the Project or any part of the Project for which the Association is responsible where a threat to personal safety on the Property is discovered; or

(3) An extraordinary expense necessary to repair or maintain the Project or any part of the Project for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing the Budget. Prior to the imposition or collection of an Assessment under this subparagraph (3), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Members with the Notice of Assessment.

(b) Compliance with California Law and DRE Requirements: The provisions of this Section 4.07 are intended to satisfy the requirements of Section 1366 of the California Civil Code. If there is any conflict between this Section 4.07 and those other legal requirements, the latter shall prevail and control over the former.

Section 4.08 - Uniform Rate of Assessment: All Assessments provided for in this Article must be fixed at a uniform rate for all Lots within the Project.

Section 4.09 - Certificate Verifying Payment: The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the Assessments on a specified Lot have been paid. The Association shall furnish the requested certificate within ten (10) days of mailing or receipt of said request.

Section 4.10 - No Offsets: All Assessments shall be payable in the amount levied by the Association. No offsets against any Assessment shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties of maintenance or enforcement.

Section 4.11 - Limited Exemptions:

(a) Non-Habitable Improvements: Declarant and any other Owner of a Lot subject to Assessment which does not include a structural Improvement for human occupancy shall be exempt from the payment of that portion of any Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of such structural Improvements. This exemption shall include, without limitation, that portion of any Assessment attributable to (1) roof replacement, (2) exterior maintenance, (3) walkway and carport lighting, (4) refuse disposal, (5) cable television, and (6) domestic water supplied to any Dwellings. This exemption shall be in effect only until the earlier to occur of the following events: (i) a notice of completion of the structural Improvement has been Recorded, (ii) occupation or use of the Lot, or (iii) completion of all elements of the residential structures which the Association is obligated to maintain.

(b) Uncompleted Common Area Facilities: Declarant and the Owner of each Lot subject to Assessment shall be exempt from the payment of that portion of any Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence of a Common Area facility that is not complete at the time Assessments commence. This exemption shall be in effect only until the earlier to occur of the following events: (1) a notice of completion for that Common Area facility has been recorded, or (2) the Common Area facility has been placed in use.

(c) Subsidation of Assessments: Declarant and Association desire that Declarant, in lieu of its payment of that portion of the Assessments allocated to be utilized for the maintenance of the Common Area and related Facilities, directly perform or be responsible for the necessary maintenance of such areas and facilities and whereas Regulation Title 10 California Administrative Code 2792.10 (a) (1) provides that in the event a developer (Declarant) shall subsidize the costs of operating and/or maintaining common areas and facilities, it shall enter into a written contract with the governing Association specifying the respective obligations of such parties.

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ARTICLE V

EFFECT OF NONPAYMENT OF ASSESSMENTS.
REMEDIES OF THE ASSOCIATION

Section 5.01 - Delinquency and Acceleration:

(a) Delinquency: Any installment of an Assessment provided for in this Declaration shall become delinquent if not paid within thirty (30) days after the due date as established by the Board.

(b) Interest and Late Charges: The Board may adopt a system under which any installment of any Assessments not paid within thirty (30) days after the due date shall bear interest from the due date until paid at the rate of up to twelve percent (12%) per annum, but in no event more than the maximum rate permitted by law. Additionally, if any assessments is not paid within fifteen (15) days (or as amended by law) from the first day of the month the Board may require the delinquent Owner to pay a late charge not to exceed ten percent (10%) of the delinquent Assessment of Ten Dollars (\$10.00), whichever is greater to compensate the Association for increased bookkeeping, billing and other administrative costs; provided, however, that no such late charge shall exceed the maximum amount permitted by law.

(c) Notice of Delinquency: If any installment of an Assessment is not paid within thirty (30) days after its due date, the Board may mail a notice of delinquency (the "Notice of Delinquency") to the Owner and to each Beneficiary of a first Mortgage of a Lot and/or Residence that has requested a copy of the notice. Such Notice of Delinquency shall specify (1) the fact that the instalment is delinquent, (2) the action required to cure the default, (3) a date, not less than thirty (30) days after the date the notice is mailed to the Owner, by which such default must be cured, and (4) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the installments of such Assessment for the then current Fiscal Year and sale of the Lot and/or Residence. The Notice of Delinquency shall also inform the Owner of his right to cure after acceleration.

(d) Acceleration: If the delinquent installments of an Assessment and any charges thereon are not paid in full on or before the date specified in the Notice of Delinquency, the Board, at its option, may declare all of the unpaid balance of

such Assessment for the then current Fiscal Year, attributable to that Owner and his Lot, to be immediately due and payable without further demand and may enforce the collection of the full Assessment for such Fiscal Year and all charges thereon in any manner authorized by law and this Declaration.

Section 5.02 - Creation and Release of Lien:

(a) Creation of Lien: All Assessments other than Special Assessments assessed against a Lot in accordance with the provisions of this Declaration shall constitute a lien on that Lot prior and superior to all other liens, except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any purchase money Mortgage of Record made in good faith and for value and recorded prior to the date on which the lien became effective.

(b) Notice of Lien: An Assessment lien shall become effective upon Recordation by the Board or its authorized agent of a notice of lien (the "Notice of Lien") securing the payment of any Annual, Capital Improvement or Reconstruction Assessment or installment thereof, levied by the Association against any Owner as provided herein. The Notice of Lien shall state (1) the amount of the Assessment or installment, as the case may be, and other authorized charges and interest, including the costs of preparing and recording the Notice of Lien, (2) the expenses of collection (including, without limitation, any attorneys' fees), (3) a sufficient description of the Lot against which the same has been assessed, (4) the name and address of the Association, (5) the name of the Owner of the Lot in question, and (6) in order for the lien to be enforced by non-judicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Lien shall be signed by the President or Vice President and Secretary or Assistant Secretary of the Association or the Association's authorized agent or attorney. The lien shall relate only to the individual Lot against which the Assessment was levied and not to the Property as a whole.

(c) Notice of Release: Upon payment to the Association of the full amount claimed in the Notice of Lien, or other satisfaction thereof, the Board shall cause a notice of satisfaction and release of lien (the "Notice of Release") to be Recorded. The Notice of Release shall state the satisfaction and release of the amount claimed. Any purchaser or encumbrancer who has acted in good faith and extended value may rely upon the

Notice of Release as conclusive evidence of the full satisfaction of the sums stated in the Notice of Lien.

Section 5.03 - Enforcement of Liens: The Board shall enforce the collection of any amounts due under this Declaration by one (1) or more of the alternative means of relief authorized herein. The Assessment lien on a Lot may be enforced by sale of the Lot and/or Residence by the Association, the Association's attorneys, any title insurance company authorized to do business in California, or other persons authorized to conduct the sale as a trustee, after failure of the Owner to pay any Annual, Capital Improvement or Reconstruction Assessment, or installment thereof, as provided herein. The sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of power of sale in Mortgages and Deeds of Trust, or in a manner permitted by law. An action may be brought to foreclose the Association's lien by the Board, or by any Owner if the Board fails or refuses to act, after (a) at least thirty (30) days have expired since the date on which the Notice of Lien was Recorded, and (b) at least ten (10) days have expired since a copy of the Notice of Lien was mailed to the Owner affected thereby. Such action shall also be subject to the provisions of Section 5.01, if the Board accelerates the due date of any Assessment installments. The Association, through its agents, shall have the power to bid on the Lot and/or Residence at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, an unlawful detainer action may be brought by the Association on behalf of the purchaser at the sale in order to secure occupancy of the defaulting Owner's Residence, and the defaulting Owner shall be required to pay the reasonable rental value of such Residence during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. Suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing or waiving any lien securing the same, but neither this provision or the institution of any suit to recover a money judgment shall constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated under this Section may include reasonable attorneys' fees as fixed by the court.

Section 5.04 - Priority of Assessment Liens: The lien of the Assessments, including interest and costs of collection (including attorneys' fees) provided for herein, shall be subordinate to the lien of any purchase money Mortgage upon any Lot and/or Residence. Sale or transfer of any Lot and/or

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Residence shall not affect the Assessment lien; however, the sale or transfer of any Lot and/or Residence pursuant to judicial or non-judicial foreclosure of a purchase money Mortgage shall extinguish the Assessment line as to payments that became due before such sale or transfer. No sale or transfer shall relieve such Lot and/or Residence from any Assessments thereafter becoming due. Where the Mortgagee of a purchase money Mortgage of record or other purchaser of a Lot and/or Residence obtains title, such acquirer of title, his successors and assigns, shall not be liable for the Assessments chargeable to such Lot and/or Residence which became due before the acquisition of title to such Lot and/or Residence. Such unpaid Assessment shall be deemed to be Common Expenses collectable from all of the Owners of the Lots in the Property including such acquirer, his successors and assigns. This specification of priority concerning a purchase money Mortgage is not intended to derogate the priority of any other mortgage which may be determined by general legal principles.

Section 5.05 - Limitation on Remedies: Notwithstanding anything to the contrary in this Article or elsewhere in this Declaration:

(a) The Association shall have no power to cause a Member's right to the full use and enjoyment of his Lot to be abridged or forfeited because of that Member's failure to comply with the provisions of the Project Documents, except where that abridgement or forfeiture results from a court judgment, an arbitration decision, a judicial foreclosure or sale under a private power of sale because of the Owner's failure to pay Assessments levied by the Association.

(b) No Board decision to impose discipline shall be reached against a Member accused of failing to comply with the provisions of the Project Documents until the minimum due process requirements of Section 7341 of the California Corporations Code are satisfied.

(c) A monetary penalty imposed by the Association as a disciplinary measure for failure to comply with the Project Documents, or as a means of reimbursing the Association for costs incurred by the Association in their repair of damage to the Common Area and facilities, if any, thereon for which the accused Member was allegedly responsible, or in bringing the Member and his Lot into compliance with the Project Documents, may not be characterized or treated in the Project Documents as an Assessment which may become a lien against that member's Lot

enforceable by a sale of his Lot under Sections 2924, 2924(b) and 2924(c) of the California Civil Code. The provisions of this subsection (c) do not apply to charges imposed against the accused Owner which consist of reasonable late payment penalties for delinquent Assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent Assessments.

Section 5.06 - Capital Contributions to the Association:
Upon the acquisition of record title to a Lot from Declarant, each Owner of a Lot in Phase shall contribute to the capital of the Association, an amount equal to one-sixth (1/6) of the amount of the then Annual Assessment for that Lot as determined by the Board. This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed therefrom to the Association.

ARTICLE VI

EASEMENTS AND OTHER PROPERTY RIGHTS

Section 6.01 - Encroachments: The Owner of each Lot shall have an easement over all adjoining Lots and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of structures or any other cause as long as the encroachment remains. In no event, however, shall any Owner have a valid easement for any encroachment caused by his willful misconduct. If any Improvement on a Lot is partially or totally destroyed, and then repaired or rebuilt, the Owner of such Lot shall have an easement over the adjoining Lots and Common Area to accommodate any minor encroachments created by such repair or reconstruction.

Section 6.02 - Drainage Easements: Declarant hereby reserves for the benefit of itself, the Owners and the Association, reciprocal nonexclusive easements for drainage of water over, across and upon the Common Area.

Section 6.03 - Utility Easements and Other Utility Matters:
The rights and duties of the Owners and the Association concerning sanitary sewer, water, electricity, gas, telephone and television lines and other facilities (collectively called "Utility Lines and Facilities") shall be governed by the following:

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(a) Each representative utility company shall maintain all Utility Lines and Facilities on or within their respective easements located in the Project, if any; provided, however, that if any such utility company fails to do so, the Association shall be obligated to maintain those Utility Lines and Facilities.

(b) Whenever Utility Lines and Facilities are installed within the Project and it is necessary to gain access to the portion thereof which is located within or under a Lot owned by someone other than the Owner of the Lot serviced by those Utility Lines and Facilities, the Owner of the Lot so served shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter the other Lot or to have the utility companies enter the other Lot and to repair, replace and generally maintain same whenever it is necessary to do so.

(c) Whenever Utility Lines and Facilities are installed within the Project, and those Utility Lines and Facilities serve more than one Lot, the Owner of each Lot served shall be entitled to the full use and enjoyment of such portions of the Utility Lines and Facilities as service his Lot.

(d) If a dispute arises between Owners respecting the repair and rebuilding of the Utility Lines and Facilities, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board, who shall decide the dispute, and the decision of the Board shall be final and conclusive on the Owners.

(e) Easements over the Project for the installation and maintenance of Utility Lines and Facilities, all as shown on the Map as may be hereafter required or needed to service the Project, are hereby reserved by Declarant, together with the right to grant and transfer the same.

Section 6.04 - Rights of Entry: The Board shall have a limited right of entry in and upon the Common Area and all Lots in the Project (excluding the interior of any Dwellings thereon) for the purpose of inspection, and taking whatever corrective action that the Board deems necessary or proper, consistent with the provisions of this Declaration. However, any such entry upon a Lot shall be made, except to effect emergency repairs or other emergency measures, only after three (3) days' prior written notice to the Owner thereof and after authorization of two-thirds (2/3) of the Board. Nothing herein shall be construed to impose any obligation upon the Association to maintain or repair any

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portion of the Project or any Improvements required to be maintained or repaired by the Owners or Declarant.

Section 6.05 - Damage by Member: To the extent permitted by California law, each Member shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance if the damage is sustained because of the negligence, willful misconduct or unauthorized or improper installation or maintenance of any Improvement by the Member, his guests, tenants or invitees, or any other Persons deriving their right and easement of use and enjoyment of a Lot from the Member, or his or their respective Family and guests, both minor and adult. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association equal to the cost of such damage, or equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the Person for whom the Member may be liable as described above. In the case of joint ownership of a Lot, the liability of the Co-Owners shall be joint and several, except to the extent that the Association has previously contracted in writing with the Co-Owners to the contrary. After Notice and Hearing as provided in the Bylaws, the cost of correcting the damage, to the extent not reimbursed to the Association by insurance, shall be a Special Assessment against such Member's Lot, and may be enforced as provided herein.

Section 6.06 - Waiver of Use: No Owner may exempt himself from any personal liability for Assessments duly levied by the Association, or release his Lot or other property owned by him from the liens and charges thereof, by waiver of the use and enjoyment of the Common Area and the facilities, if any, thereon or by abandonment of his Lot or any other property in the Project.

ARTICLE VII

DECLARANT'S RIGHTS AND RESERVATIONS

Section 7.01 - No Limitation on Development of Project: Nothing in the Project Documents shall limit, and no Owner or the Association shall do anything to interfere with, Declarant's right to subdivide or re-subdivide any portion of the Project, or to complete Improvements to and on the Common Area or any portion of the Project owned solely or partially by Declarant, or to alter the foregoing or its construction plans and designs, or to

construct such additional Improvements as Declarant deems advisable in the course of development of the Project so long as any Lot in the Project remains unsold. Declarant's right hereunder shall include, but shall not be limited to, the right to install and maintain such structures, displays, signs, billboards, flags and sales offices as may be reasonably necessary for the conducting of its business of completing the work and disposing of the Lots by sale, resale, lease or otherwise.

Section 7.02 - Further Impairments: Each Owner, by accepting a deed to a Lot, hereby acknowledges that Declarant's activities may temporarily or permanently impair the view, if any, of such Owner and may constitute an inconvenience or nuisance to the Owner, and hereby consents to such impairment, inconvenience and nuisance. This Declaration shall not limit Declarant's right, at any time before it conveys title to a Lot in the Project to a purchaser, to establish on that Lot additional licenses, easements, reservations and rights-of-way to itself, to utility companies or others, including, without limitation, those set forth in Article VI, as may from time to time be reasonably necessary for the proper development and disposition of the Project.

Section 7.03 - Other Rights: Declarant or Builder may use any Lots and/or Residences it owns in the Project as model home complexes or real estate sales or leasing offices. Declarant shall seek or obtain Architectural Committee approval of any Improvement constructed, placed or altered by Declarant on any portion of the Property. Declarant's rights hereunder and elsewhere in the Project Documents may be assigned by Declarant to any successor-in-interest to any portion of Declarant's interest in any portion of the Property by a Recorded written assignment.

Section 7.04 - No Amendment of This Article: Notwithstanding any other provision of this Declaration, Declarant's prior written approval will be required before any amendment to this Article shall be effective.

Section 7.05 - Power of Attorney: Each Owner (with the exception of the VA Administrator) hereby grants, upon acceptance of the deed of his Lot, an irrevocable special power of attorney to Declarant to execute and record all documents and maps necessary to allow Declarant to exercise its rights under this Article.

Section 7.06 - Termination of Rights: Declarant's rights and reservations in this Article shall terminate on the seventh (7th) anniversary of the first Close of Escrow for the sale of a Lot in the Project.

ARTICLE VIII

MAINTENANCE AND REPAIR OBLIGATIONS

Section 8.01 - Maintenance Obligations of Owners: Except for those areas on certain Lots, if any, to be maintained by the Association as provided in Section 8.02 below, each Owner shall, at his expense and subject to the provisions of this Declaration (including, without limitation, those pertaining to ARC approvals), maintain, repair, replace and restore all areas subject to his exclusive control, in a neat, sanitary, workable and attractive condition. Areas subject to an Owner's exclusive control shall be deemed to include, without limitation, the Owner's Lot, the Dwelling and other Improvements (including, without limitation, landscaping) thereon. If any Owner permits any such area to fall into disrepair, become dangerous, obstructed, unsafe, unsightly or unattractive or otherwise violate this Declaration, the Board shall have the right to pursue any of its legal remedies in addition to the right (but not the duty), after Notice and Hearing, to enter upon such Owner's Lot to make the appropriate repairs or to perform the appropriate maintenance, and the cost thereof shall be charged to the Owner as a Special Assessment.

Section 8.02 - Maintenance Obligations of Association: Subject to Article XI concerning destruction of Improvements and Article XII concerning eminent domain, the Association shall maintain, repair, replace and restore the Common Area in a neat, sanitary, workable and attractive condition. The Common Area to be maintained under this Section includes:

(a) All landscaping within the Common Area and all mechanical, electrical and irrigation equipment within or serving it;

(b) The entry gate and the surrounding entry facilities located adjacent to the entry gate. The entry gate and surrounding entry facilities shall be located generally at the intersection of Roseville Parkway and Wexford Circle, and shall include Common Area Lots A and B;

(c) All streets, street lights, adjacent streetscapes and storm drainage facilities within the Project;

(d) All recreation facilities located within the Project. The recreation facility to be maintained by the Association within Phase 1 is located within Common Area A, described hereinabove;

(e) All other areas, facilities, equipment, services or other aesthetic components of whatsoever nature as may from time to time be requested by the vote or written assent of a majority of the voting power of the Association.

The cost of the foregoing shall be paid for as Common Expenses out of the Assessments collected by the Association as provided in this Declaration.

Section 8.03 - Repair and Maintenance of Common Fences:
Subject to the approval of the ARC and any limitations contained in this Declaration and any applicable Rules and Regulations, the Owners of adjoining Lots with a common fence shall jointly maintain, repair, replace, paint (where applicable) and restore such common fence and shall equally share in the cost of such maintenance and repair. Subject to any applicable Rules and Regulations, such adjoining Owners shall jointly decide upon the time and manner in which such maintenance and repair shall be made. If any dispute arises between such adjoining Owners concerning such maintenance and repair, the matter shall be submitted to the Board for resolution upon the written request of one of such Owners addressed to the Association. The Board's decision shall be final and conclusive on such Owners.

Section 8.04 - Lakes, Streams and Waterways: A "Treelake Village Master Waterways Plan" developed by Declarant has been approved by Placer County and provides for special protection of the lakes, streams and waterways which meander throughout the entire Project. The subject Plan also provides for the stocking of the fish and habitat therein, especially the gambusia minnows, and a drainage plan which reflects Placer County's and Declarant's desire to provide an aesthetically pleasing and environmentally sound plan for the flow of waterways and recirculation of wastewater throughout the Project.

The Master Association shall have primary responsibility for the protection of the water quality, environmental security and maintenance of the Common Area lakes, streams and waterways. The Association and its Members shall be obligated to abide by such

rules and regulations adopted by the Master Association as are necessary to protect, and the Master Association shall be obligated to maintain, the lakes, streams and waterways within the Project in conformance with the spirit as well as the letter of the Master Waterways Management Plan. The Master Association has the authority to contract with qualified subcontractors to implement the Master Waterways Management Plan.

The Master Association may, from time to time, take whatever actions it deems necessary to periodically dredge the lakes and streams within the Project to prevent clogging due to siltation.

The Association and its Members hereby grant to the Master Association such easements for ingress and egress over the applicable Lots and Common Area as are necessary to perform the Master Association's obligations. The Association and its Members agree to pay their equitable share of the costs incurred by the Master Association in performing its duties. The equitable share of such costs shall be incorporated in the regular assessments of the Master Association, and shall be collected pursuant to the provisions set forth in the Master Declaration.

Section 8.05 - Placer County Service Area Maintenance:

(a) **Formation and Purpose:** Placer County has entered into an agreement with Moss Land Company, Leona M. Pastor and DCK, a California General Partnership, to establish a County Service Area ("CSA") Zone of Benefit for all of Treelake Village. Each Owner, in accepting title to his Lot, acknowledges and consents to those rights and obligations created by the prior formation of the Placer County Community Service Area No. 28, Zone No. 69. It is the primary purpose of that public organization to provide for:

(1) The maintenance, repair, replacement and installation of all public road improvements located within and part of this subdivision of the Project, as such roads are shown on the Final Map;

(2) The maintenance of public storm drainage within the Project;

(3) The maintenance, repair and replacement of all street lighting along public roadways within the project;

(4) The maintenance of landscaping along all roadways that are public;

(5) The maintenance of the East Roseville Parkway, including storm drainage, irrigation, landscaping and fertilization; and

(6) The maintenance and operation of all Public Recreation Facilities.

(b) CSA Assessments: Each Lot is and shall be subject to CSA assessments and charges for the purpose of providing the necessary funds to accomplish the purpose of the CSA. Owners delinquent in the payment of such assessments and charges may be subject to penalties and surcharges validly imposed by the CSA.

(c) CSA Advisory Board: The Owners of Lots within all of Treelake Village shall elect a CSA Advisory Board. The purpose of the Advisory Board shall be to facilitate liaison with the Board of Directors of the CSA on matters related to the duties of that public organization, and to disseminate information on such matters to Owners. Nothing herein shall be interpreted in any way to restrict or limit the rights of any Owner with respect to road related matters.

(d) Termination of CSA: In the event the CSA is terminated, each and every Owner shall thereafter be severally and equally responsible for the cost of repair, maintenance, replacement or installation of subdivision roads as may be necessary to ensure that said roads are in a safe and usable condition, and the cost of maintenance of drainage, landscaping and street lighting. Not later than ninety (90) days following CSA termination, the Advisory Board shall schedule a meeting of all Owners for the purpose of forming an association, as may be required by the County, and establishing those ongoing procedures necessary to determine the nature of needed said repair, maintenance, etc., work, methods of contracting for said work, and to provide for the collection of funds from Owners.

A meeting for said purposes shall be conducted at not less than twelve (12) month intervals and a determination approved by a majority of Owners present of the nature of existing or projected road work required, the method whereby such work may be procured from a duly licenced general contractor. The amount, time and manner of collecting funds shall be binding upon all Owners. Any such determination shall be confirmed in

writing, and notice thereof to all Owners shall be provided by the Advisory Board.

(e) Notices: All meeting notices required pursuant to this Section must be in writing and delivered to each Owner not less than thirty (30) days before the meeting date. Delivery of all notices shall be made by depositing said notice at the location each Owner receives mail from U.S. Postal Service within the Project.

(f) Non-Liability of Advisory Board Members: Nothing herein shall be interpreted to create liability on that part of said Board Members to other Owners from any negligent misconduct related to the performance of their duties on said Board.

ARTICLE IX

LOT AND USE RESTRICTIONS

All of the Project shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemptions of Declarant set forth in this Declaration.

Section 9.01 - Single-Family Lots: Lots shall be used exclusively for single-family residential purposes, subject to the exemption granted Declarant under Article VII of this Declaration. An Owner may rent his Lot to a single Family provided that the Lot is rented for a term greater than thirty (30) days, subject to all of the provisions of this Declaration.

Section 9.02 - Parking and Vehicular Restrictions: No Owner shall park, store or keep anywhere in the Project or on any public or private street abutting or within the Project any large commercial-type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck). No Person shall park, store or keep any recreational vehicle (including, but not limited to, any camper unit, or motor home), bus, trailer coach, camp trailer, boat, aircraft, mobile home, inoperable vehicle or any other similar vehicle anywhere in the Project or on any public or private street abutting or within the Project except wholly within a garage and only with the garage door closed. In addition, no Person shall park, store or keep anywhere in the Project or on any public or private street abutting or within the Project any vehicle or vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board. In addition, parking which obstructs free traffic flow,

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constitutes a nuisance, violates the Rules and Regulations, or otherwise creates a safety hazard is not permitted. Restoring or repairing of vehicles shall not be permitted anywhere in the Project or on any public or private street abutting or within the Project. Notwithstanding the foregoing, such repair shall be permitted within an owner's garage when the garage door is closed, provided such activity is not undertaken as a business and provided further that such activity may be prohibited entirely or in part by the Board if the Board determines that such activity constitutes a nuisance. The Board shall determine, in its discretion, whether there is noncompliance with the parking and vehicular restrictions herein. Without in any way limiting the obligations of the owners as elsewhere herein described, the Association, or its authorized agents, shall have the right to enforce all parking restrictions herein set forth and to remove any vehicles in violation thereof in accordance with the provisions of Section 22658 of the California Vehicle Code, or other applicable laws, codes and statutes. If, for any reason, the Association fails to enforce the parking restrictions, the County, shall have the right to enforce such parking restrictions in accordance with the California Vehicle Code and all other applicable laws, codes, statutes and local ordinances. Vehicles owned, operated or within the control of an Owner, or of a resident of such Owner's Lot, shall be parked in the garage to the extent of the space available therein.

Section 9.03 - Nuisances: No noxious or offensive activities (including but not limited to the repair of motor vehicles) shall be carried on in the Project or on any public street abutting or within the Project. No horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of a Lot and/or Residence and its contents, shall be placed or used in any such Lot and/or Residence. No loud equipment or large power tools, unlicensed off-road motor vehicles or items which may unreasonably interfere with television or radio reception of any Owner in the Project, shall be located, used or placed on any portion of the Property, or on any public street abutting or within the Project, or exposed to the view of other Owners without the prior written approval of the ARC. The Board shall have the right to determine if any noise, odor, or activity producing such noise or odor constitutes a nuisance. No Owner shall permit or cause anything to be done or kept in the Project or on any public street abutting or within the Project which may increase the rate of insurance on Lots and/or Residences or in the Project, or result in the cancellation of such insurance, or which will obstruct or interfere with the rights of other Owners. No Person shall

commit or permit any nuisance on the Project. Each Owner shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a Lot and/or Residence. Each Owner shall be accountable to the Association and other Owners for the conduct and behavior of children residing in or visiting his Lot and other Family members or Persons residing in or visiting his Lot and/or Residence. Any damage to the Common Area, personal property of the Association, or property of another Owner, caused by such children or other Family members, shall be repaired at the sole expense of the Owner of the Lot where such children or other Family members or Persons are residing or visiting.

Section 9.04 - Signs: No sign, poster, display or other advertising device of any kind shall, for professional, commercial or business purposes, be erected or maintained anywhere on the Property or on any public or private street abutting or within the Project, or shown or displayed from any Lot, without the prior written consent of the Architectural Committee; provided, however, that the restrictions of this Section shall not apply to any sign or notice of customary and reasonable dimension which states that the Lot is for rent or sale, so long as it is consistent with the standards promulgated by the ARC. This Section shall not apply to any signs used by Declarant or its agents in connection with the sale or lease of Lots and/or Residences or the construction or alteration of Lots and/or Residences or Common Area, traffic and parking control signs installed with the consent of the Board. This Section shall not apply to any signs posted by Declarant or the Association setting forth restrictions upon the use of the various lakes, streams and waterways located within the Project. Notwithstanding the foregoing, nothing contained in this Section shall be construed in such a manner as to permit the maintenance of any sign which is not in conformance with any ordinance of the County.

Section 9.05 - Antennae: No radio station or shortwave operators of any kind shall operate from any Lot or any other portion of the Property unless approved by the ARC. With the exception of any master antenna maintained by the Association, no exterior radio antenna, "C.B." antenna, television antenna, or other antenna of any type shall be erected or maintained anywhere in the Property.

Section 9.06 - Satellite Dishes: With the exception of any master satellite dish maintained by the Association, no exterior

satellite dish shall be erected or maintained anywhere in the Property.

Section 9.07 - Outside Installations: No outside installation of any type, including but not limited to patio covers, outdoor lighting and clotheslines, shall be constructed, erected or maintained on any Lot, excepting as installed by Declarant as a part of the initial construction of the Project and except as may be installed by, or with the prior written consent of the ARC, and where appropriate, the County. Furthermore, no exterior addition, change or alteration to any Residence shall be commenced without the prior written approval of the ARC and, where appropriate, the County. All private outdoor lighting shall be shaded and adjusted to fall on the same Lot as where such lights are located. Nothing shall be done in, on or to any portion of the Project which will or may tend to impair the structural integrity of any Dwelling or which would structurally alter that Dwelling except as otherwise expressly provided herein. No Owner shall cause or permit any mechanic's lien to be filed against any portion of the Project for labor or materials alleged to have been furnished or delivered to the Project or any Lot and/or Residence for such Owner, and any Owner who does so shall immediately cause the lien to be discharged within five (5) days after notice to the Owner from the Board. If any Owner fails to remove such mechanic's lien, the Board may discharge the lien and charge the Owner for the cost of such discharge, which cost shall be added to, and constitute a part of, the Annual Assessment levied against such Owner.

Section 9.08 - Animal Regulations/Equestrian Lots: No animals, livestock, reptiles, insects, poultry or other animals of any kind shall be kept on any Lot except that no more than a total of two (2) usual and ordinary domestic dogs, cats, fish, and birds inside bird cages may be kept as household pets within any Residence provided that they are not kept, bred or raised therein for commercial purposes or in unreasonable quantities or sizes as may be determined by the Board. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Project must be either kept within an enclosure or on a leash held by a person capable of controlling the animal. Furthermore, any Owner shall be liable to each and all remaining Owners, their Families, guests and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Project by an Owner or by members of his Family, his tenants or his guests. It shall be the duty and responsibility of each such Owner to clean up after such animals

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which have deposited droppings on or otherwise used any area of public street abutting or within the Property.

Notwithstanding the above restrictions regarding animals, certain Lots located in the southernmost portion of the Property may be designated by Declarant as Equestrian Lots at the time such Lots are annexed into the Association. Owners of Equestrian Lots shall be limited to a maximum of two (2) horses per Lot, and said owners shall board/pasture their horses only within the Utility Easement Areas as shown on Final Map(s). Owners of Equestrian Lots abutting the public Equestrian Corridor, as shown on the Final Map(s), may install a gate in order to access said corridor. Each Owner shall provide a key for any private padlocks installed on such gates to the Association. The Owners of Equestrian Lots shall also be subject to and abide by any Rules and Regulations as may be adopted from time to time by the Board of Directors.

Section 9.09 - Business or Commercial Activity: No business or commercial activity shall be maintained or conducted on the Project, except that Declarant or Builder may maintain sales and leasing offices as provided in Article VII. Notwithstanding the foregoing, professional and administrative occupations may be carried on within the Residences, so long as there exists no external evidence of them, and provided further that all of the applicable requirements of the County are satisfied. No Owner shall use his Lot in such a manner as to interfere unreasonably with the business of Declarant or Builder in selling Lots and/or Residences in the Project, as set forth in Article VII of this Declaration.

Section 9.10 - Further Subdivision: No Owner shall physically or legally subdivide his Lot in any manner, including without limitation any division of his Lot into time-share estates or time-share uses; however, the right of an Owner to rent or lease all of his Lot by means of a written lease or rental agreement subject to these Restrictions shall not be impaired. Any failure by the lessee of the Lot to comply with the terms of this Declaration or the Bylaws of the Association shall constitute a default under the lease or rental agreement. This Section may not be amended without the prior written approval of the Beneficiaries of at least seventy-five percent (75%) of the first Mortgages of Lots in the Project.

Section 9.11 - Drainage: There shall be no interference with the established drainage pattern within the Project, unless an adequate alternative provision is made for proper drainage and

is first approved in writing by the ARC. For the purpose hereof, "established" drainage in any Phase is defined as the drainage which exists at the time of the first Close of Escrow for the sale of a Lot in such Phase, or that which is shown on any plans approved by the ARC.

Section 9.12 - Water Supply System: No individual water supply or water softener shall be permitted on any Lot unless such system is designed, located, constructed and equipped in accordance with the requirements, standards, and recommendations of any applicable water district, the County and all other applicable governmental authorities. Any sewage disposal system shall be installed only after approval by the ARC and any governmental health authority having jurisdiction.

Section 9.13 - Solar Energy Systems: Each Owner may install a solar energy system on the roof of his Dwelling so long as (a) the design and location of the solar energy system meets the requirements of applicable zoning district ordinances and the Uniform Building Code and associated legal requirements, and (b) that design and location receives the prior written approval of the ARC as provided in this Declaration.

Section 9.14 - Soils Conditions and Grading: After Final Map recordation and prior to individual home construction, the Project soils engineer shall prepare a map identifying all Lots that will be regulated by specific construction criteria due to expansive soils called Ione claystone/siltstone ("ICS"). The ICS Lot identification map and the soils report, dated June 1987, will be available for review at the Placer County Building Department. The soils report contains design analysis and recommendations for road design, structural foundations, grading practices, swimming pool construction, erosion/winterization, slope stability and special problems discovered on-site. No grading shall be undertaken on any phase of the Project without written approval of the Placer County Public Works Department.

Section 9.15 - Hazardous Materials: No Owner of a residential Lot may use or store any hazardous or extremely hazardous material as defined by California Administrative Code, Title 22, Sections 66680 and 66685. Hazardous material contained solely in a consumer product for distribution to and use by the general public will be exempt from this requirement.

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Section 9.16 - Waterfront Lots:

(a) Title to all lakes, streams and waterways located within Wexford shall be transferred to the Association. The boundaries for these waterways extend to the high watermark of these waterways. The Master Association has primary responsibility for the planning and implementing of filling these waterways, and for managing the drainage plans, erosion control plans, mosquito and insect control plans and recirculation plans for these waterways.

(b) Declarant's construction of these waterways has been approved by Placer County by virtue of its approval of the Master Waterways Management Plan. The purpose of said Plan is to provide a peaceful, aesthetically pleasing environment for all the residents of Wexford. Neither Declarant nor the owners of Lots within this Project shall enter the waterways for recreational purposes, nor have any bodily contact with the waterways, nor shall they place boats, sailboats, sailboards or other vessels into these waterways, nor shall there be any modification of the shoreline treatment without specific written permission of the Placer County Department of Public Works and the Placer County Department of Environmental Health.

(c) Each Owner of a Lot which abuts the Common Areas adjacent to the lakes located within the Project shall submit fencing plans to be erected on Owners Lot to the ARC which conform to the Waterways Safety Plan approved by Placer County.

(d) The Owners of lakefront Lots shall receive exclusive use rights to the waters edge.

Section 9.17 - Weekly Refuse Collection: The Owner of each Lot shall subscribe to weekly mandatory refuse collection services from the refuse collection franchise holder as required by Placer County Code.

Section 9.18 - Lease of Recreation Center: Simultaneously with the deeding of a fee title to the Common Areas located within Wexford Unit 1-A by Declarant, the Association shall lease to Declarant, for Declarant's exclusive use, the clubhouse improvement constructed by Declarant and located on Lot A for a term not less than the time necessary to sell the Lots located within Unit No. 1-A, and such other Lots which are annexed to Unit No. 1 under the terms and conditions set forth in Article XVI herein. Declarant shall maintain the clubhouse for the duration of its lease, and shall pay the pro rata share of

property taxes and insurance, applicable to the clubhouse, as may be required by the Association to offset such administrative costs and expenses.

Section 9.19 - Wood-Destroying Pest or Organisms: The Association may cause the temporary removal of any occupant for such periods and at such times necessary for prompt, effective treatment of the wood-destroying pests or organisms. The cost of the temporary relocation is to be borne by the Owner of the separate interest affected. Not less than fifteen (15) nor more than thirty (30) days notice of the need to temporarily vacate shall be given occupants and to the Owners. The notice shall state; a. The reason for the temporary relocation; b. the date and time of the beginning of the treatment; d. that the occupants (Owners) will be responsible for the costs of such treatment and their own accommodations during the temporary relocation, and e. Notice is deemed complete if a copy is personally delivered or mailed first class mail to the occupants and a copy is sent to the non-occupying Owners via first class mail.

ARTICLE X

INSURANCE

Section 10.01 - Coverage Obtained by Board:

(a) The Board shall obtain and maintain the following types of insurance:

(1) Adequate blanket public liability insurance (including medical payments), with such limits as may be considered acceptable to FNMA (not less than \$1,000,000 covering all claims for personal injury and property damage arising out of a single occurrence), insuring against liability for bodily injury, death and property damage arising from the activities of the Association and its Members, with respect to the Common Area;

(2) Fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement value of all of the Improvements, if any within the Common Area;

(3) Such other insurance as the Board, in its discretion, deems necessary, including, but not limited to,

fidelity bonds, errors and omissions, directors, officers and agents liability insurance, medical payments, malicious mischief, liquor liability and vandalism and workers' compensation insurance, and insurance covering such other risks as is customarily covered in connection with planned residential projects similar to the Project in construction, location and use.

All such insurance shall be maintained for the benefit of the Association, the named insured, subject, however, to loss payment requirements as set forth herein; and

(4) Fidelity Bonds: Except as otherwise provided in Article II, Section 2.09, fidelity bond coverage naming the Association as an obligee must be obtained, to the extent available, by or on behalf of the Association for any Person handling Association funds, including, but not limited to, officers, directors, trustees, and employees of the Association, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Association at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than the sum equal to three (3) months aggregate Annual Assessments on all Lots plus reserves.

(b) VA, FHA, FHLMC, FNMA and GNMA Requirements: Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bond coverage meeting the insurance and fidelity bond requirements for projects established by the VA, FHA, GNMA, GNMA and FHLMC, so long as any of such entities is a Mortgagee or Owner of a Lot and/or Residence within the Project, except to the extent such coverage is not available or has been waived in writing by the VA, FHA, FNMA, GNMA and FHLMC, as applicable.

Section 10.02 - Waiver of Claim Against Association: As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said Persons.

Section 10.03 - Right and Duty of Owner to Insure: Each Owner is responsible for providing insurance on his Lot and/or Residence and upon all other property therein. Nothing herein shall preclude any Owner from carrying any public liability insurance as he deems desirable to cover his individual liability for damage to person or property occurring inside his Residence or elsewhere in the Project. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association occurs and the proceeds payable thereunder shall be reduced by reason of Owners insurance coverage, that Owner shall assign the proceeds of such insurance to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 10.04 - Notice of Expiration Requirements: If available, each of the policies of insurance maintained by the Association shall contain a provision that said policy shall not be cancelled, terminated, materially modified or allowed to expire by its terms, without ten (10) days' prior written notice to the Board and Declarant, and to each owner and Beneficiary, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice and every other Person in interest who requests such notice of the insurer. In addition, fidelity bonds shall provide that they may not be cancelled or substantially modified without ten (10) days' prior written notice to any insurance trustee named pursuant to Section 10.06 and to each FNMA servicer who has filed a written request with the carrier for such notice.

Section 10.05 - Insurance Premiums: Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included in the Annual Assessments levied by the Association.

Section 10.06 - Trustee for Policies: The Association, acting through the Board, is hereby appointed and shall serve as the trustee of the interests of all named insureds under all Association maintained insurance policies. All insurance proceeds shall be paid to the Board as Trustee and the Board shall have full power to receive such funds and to deal with them as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for

which the insurance was carried or otherwise disposed of as provided in Article XI of this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the Association's insurance carriers. Any two (2) officers of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds, with the exception of the VA Administrator. Notwithstanding the foregoing, there may be named as an insured, a representative chosen by the Board, including a trustee with whom the Association may enter into an insurance trust agreement or any successor to that trustee who shall have exclusive authority to negotiate losses under any Association insurance policy and to perform such other functions necessary to accomplish this purpose.

Section 10.07 - Actions as Trustee: Except as otherwise specified in this Declaration, the Board, acting on behalf of the Association and the Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to Beneficiaries of seventy-five percent (75%) of the first Mortgagees who have filed requests under Article XI, Section 11.03. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Association and of all renewals thereof, together with proof of payment and premiums, shall be delivered by the Association to all Owners and Mortgagees who have requested the same in writing.

Section 10.08 - Review of Coverage: The Board shall annually determine whether the amounts and type of insurance coverage that it has obtained under this Article provides adequate coverage, based upon then current construction costs, insurance practices in the area which may indicate that either additional insurance coverage or increased coverage under existing policies is necessary or desirable to protect the interest of the Association, the Owners and their respective Mortgages. If the Board determines that increased coverage of additional insurance is appropriate, it shall obtain the same. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements within the Common Area, without deduction for depreciation, from a qualified independent insurance appraiser, prior to each such annual review.

Section 10.09 - Required Waiver: All policies of physical damage insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

(a) Subrogation of claims against the owners and tenants of the Owners;

(b) Any defense based upon co-insurance;

(c) Any right of setoff, counterclaim, apportionment, proration of contribution by reason of other insurance not carried by the Association;

(d) Any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured;

(e) Any right of the insurer to repair, rebuild or replace, and, if the Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount not more than the replacement value of the Improvements insured;

(f) Notice of the assignment of any owner of his interest in the insurance by virtue of a conveyance of any Lot; and

(g) Any right to require any assignment of any Mortgage to the insurer.

ARTICLE XI

DAMAGE OR DESTRUCTION

Section 11.01 - To the Common Area:

(a) Insurance Proceeds Exceed 85% of Reconstruction Costs: If there is a total or partial destruction of any of the Improvements within the Common Area, and if the available proceeds of the insurance carried under Article X are sufficient to cover not less than eighty-five percent (85%) of the costs of repair and reconstruction, the Improvement shall be promptly repaired or reconstructed, unless within ninety (90) days from the date of destruction, Owners then holding at least seventy-five percent (75%) of the total voting power of each class of

Owners present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that repair and reconstruction shall not take place. If such a meeting is called, the Association shall solicit and obtain bids from at least two reputable contractors to repair and reconstruct the Improvements in accordance with the original plans and shall present this information to the Owners at the meeting. If repair and reconstruction is to take place, the Association shall, not later than one hundred twenty (120) days after the date of the destruction, execute, acknowledge and Record a certificate declaring the Owners' intention to rebuild.

(b) Insurance Proceeds Less Than 85% of Reconstruction Costs: If the proceeds of insurance carried under Article X are less than eighty-five percent (85%) of the costs of repair and reconstruction, the Improvements shall be promptly rebuilt unless, within ninety (90) days from the date of destruction, Owners then holding at least sixty-six and two-thirds percent (66-2/3%) of the total voting power of each class of Owners present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that repair and reconstruction shall not take place. If such a meeting is called, the Association shall solicit and obtain bids from at least two reputable contractors to repair and reconstruct the improvements in accordance with the original plans and shall present this information to the Owners at the meeting. If repair and reconstruction are to take place, the Association shall, not later than one hundred twenty (120) days after the date of destruction, execute, acknowledge and Record a certificate declaring the Owners' intention to rebuild.

(c) Apportionment of Reconstruction Costs: If the Improvements are to be rebuilt pursuant to subsection (a) or (b) above, the Owners of all Lots shall be obligated to contribute such funds as shall be necessary to pay their proportionate share of the cost of rebuilding or reconstruction, over and above the available insurance proceeds. The proportionate share of each such Owner shall be equal for each Lot. If any Owner fails to pay his proportionate share, the Association may levy a Reconstruction Assessment against that Owner and his Lot, which may be enforced under the lien provisions in this Declaration or in any other manner provided herein.

(d) Rebuilding Contract: If rebuilding is authorized, the Association or its authorized representative shall, after having obtained bids from at least two reputable contractors as required by subsection (a) or (b) above, award the repair and

reconstruction work at the lowest bidder that otherwise meets the requirements set forth by the Association in soliciting bids. The Association shall have the authority to enter into a written contract with the contractor for the repair and reconstruction, and the insurance proceeds held by the trustee shall be disbursed to the contractor according to the terms of the contract. The Association shall take all steps reasonably necessary to assure the commencement and completion of authorized rebuilding at the earliest possible date.

(e) Distribution of Insurance Proceeds If No Reconstruction: If the owners determine not to rebuild, then, subject to rights of Mortgagees as set forth in Article XIII, any insurance proceeds then available for such rebuilding shall instead be distributed to the Owners equally. The Association shall, within one hundred twenty (120) days of the date of such destruction, execute, acknowledge and Record a certificate declaring the intention of the Association not to rebuild.

(f) Minor Repair and Reconstruction: The Association shall have the duty to repair and reconstruct Improvements, without the consent of Owners and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed \$20,000. The Association is empowered to levy a Reconstruction Assessment for the cost of repairing and reconstructing Improvements to the extent insurance proceeds are unavailable.

Section 11.02 - To a Lot: If all or any portion of the Improvements on any Lot are damaged or destroyed, the Owner of that Lot shall repair and restore those Improvements at his expense. Such repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the ARC as provided herein.

Section 11.03 - Notice to Owners and Listed Mortgagees: The Board, upon receiving notice of any damage or destruction affecting a material portion of the Common Area, shall promptly notify all Owners and Beneficiaries, insurers and guarantors of first Mortgages on Lots and/or Residences in the Project who have filed a written request for such notice with the Board. The Board, upon receiving notice of any damage or destruction affecting a Lot and/or Residence, shall promptly notify any Beneficiary, insurer or guarantor of any Mortgage encumbering such Lot and/or Residence who has filed a written request for such notice with the Board.

ARTICLE XII

MORTGAGEE PROTECTION

Section 12.01 - Mortgagee Protection: Notwithstanding any other provision of this Declaration, to the contrary, to induce the FHLMC, FNMA, GNMA, VA, FHA and other lenders and investors to participate in the financing of the sale of Lots and/or Residences in the Project, the following provisions contained within this Article are added hereto and to the extent these added provisions, conflict with any other provisions in this Declaration, these added provisions shall control. The Project Documents are sometimes hereafter in this Article collectively called the "constituent documents".

(a) No Right of First Refusal: The right of an Owner to sell, transfer or otherwise convey his Lot and/or Residence and the right of any first Mortgagee holding a first Mortgage on that Lot and/or Residence pursuant to the remedies in the first Mortgage, or to accept a deed or assignment in lieu of foreclosure in the event of the Owner's default, or to see or lease the Lot and/or Residence if required by the first Mortgagee, shall not be subject to any right of first refusal or any similar restriction created or purported to be created by the constituent documents.

(b) Priority of and Effect of Foreclosure on Assessment Liens: The lien of the Assessments provided for herein shall be subordinate to the lien of any first Mortgage as hereafter recorded on any Lot and/or Residence. The sale or transfer of any Lot and/or Residence shall not affect the Assessment liens; however, the sale or transfer of any Lot and/or Residence under judicial or non-judicial foreclosure of a first Mortgage or under any remedies provided for in the Mortgage or under any remedies provided for in the Mortgage shall extinguish the lien of such Assessments as to payments which become due before that sale or transfer. No sale or transfer shall relieve such Lot and/or Residence from liability for Assessments due thereafter. Any first Mortgagee who obtains title to a Lot and/or Residence under the remedies provided in the Mortgage, or by a foreclosure of the Mortgage, or any purchaser at a foreclosure sale of a first Mortgage will not be liable for any unpaid Assessments or charges which accrue before the acquisition of title to such Lot and/or Residence by the Mortgagee (except for claims for a share of such Assessments or charges resulting from a reallocation of such Assessments or charges to all Lots and/or Residences including the mortgaged Lot and/or Residence).

(c) Unless at least two-thirds (2/3) of the first Mortgagees (based upon one vote for each first Mortgage owned) and two-thirds (2/3) of the Owners other than Declarant have given their prior written approval, the Association shall not be entitled to:

(1) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any or all of the Common Area (The granting of easements for public utilities or for other public purposes consistent with the intended uses of the Common Area shall not be deemed a transfer within the meaning of this clause);

(2) Change the method of determining the obligations, Assessments, dues or other charges which may be levied against a Lot Owner;

(3) By act or omission change, waive or abandon any scheme of regulations, or their enforcement pertaining to the architectural design or the exterior appearance or maintenance of the Residence within the Project, the maintenance of the Common Area, or the upkeep of lawns and plantings in the Project;

(4) Fail to maintain fire and extended coverage on insurable Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

(5) Use hazard insurance proceeds for losses to the Common Area for other than the repair, replacement or reconstruction thereof.

(d) First Mortgagees' Right to Pay Taxes and Insurance Premiums: First Mortgagees may, jointly or singly, pay any charges that are in default and that may or have become a charge against any portion of the Common Area and may pay any overdue premiums on hazard insurance policies (or secure new hazard insurance coverage on the lapse of a policy for the Common Area). Any first Mortgagee making such payments shall be entitled to immediate reimbursement therefor from the Association.

(e) First Mortgagee Priority Concerning Insurance Proceeds and Condemnation Awards: No provision of the constituent documents shall be interpreted to give any Owner, or any other party, priority over any rights of the first Mortgagee of the Lot and/or Residence under its Mortgage in the case of a distribution

to such Owner of insurance proceeds or condemnation awards for losses to or taking of the Common Area.

(f) Assessment Reserve Requirement: The Annual Assessments provided for in the constituent documents shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the Common Area periodically maintained, repaired or replaced, and shall be payable in regular installments rather than by Special Assessments or Capital Improvements Assessments.

(g) Notices to First Mortgagees: The Association shall be required to give first Mortgagees the following written notices:

(1) Upon the first Mortgagee's request, notice of any default in the performance of the Owner of the mortgaged Lot and/or Residence of any obligation under the constituent documents which is not cured within sixty (60) days;

(2) Upon the first Mortgagee's request, timely notice of all meetings of the Association's Members;

(3) Timely notice of any substantial damage to or destruction of the mortgaged Lot and/or Residence;

(4) Timely notice of the actual or threatened condemnation or taking by other eminent domain proceeding of the mortgaged Lot and/or Residence (or any portion thereof); and

(5) At least thirty (30) days prior notice of any proposed amendment of this Declaration if such amendment requires the approval of first Mortgagees as provided herein.

(h) Restrictions on Management and Services and Contracts: Any agreement for professional management of the Project, or any contract providing for services of the Declarant, may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods. Any such agreements must provide for termination by either party without cause and without payment of a termination fee on not more than ninety (90) days' written notice.

(i) Fidelity Bond: The Board shall secure and cause to be maintained in force at all times a fidelity bond for Persons

handling funds of the Association as provided in Article X, Section 10.01(a)(4).

(j) Right to Examine Books, Receive Audited Statements and Attend Meetings: A first Mortgagee of a Lot and/or Residence shall, upon request, be entitled to (1) examine the books and records of the Association during normal business hours; (2) receive an annual audited financial statement of the Project within ninety (90) days following the end of any Fiscal Year, if such statement has been prepared for the Association; and (3) designate a representative to attend all meetings of the Association's Members.

(k) Mortgage Information to Association: Each Owner shall notify the Association in writing within ten (10) days after the Close of Escrow for the purchase of his Lot of the name and address of his first Mortgagee, and thereafter each Owner shall promptly notify the Association of any changes of name or address for his first Mortgagee. Each Owner hereby authorizes his respective first Mortgagee to furnish the Association with information concerning the status of the first Mortgage on the Owner's Lot and concerning the loan secured thereby.

(l) Further Assurances: In addition to the foregoing, the Board may enter into such contracts or agreement on behalf of the Association as are required in order to satisfy the guidelines of the VA, FHA, FHLMC, FNMA or GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Lots and/or Residences. Each Owner hereby agrees that it will benefit the Association and the Membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their Lots and/or Residences, if such agencies approve the Property as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time.

(m) Bonding for Completion: All intended improvements in any Phase other than Phase 1 shall be substantially completed or the completion of such Improvements shall be secured by a bond or other arrangement acceptable to the DRE before the first Close of Escrow for the sale of a Lot and/or Residence in such Phase. All such Improvements shall be consistent with the Improvements in Phase 1 in terms of quality and construction.

(n) Encroachments: If any portion of the Common Area encroaches upon any Lot or any Lot encroaches upon the Common Area or another Lot as a result of the construction,

reconstruction, repair, shifting, settlement or movement of any portion of the Improvements, an easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

Section 12.02 - Breach or Amendment Does Not Defeat Lien: Notwithstanding any other provision of this Declaration, no breach or amendment of this Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any Mortgage or Deed of Trust upon a Lot and/or Residence made in good faith and for value; provided, however, that after foreclosure of such Mortgage or Deed of Trust such Lot and/or Residence shall remain subject to this Declaration and all amendments thereto.

Section 12.03 - Status of Loan to Facilitate Resale: Any first Mortgage given to Secure a loan to facilitate the resale of a Lot and/or Residence after acquisition by foreclosure or by a deed in lieu of foreclosure or by an assignment in lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of Mortgagees under this Declaration.

Section 12.04 - FHA Regulatory Agreement: To induce FHA to insure mortgages on Lots and/or Residences in the Project, the Association may enter into an agreement with FHA concerning the financial and maintenance affairs of the Association, which agreement may be executed on FHA form No. 3278. If the Association enters into such an agreement, its provisions shall control in the event of a conflict with the provisions of any of the Project Documents, so long as FHA is insuring loans secured by mortgages on Lots and/or Residences in the Project.

Section 12.05 - VA and FHA Approval: So long as a Class B Membership exists, the prior approval of VA and FHA shall be required as a condition to (a) Annexation of a Phase, (b) mergers and consolidations, (c) Special Assessments, and (d) any amendments to this Declaration.

ARTICLE XIII

DURATION AND AMENDMENT

Section 13.01 - Duration: This Declaration shall continue in full force for a term of fifty (50) years from the date of Recordation hereof, after which time the same shall be

automatically extended for successive periods of ten (10) years, unless within the expiration period of the initial 50-year term or any extension thereof, a Declaration of Termination is Recorded, meeting the requirements of an amendment to this Declaration as set forth in Section 13.02 below. There shall be no severance by sale, conveyance, encumbrance, hypothecation or otherwise of an interest in any Lot and/or Residence from the Association Membership appurtenant thereto as long as this Declaration is in effect. The provisions of this Article are subject to the provisions of Article XI, of this Declaration.

Section 13.02 - Amendment: Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which that proposed amendment is to be considered. A resolution adopting the proposed amendment may be proposed by any Owner at that Association meeting. To be adopted, the resolution must be approved by vote, in person or by proxy, or written consent of Members representing not less than (a) sixty-seven percent (67%) of the voting power of the Association, and (b) sixty-seven percent (67%) of the voting power of the Association residing in Members other than Declarant; provided, however, that the specified percentage of the voting power of the Association necessary to amend a specified Section or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision. So long as a Class B Membership exists, the prior approval of VA and FHA shall be required for any amendment of this Declaration. A draft of this Declaration shall be submitted to the VA and FHA for each agency's approval before that amendment is Recorded. A copy of each amendment shall be certified by at least two (2) officers of the Association and the amendment shall be effective when the certificate of amendment is Recorded.

Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved in writing by the Beneficiaries of seventy-five percent (75%) of the first Mortgages on all of the Lots and/or Residences in the Project at the time of such amendment.

(a) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers or guarantors of first Mortgages as provided in Articles IV, X, XI, XII, XIII and XVIII hereof;

(b) Any amendment which would necessitate a Mortgagee after it has acquired a Lot and/or Residence through foreclosure to pay more than its proportionate share of any unpaid Assessment or Assessment accruing after such foreclosure.

(c) Any amendment which would or could result in a Mortgage being cancelled by forfeiture, or in a Mortgage not being separately assessed for tax purposes.

(d) Any amendment relating to the insurance provisions specified in Article XI hereof, or to the disposition of any money received in any taking under condemnation proceedings;

(e) Any amendment which would or could result in termination or abandonment of the Project or partition or subdivision of a Lot, in any manner inconsistent with the provisions of this Declaration;

(f) Any amendment which would subject any Owner to a right of first refusal or other such restriction, if his Lot and/or Residence is proposed to be sold, transferred or otherwise conveyed; and

(g) Any amendment concerning:

(1) Voting rights;

(2) Reserves and responsibility for maintenance, repair and replacement of the Common Area;

(3) Boundaries of any Lots;

(4) Leasing of Residences;

(5) Establishment of self-management by the Association where professional management has been required by any Beneficiary, insurer or guarantor of a first Mortgage;

(6) Annexation or deannexation of real property to or from the Project;

(7) Assessments, assessment liens, or the subordination of such liens;

(8) Owners interest in the Common Area; or

(9) Convertibility of the Common Area into Lots or Lots into Common Area.

(10) Until the first conveyance, under authority of a Final Public Report, of a Lot in the Project, Declarant shall have the unilateral right to amend or revoke this Declaration, subject only to the requirements of the California Business and Professions Code and Department of Real Estate regulations.

Notwithstanding the foregoing, if a first Mortgagee who receives a written request from the Board to approve a proposed amendment or amendments to this Declaration does not deliver a negative response to the Board within thirty (30) days of the mailing of such request by the Board, such first Mortgagee shall be deemed to have approved the proposed amendment or amendments.

A certificate, signed and sworn to by two (2) officers of the Association that the requisite number of Owners and Mortgagees have either voted for or consented in writing to any amendment adopted as provided above, when Recorded, shall be conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. Such a certificate reflecting any amendment which requires the written consent of any of the Beneficiaries of first Mortgages shall include a certification that the requisite approval of such Mortgagees has been obtained.

Section 13.03 - Protection of Declarant: Until the seventh (7th) anniversary of the first Close of Escrow for the sale of a Lot in the Project, the prior written approval of Declarant, as developer of the Property, will be required before any amendment which would impair or diminish the rights of Declarant to complete the Project or sell or lease Lots and/or Residences therein in accordance with this Declaration shall become effective. Notwithstanding any other provisions of the Restrictions, until such time as (a) Declarant is no longer entitled to add Annexable Property to the Property without the consent of the Association pursuant to Article XVI, Section 16.01, or (b) Declarant no longer owns any Lots in the Project, whichever occurs last, the following actions, before being undertaken by the Association, must first be approved in writing by Declarant:

(a) Any amendment or action requiring the approval of first Mortgagees pursuant to this Declaration, including without limitation all amendments and actions specified in Section 13.02;

(b) The annexation to the Property of real property other than the Annexable Property pursuant to Article XVI, Section 16.01;

(c) The levy of a Capital Improvement Assessment for the construction of new improvements not constructed on the Common Area by Declarant; or

(d) Subject to Article IV, Section 4.04, regarding limitations on Annual Assessment increases, any significant increase of Association maintenance or other service requirements.

ARTICLE XIV

ENFORCEMENT OF CERTAIN BONDED OBLIGATIONS

Section 14.01 - Consideration by Board of Directors: If (a) the Improvements to be located on the Common Area are not completed before the issuance of a Public Report for the sale of Lots in the Project, and (b) the Association is obliged under a bond or other arrangement (the "Bond") required by the DRE to secure performance of the commitment of Declarant to complete such Improvements, the Board shall consider the vote on the question of action by the Association to enforce the obligations under the Bond, concerning any such Improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Improvement on the Common Area, the Board shall be directed to consider and vote on the aforesaid question (if a Notice of Completion has not been filed), within thirty (30) days after the expiration of the extension.

Section 14.02 - Consideration by the Members: A special meeting of Members, for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question, shall be held no fewer than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such a meeting signed by Members representing five percent (5%) of the total voting power of the Association residing in Members other than Declarant. A vote at such meeting to take action to enforce the obligations under the Bond by Members representing a majority of the total voting power of the Association residing in Members other than Declarant shall be deemed to be the decision of the Association,

and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE XV

GENERAL PROVISIONS

Section 15.01 - Enforcement:

(a) Declarant (so long as Declarant is an Owner), the Association or the Owner of any Lot in the Project, shall have the right to enforce, by proceedings at law or in equity, all of the Restrictions and other provisions now or hereafter imposed by the Project Documents, including without limitation, the right to prosecute a proceeding at law or in equity against the person or persons who have violated or are attempting to violate any of those Restrictions and other provisions, to enjoin or prevent them from doing so, to cause the violation to be remedied, and/or to recover damages for the violation.

(b) The result of every act or omission whereby any of the Restrictions or other provisions of the Project Documents is violated in whole or in part is hereby declared to be and constitutes a nuisance. Every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by Declarant, the Association or any Owner.

(c) The remedies herein provided for breach of the Restrictions and other provisions of the Project Documents shall be deemed cumulative. None of such remedies shall be deemed exclusive.

(d) The Association's failure to enforce any of the Restrictions and other provisions of the Project Documents shall not constitute a waiver of the right to enforce the same thereafter.

(e) A breach of the Restrictions or other provisions of the Project Documents shall not affect or impair the lien or charge of any bona fide first Mortgage or Deed of Trust made in good faith and for value on any Lot and/or Residence; provided, however, that any subsequent Owner of such Lot and/or Residence shall be bound by such Restrictions and other provisions, whether

such Owner's title was acquired by foreclosure in a trustee's sale or otherwise.

(f) Without limiting the foregoing in any way, the Association (1) may take such disciplinary action, perform such corrective maintenance and repair work, and/or impose such Special Assessments, and (2) shall conduct such Notice and Hearing procedures, as permitted or required in the Bylaws and this Declaration in any case where an Owner fails to comply with the provisions of the Project Documents.

Section 15.02 - Attorneys' Fees and Collection Costs: If any Own making a payment of Assessments or in the performance or observance of any provision of this Declaration, and the Association has retained the services of an attorney or collection service in connection therewith, the Owner agrees to pay to the Association any costs or fees incurred, including reasonable attorneys' fees, regardless of whether legal proceedings are instituted. If a suit is instituted, the prevailing party shall recover the cost of the suit, in addition to the aforesaid costs and fees.

Section 15.03 - Severability: The provisions hereof shall be deemed independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provisions hereof.

Section 15.04 - Interpretation: The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the creation and operation of a planned residential development and for the maintenance of Common Area, and any violation of this Declaration shall be deemed to be a nuisance. The Article and Section headings, titles and captions have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. As used herein, the singular shall include the plural and the masculine, feminine and neuter shall each include the other, unless the context dictates otherwise.

Section 15.05 - Mergers or Consolidations: Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another

association may, by operation of law, be added to the properties, rights and obligations of the Association and a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Declaration governing the Property, together with the covenants and restrictions established upon any other property, as one (1) plan.

Section 15.06 - No Public Right or Dedication: Nothing herein shall be deemed to be a gift or dedication of all or any part of the Project to the public, or for any public use.

Section 15.07 - No Representations or Warranties: No representations or warranties of any kind, express or implied, other than the standard warranty required by VA and FHA, have been given or made by Declarant, or its agent or employees in connection with the Property, or any portion thereof, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned residential development, except as specifically and expressly set forth in this Declaration and except as may be filed by Declarant from time to time with the DRE.

Section 15.08 - Non-Liability and Indemnification: Except as specifically provided in the Restrictions or as required by law, no right, power or responsibility conferred on the Board or the Architectural Committee by this Declaration, the Articles or the Bylaws shall be construed as a duty, obligation of disability charged upon the Board, the Architectural Committee, any member of the Board or the Architectural Committee, or any other officer, employee or agent of the Association. No such Person shall be liable to any party (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's acts or omissions if reasonably believed by such persons to be within the scope of his Association duties ("Official Acts"), except to the extent that such injuries or damage result from such Person's willful or malicious misconduct. No such Person shall be liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct.

The Association shall pay all expenses incurred by, and satisfy any judgment or fine levied against any Person as a result of any action or threatened action against such Person to impose liability on such Person for his Official Acts, provided that:

(a) The Board determines that such Person acted in good faith and in a manner such Person reasonably believed to be in the best interests of the Association;

(b) In the case of a criminal proceeding, the Board determines that such Person had no reasonable cause to believe his conduct was unlawful; and

(c) In the case of an action or threatened action by or in the right of the Association, the Board determines that such Person acted with care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Any determination of the Board required under this Section 15.08 must be approved by a majority vote of a quorum consisting of Directors who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, such determination may be made by the vote or written consent of a majority of a quorum of the Members of the Association, provided that the Person to be indemnified shall not be entitled to vote.

Payments made hereunder shall include amounts paid and expenses incurred in settling any such action or threatened action. This Section shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law.

The entitlement to indemnification hereof shall inure to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any Person entitled to such indemnification.

Section 15.09 - Notices: Except as otherwise provided in this Declaration, in each instance in which notice is to be given to an Owner, it shall be in writing. Any such notice may be delivered personally to the Owner, in the case of personal delivery to one (1) or more Co-Owners of a Lot or to any general partner of a partnership owning a Lot such delivery shall be deemed to have been made to all Co-Owners or to the partnership, as the case may be. Personal delivery of such notice to any

officer or agent for the service or process on a corporation shall be deemed delivery to the corporation. In lieu of the foregoing, a notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association or, if no such address shall have been furnished, to the street address of such Owner's Residence. A mailed notice shall be deemed delivered three (3) business days after the time of the mailing, except that in the case of notice of a meeting of Members of the Board of Directors, the notice provisions of the Bylaws of the Association shall control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as shall be fixed from time to time and circulated to all Owners.

Section 15.10 - Priorities and Inconsistencies: If there are conflicts or inconsistencies between this Declaration and either the Articles or the Bylaws, the terms and provisions of this Declaration shall prevail.

Section 15.11 - Constructive Notice and Acceptance: Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Lot and/or Residence or other portion of the Project does and shall be conclusively deemed to have consented and agreed to every Restriction contained herein, whether or not any reference to these Restrictions is contained in the instrument by which such Person acquired his interest in the Project.

ARTICLE XVI

ANNEXATION

Section 16.01 - Additions by Declarant: Additional property may be annexed to the Project by either of the methods described in this Section.

(a) **Annexable Property:** Declarant shall have the right to annex any one or more Phases of the Annexable Property to the Project without the assent of the Association or its Members being required on the condition that:

(1) The annexation of any new Phase is made before the third anniversary of the issuance of the original Public Report for the immediately preceding Phase;

(2) The development of the annexed Phase is in accordance with the General Plan that Declarant submits to VA and FHA in connection with obtaining its approval of the Project;

(3) Declarant Records the appropriate Notice of Annexation; and

(4) Declarant satisfies the requirements of Section 16.03 below, if applicable.

(b) Other Property: Property other than the Annexable Property may be annexed to the Project on the condition that:

(1) The annexation is made before the seventh (7th) anniversary of the Recordation of this Declaration;

(2) The annexation is approved by the vote or written assent of at least two-thirds (2/3) of the total votes residing in Members other than Declarant; and

(3) The appropriate Notice of Annexation is Recorded.

Section 16.02 - Notice of Annexation: The annexation of any Phase of the Annexable Property or any other property shall be implemented by Recording an appropriate Notice of Annexation. Each such Notice of Annexation shall (a) specifically describe the property being annexed, and (b) incorporate this Declaration by reference. Any Notice of Annexation may also contain such complementary additions to and modifications of the restrictions set forth in this Declaration as are necessary to reflect the different character, if any, of the annexed property, so long as such additions or modifications are not inconsistent with the general theme of this Declaration.

Section 16.03 - Reserves and Deferred Maintenance: If the Residences in the Phase of the Annexable Property to be annexed under Section 16.01(a) above, have been occupied and used under a rental program conducted by Declarant for a period of not less than one (1) year before the date of Close of Escrow for the first sale of any such Residence, Declarant shall, as a condition to the exercise of its annexation power over that Phase, give the Association a written commitment to pay the Association, concurrently with the Close of Escrow for such first sale, the appropriate amounts for reserves for replacement or deferred maintenance of the Common Area annexed Phase.

Section 16.04 - Commencement of Assessments: After annexation of any Phase of the Annexable Property, Annual Assessments chargeable to the Lots and/or Residences within that Phase shall commence on the first day of the month after the month in which the conveyance by the Declarant to an Owner of the first Lot and/or Residence within that Phase occurs. At the time of commencement of the Annual Assessments, (a) the anticipated authorized Common Expenses of the Association shall be adjusted to reflect the Common Expenses arising from such annexation and (b) the Annual Assessment upon each Lot within the Project then subject to Annual Assessment shall be accordingly adjusted so as to apportion all of the Common Expenses equally among such Lots and/or Residences; provided, however, that any adjustment shall be in accordance with the plan for phased development approved by the DRE in conjunction with its approval of the Public Report for Phase 1.

Section 16.05 - Voting: After annexation and before the commencement of the Annual Assessment of the Lots and/or Residences within the property annexed, no vote shall be attributable thereto. Upon commencement of the Annual Assessment, the record Owner, including the Declarant, of each such Lot and/or Residence shall be entitled to the voting rights set forth in this Declaration and in the Bylaws.

Section 16.06 - No Amendment of This Article: No amendment, revocation, or rescission of this Article may be made before the Close of Escrow for the sale of the least Lot and/or Residence in the Project without the (a) written consent of the Declarant, and (b) Recordation of such consent.

Section 16.07 - Deannexation: Any Phase of the Annexable Property annexed to the Project by Declarant as provided in this Article may be deannexed by Declarant and deleted from the jurisdiction of the Association and this Declaration on the condition that:

(a) No Lot and/or Residence has, as of the date on which the deannexation occurs, been sold to a member of the general public;

(b) Declarant Records an appropriate notice of deannexation; and

(c) A draft of the notice of deannexation has been submitted to VA and VA has determined that the deannexation if

acceptable and in accordance with the revised General Plan and has so advised Declarant.

Section 16.08 - Public Report Required: Nothing in this Article shall be construed to permit (expressly or by implication) Declarant to sell Lots in the annexed increments without first having obtained a Public Report thereon.

ARTICLE XVII

CONDEMNATION

Section 17.01 - Sale by Consent: If an action for condemnation of all or a portion of the Common Area is proposed or threatened by any governmental agency having the right of eminent domain, then, after approval by vote or written consent of at least fifty-one percent (51%) of all of the Owners and with the prior written consent of seventy-five percent (75%) of all first Mortgagees, the Common Area, or a portion of it, may be sold and conveyed to the condemning authority by the Association or its designee acting as the attorney-in-fact of all Owners (except the VA Administrator) under an irrevocable power of attorney, which each owner (except the VA Administrator) by accepting a deed to a Lot in the Project grants to the Board and which shall be coupled with the interest of all other Owners. Any such sale shall be made for a price deemed fair and equitable by the Board.

Section 17.02 - Distribution of Proceeds of Sale: On a sale occurring under Section 17.01, the proceeds shall be distributed equally to each Owner and their Mortgagees as their respective interests may appear.

Section 17.03 - Distribution of Condemnation Award: If the Common Area, or a portion of it, is not sold but is instead taken, the award shall be apportioned among the Owners and their respective Mortgagees by the terms of the judgment of condemnation, and if not so apportioned, then the award shall be distributed equally to each Owner and their Mortgagees as their respective interests may appear.

Section 17.04 - Notice to Owners and Listed Mortgagees: The Board, upon receiving notice of any condemnation affecting a material portion of the Common Area, or any threat thereof, shall promptly notify all Owners and those Beneficiaries, insurers and guarantors of first Mortgages on Lots in the Project who have

filed a written request for such notice with the Board. The Board, upon receiving notice of any condemnation affecting a Lot, or any threat thereof, shall promptly notify any Beneficiary, insurer or guarantor of a Mortgage encumbering such Lot and/or Residence who has filed a written request for such notice with the Board.

ARTICLE XVIII

RESTRICTIONS ON PARTITION

Section 18.01 - General Prohibition: Except as provided in this Article, the Common Area shall remain undivided, and there shall be no judicial partition thereof. Nothing in this Article, however, shall prohibit partition of a co-tenancy in a Lot.

Section 18.02 - Permitted Exceptions: The Owner of a Lot may maintain a partition action as to the entire Project as if the Owners of all Lot in the Project were tenants in common in the entire Project in the same proportion as their interests in the Common Area. The court shall order partition under this Section only upon a showing that all of the following conditions have been satisfied:

(a) One of the following must have occurred:

(1) The Association must have Recorded a certificate provided in Section 11.01(e) declaring the intention of the Association not to rebuild the Improvements on the Common Area after material damage or destruction thereof; or

(2) The Project must have been in existence more than fifty (50) years, be obsolete and uneconomic and the Owners of at least fifty percent (50%) of the total of all of the Lots in the Project be opposed to the restoration or repair of the project.

(b) The VA Administrator must have approved the partition of the Project.

(c) The Mortgagee approval requirements set forth in Article XII must have been satisfied.

THIS DECLARATION is dated for identification purposes

April 14, 1989.

DECLARANT:

TREELAKE PARTNERS,
a General Partnership
By: The Lusk Company,
a California corporation,
Managing Partner

By: Richard T. Deihl
Richard T. Deihl, Vice President

By: Frank J. Gootrad
Frank J. Gootrad, Assistant Secretary

AND

DCK,
a Limited Partnership

By: George Dunmore
George Dunmore, Partner

By: Kahem, Inc.,
a California corporation,
Partner

By: Kelvin Moss
Kelvin Moss, President

BK3628 PG360

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

On April 24, 1989 before me, the undersigned,
a Notary Public in and for said State, personally appeared
Richard T. Deihl and Frank J. Gootrad
, personally known to me or proved to me on the basis of
satisfactory evidence to be the persons who executed the within
instrument as the Vice President, and Assistant
Secretary of The Lusk Company, a California corporation, the
corporation that executed the within instrument on behalf of
TREELAKE PARTNERS, a General Partnership, the partnership that
executed the within instrument, and acknowledged to me that such
corporation executed the same as such partner and that such
partnership executed the same.

WITNESS my hand and official seal.

Vicki L. Johnson
Signature



STATE OF CALIFORNIA)
) SS.
COUNTY OF Sacramento)

On April 14, 1989 before me, the undersigned,
a Notary Public in and for said State, personally appeared
GEORGE DUNMORE, personally known to me or proved to me on the
basis of satisfactory evidence to be the person who executed the
within instrument as one of the partners of DCK, a Limited
Partnership, the partnership that executed the within instrument
and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

Debbie Wetzel
Signature



BK 3628 PG 361

STATE OF CALIFORNIA)
COUNTY OF PLACER) SS.

on APRIL 14, 1989 before me, the undersigned, a Notary Public in and for said state, personally appeared KELVIN MOSS, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the President of Kahem, Inc., a California corporation, the corporation that executed the within instrument on behalf of DCK, a Limited Partnership, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

Chrisand M. Ballard
Signature



BK3628 PG362

EXHIBIT "A"
ANNEXABLE PROPERTY

Lots 79 through 171 in Phases 2, 3 and 4 as set forth on the Tentative Map of Treelake Village Unit No. 1-A, adopted by the Placer County Board of Supervisors on March 31, 1987.

BK3628 PG363

Recording Requested By, And
When Recorded, Mail To:

TREELAKE PARTNERS,
A CALIFORNIA GENERAL PARTNERSHIP
c/o Kelvin Moss
Moss & Howard, Inc.
1162 Kirby Way
Roseville, CA 95661

44553
ORIGINAL FILED
REQUESTED BY
PLACER TITLE CO

88 SEP -7 AM 11:13
MARY ANN HULSE
PLACER CO RECORDER

44553

B.F.	70
S.F.	68
N.	1
M.F.	
A.F.	
PLACER	
70	139

139

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF WEXFORD UNIT NO. 1-A
A PLANNED RESIDENTIAL COMMUNITY
PLACER COUNTY, CALIFORNIA

BK 2472 PG 286

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EXHIBITS:

- A Description of Annexable Lots

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF WEXFORD UNIT NO. 1-A

RECITALS

THIS DECLARATION, made on the date hereinafter set forth by TREELAKE PARTNERS, a California General Partnership, and DCK, a California Limited Partnership (collectively "Declarant"), is made with reference to the following facts:

A. Declarant is the owner of that certain tract of real property ("Project") located in both Placer County and Sacramento County, California, and more particularly described as:

Residential estate Lots 1 through 78, inclusive, and common area Lots A, B, C and roadways, all as shown on that certain map entitled "WEXFORD UNIT NO. 1-A," filed in the Office of the Placer County Recorder on _____, 19__, in Book _____ of Maps, at Pages _____ et seq.

B. Declarant has improved or intends to improve the Project by subdividing and constructing it into seventy-eight (78) estate lots ("Lots") as Phase "A" and three (3) common area lots with improvements ("Common Area"). Declarant intends to annex three additional phases as Phases "B" "C" and "D." These Lots are more fully described in Exhibit A to the Declaration.

C. Declarant intends to develop this Project in a manner which conforms with the General Development Agreement entered into between MOSS LAND COMPANY, a California Corporation, DCK, a California General Partnership, and LEONA M. PASTOR, and approved by Placer County on March 5, 1987. Wexford Unit No. 1-A is a project which is intended to provide a serene, pastoral setting with appropriate restrictions to ensure the privacy, security and comfort of its residents.

D. Each Owner shall receive fee title to his Lot, a Membership in the Wexford Unit No. 1-A Homeowners Association ("Association"), a Membership in the Treelake Village Master Association, a non-exclusive easement for ingress, egress, use and enjoyment over certain portions of the Common Area, and such other interests as are provided herein.

E. Each Lot Owner shall be subject to certain covenants, conditions, restrictions, liens, limitations, duties and powers as set forth in that certain Master Declaration of Covenants, Conditions and Restrictions for Treelake Village, recorded on February 24, 1988, in Volume P, at Pages 52 et seq., in the Office of the Placer County Recorder, as said instrument has been amended from time to time. These restrictions are set forth in Article 2 Sections 3, 4 and 5 herein.

F. By this Declaration, Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Project and the interests therein conveyed, and to establish thereon a Planned Residential Community.

NOW THEREFORE, it is hereby declared that the Project shall be held, sold, conveyed, leased, rented, encumbered and used subject to the following Declaration as to division, easements, rights, assessments, liens, charges, covenants, servitudes, restrictions, limitations, conditions and uses to which the Project may be put, hereby specifying that such Declaration shall operate for the mutual benefit of all Owners of the Project and shall constitute covenants to run with the land and shall be binding on and for the benefit of Declarant, its successors and assigns, the Association, its successors and assigns, and all subsequent Owners of all or any part of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns, for the benefit of the Project, and shall, further, be imposed upon all of the Project as equitable servitudes in favor of each and every other Lot and Owner thereof as the dominant tenement.

ARTICLE 1

DEFINITIONS

In addition to other definitions provided for herein, the following terms shall have the following meanings.

Section 1. "Architectural Review Committee" or "ARC" shall mean the committee appointed pursuant to Article 3, Section 12 for the purpose of reviewing and approving architectural improvements within the Project.

Section 2. "Articles" shall mean the Articles of Incorporation of Wexford Unit No. 1-A Homeowners Association as amended from time to time. The Articles are attached hereto as Exhibit A.

Section 3. "Assessments" shall mean the Regular and Special Assessments levied against each Lot and its Owner as provided in Article 6 herein.

Section 4. "Association" shall mean the Wexford Unit No. 1-A Homeowners Association, a California nonprofit mutual benefit corporation, the Members of which shall be the Owners.

Section 5. "Board" shall mean the Board of Directors of the Wexford Unit No. 1-A Homeowners Association.

Section 6. "Bylaws" shall mean the Bylaws of Wexford Unit No. 1-A Homeowners Association as amended from time to time. The Bylaws are attached hereto as Exhibit B.

Section 7. "Common Area" shall mean Areas A, B, C and roadways, as described on the Wexford Unit No. 1-A Map filed _____, 19____, and all the improvements located thereon, including the lakes, tennis courts, clubhouse, improved roadways, security gate and guardhouse located at the entrance to Wexford Unit No. 1-A. The Common Areas shall be owned and maintained by the Association for the use, enjoyment and benefit of the Members. Areas A, B and C shall be owned in fee by the Association for the use and enjoyment of the Members; provided, however, that the management and maintenance of Areas A, B and C shall be the primary responsibility of the Treelake Village Master Waterways Management Committee.

Section 8. "Declarant" shall mean TREELAKE PARTNERS, a California General Partnership, and DCK, a California Limited Partnership, or any successors-in-interest who, in writing, specifically assume the rights and obligations of the Declarant as set forth herein, or as provided by law.

Section 9. "Declaration" shall mean this instrument as amended from time to time.

Section 10. "Final Public Report" shall mean the final public report issued by the California Department of Real Estate or any successor state agency pursuant to the California Subdivided Lands Act (Business and Professions Code Sections 11000 et seq.) as it may be amended from time to time.

Section 11. "Individual Charges" shall mean those charges levied against an Owner by the Association as provided in Article 6, Section 5 herein.

Section 12. "Lot" or "Estate Lot" shall mean one of the seventy-eight (78) estate lots of the Project designated on the Map as Lots 1 through 78, inclusive, and each of which is or may be improved with a single family dwelling structure.

Section 13. "Map" shall mean that certain subdivision map entitled "WEXFORD UNIT NO. 1-A," filed in the Office of the Placer County Recorder on _____, 19____, in Book _____ of Maps, at Pages _____ et seq., incorporated herein by this reference.

Section 14. "Master Declaration" shall mean that Master Declaration of Covenants, Conditions and Restrictions for Treelake Village, recorded on February 24, 1988, in Volume P, at Pages 52 et seq., in the Office of the Placer County Recorder, as said instrument has been amended from time to time.

Section 15. "Master Waterways Management Committee" or "Committee" shall mean that committee established pursuant to the Treelake Village Development Agreement on file with the Placer County Planning Department, to provide for the management and protection of the lakes, streams and waterways which meander through the Project. The Committee's duties and

responsibilities with respect to the lakes of Wexford Unit No. 1-A are set out in Article 2 Section 4 herein.

Section 16. "Member" shall mean a person entitled to membership in the Association as provided herein. Each Owner or Co-Owner shall be a Member.

Section 17. "Mortgage" shall mean a mortgage or deed of trust encumbering a Lot or other portion of the Project. A "Mortgagee" shall include the beneficiary under a deed of trust. A "First Mortgage" or "First Mortgagee" is one having priority as to all other Mortgages or holders of Mortgages encumbering the same Lot or other portions of the Project. A "First Mortgagee" shall include any holder (including FHLMC and FNMA), insurer (including the FHA), or guarantor (including VA) of a First Mortgage on a Lot or other portion of the Project. "FHLMC" shall mean the Federal Home Loan Mortgage Corporation. "FNMA" shall mean the Federal National Mortgage Association. "FHA" shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development. "VA" shall mean the Veterans Administration of the United States Department of Housing and Urban Development.

Section 18. "Owner" shall mean each person or entity holding a record fee ownership interest in a Lot, including Declarant and contract sellers. "Owner" shall not include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

Section 19. "Project" shall mean the real property located in Placer and Sacramento Counties, California, and more particularly described as:

Estate Lots 1 through 78, inclusive, and common areas A, B and C, all as shown on the Map; and all improvements erected or to be erected thereon.

Section 20. "Treelake Village Documents" or "Project Documents" shall mean the Articles, Bylaws, Declaration, Rules and Regulations of the Association, Declaration of Annexation and Master Waterways Management Plan, as such documents may be amended from time to time.

Section 21. "Rules and Regulations" shall mean the rules and regulations, if any, promulgated by the Association to govern the possession, use and enjoyment of the Project.

Section 22. "Treelake Village" shall mean the entire project approved by Placer County in the General Development Agreement on file with the Placer County Planning Department. Wexford Unit No. 1-A is one of the residential phases of Treelake Village. Treelake Village as planned will be composed of both residential and commercial development, and both public and private facilities.

ARTICLE 2

DESCRIPTION OF PROJECT; RIGHTS OF OWNERS, DECLARANT

Section 1. Project

The Project shall consist of all of the real property described in Article 1, Section 19, and all of the improvements thereon.

Section 2. Estate Lots

The Project consists of seventy-eight (78) estate Lots designated on the Map as Lots 1 through 78, inclusive. Each Lot is designed to be improved with a detached single family dwelling structure, landscaping and other improvements which conform to the restrictions set forth in Article 3 herein.

Section 3. Common Area

Common Area shall consist of Areas A, B, C and roadways, as described on the Wexford Unit No. 1-A Subdivision Map, filed with Placer County on _____, 19__, and all the improvements located thereon, including the tennis courts, landscaping, clubhouse, improved roadways, security gate and guardhouse located at the entrance to Wexford Unit No. 1-A. The Common Areas shall be owned and maintained by the Association for the benefit of the Members, subject to the rules and regulations adopted by the Treelake Village Master Waterways Management Committee as are necessary to manage, maintain and protect the lakes, streams and waterways, as provided in the Treelake Village Master Waterways Management Plan approved by Placer County and on file with the Placer County Department of Environmental Health, and further subject to the joint regulation of the roadways and open space by the Master Association, all as further provided in Article 2 Sections 4, 5 and 6 herein.

The Common Area shall be conveyed to the Association free of money encumbrances prior to the first conveyance, under authority of a Final Public Report, of an estate Lot in the Project.

Section 4. Special Common Areas: Lakes and Streams, Drainage

Declarant has entered into an agreement with Placer County entitled "Treelake Village Master Waterways Management Plan," which agreement provides for special protection of the lakes, streams and waterways which meander throughout the Project, and the stocking of the fish and habitat therein, especially the gambusia minnows, and also provides for a safety plan for use of these waterways and a drainage plan which reflects Placer County's and Declarant's desire to provide an aesthetically pleasing and environmentally sound plan for the flow of waterways and recirculation of waste water throughout the Project. The lakes, streams and waterways located within

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Wexford Unit No. 1-A are defined within Common Areas A, B and C on the Final Map for Wexford Unit No. 1-A.

The Treelake Village Master Waterways Management Committee, which has been established by the adoption of the Master Declaration, shall have primary responsibility for the maintenance and protection of the water quality and environmental security of these lakes, streams and waterways. The Association for Wexford Unit No. 1-A and its Members shall be obligated to abide by such rules and regulations adopted by the Committee as are necessary to protect and maintain the lakes, streams and waterways within Wexford Unit No. 1-A. This Committee has the authority to contract with qualified subcontractors to implement the Master Waterways Management Plan. The Association may, from time to time, after obtaining the approval of the Master Waterways Management Committee, take whatever actions it deems necessary to periodically dredge the lakes and streams within the Project to prevent clogging due to siltation.

The Association and its Members hereby grant to the Master Waterways Management Committee such easements for ingress and egress over the Lots and the Common Area as are necessary to perform the Committee's obligations. Each Member agrees to pay his equitable share of the costs incurred by the Committee in performing its duties. The equitable share of such costs shall be incorporated in the regular assessment levied by the Association, and shall be collected pursuant to the provisions of Article 6 herein.

The Owners of lakefront Lots shall receive exclusive use rights to the water's edge. However, such use rights are subject to the restrictions set forth in the Waterways Safety Plan on file with the Placer County Department of Environmental Health. The restrictions provided in the Plan are also set out in Article 3 herein.

Section 5. Applicable Master Declaration Restrictions

Declarant and the Owners of all Lots within Wexford Unit No. 1-A are subject to certain restrictions imposed on the Owners of every phase of Treelake Village, which restrictions are set forth in the Master Declaration. These restrictions are as follows:

(a) All private lakes, streams, waterways and water drainage are subject to the management and control of the Master Waterways Management Committee.

(b) Use restrictions as set forth in Article 3 of the Treelake Village Master Declaration.

Section 6. Placer County Service Area Maintenance

Placer County has entered into an agreement with MOSS LAND COMPANY, LEONA M. PASTOR and DCK, a California General Partnership, to establish a County Service Area (CSA) Zone of

Benefit for all Treelake Village. Each Owner, in accepting title to his Lot, acknowledges and consents to those rights and obligations created by the prior formation of the Placer County Community Service Area No. 69, Zone No. 28. It is the primary purpose of that public organization to provide for:

- (a) The maintenance of storm drainage within the Property;
- (b) The maintenance of the East Roseville Parkway, including maintenance of storm drainage, irrigation, landscaping and fertilization for those areas located within the scenic landscape easements;
- (c) Maintenance of street lighting within the Property; and
- (d) Maintenance of storm drainage within County rights of way within the Property.

Each Lot is and shall be subject to CSA assessments and charges for the purpose of providing the necessary funds to accomplish the purpose of the CSA. Owners delinquent in the payment of such assessments and charges may be subject to penalties and surcharges validly imposed by the CSA.

If the CSA is terminated for any reason, Wexford Unit No. 1-A Homeowners Association will assume responsibility for maintenance of these items.

Section 7. CSA Advisory Board

The Owners of Lots within Treelake Village Unit No. 2 shall elect a CSA Advisory Board. The purpose of the Advisory Board shall be to facilitate liaison with the Board of Directors of the CSA on matters related to the duties of that public organization, and to disseminate information on such matters to Owners. Nothing herein shall be interpreted in any way to restrict or limit the rights of any Owner with respect to road related matters.

Section 8. Termination of CSA

In the event the CSA is terminated, each and every Owner shall thereafter be severally equally responsible for the cost of repair, maintenance, replacement or installation of subdivision roads as may be necessary to ensure that said roads are in a safe and usable condition, and the cost of maintenance of drainage, landscaping and street lighting. Not later than ninety (90) days following CSA termination, the Advisory Board shall schedule a meeting of all Owners for the purpose of forming an Association, as may be required by the County of Placer, and establishing those ongoing procedures necessary to determine the nature of needed said repair, maintenance, etc., work, methods of contracting for said work, and to provide for the collection of funds from Owners.

A meeting for said purposes shall be conducted at not less than twelve (12) month intervals and a determination approved by a majority of Owners present of the nature of existing or projected road work required, the method whereby such work may be procured from a duly licensed general contractor. The amount, time and manner of collecting funds shall be binding upon all Owners. Any such determination shall be confirmed in writing, and notice thereof to all Owners shall be provided by the Advisory Board.

Section 9. Notices

All meeting notices required pursuant to this Article must be in writing and delivered to each Owner not less than thirty (30) days before the meeting date. Delivery of all notices shall be made by depositing said notice at the location each Owner receives mail from the U.S. Postal Service within the Project.

Section 10. Non-Liability of Advisory Board Members

Nothing herein shall be interpreted to create liability on the part of said Board Members to other Owners for any misconduct related to the performance of their duties on said Board.

Section 11. Enforcement

In addition to any other rights and remedies arising from this Declaration and provided for elsewhere herein, and without limiting the same, an Owner or the County of Placer may commence an action in a court of competent jurisdiction to specifically enforce the affirmative obligations created by this Article, seek monetary damages for a violation hereof and/or to secure restitution. In the event the Owners are unable or unwilling to perform their obligation pursuant to the herein Article, and in the sole discretion of the County of Placer, if the County determines that immediate road repairs and maintenance are necessary to render subdivision roads in a safe and passable condition, said County may undertake said work and exercise its remedies hereunder upon giving ten (10) days written notice thereof to Owners, except in the case of an emergency, in which event said notice shall not be necessary.

Section 12. Incidents of Lot Ownership, Inseparability

Every Lot shall have appurtenant to it the following interests:

(a) A Membership in the Wexford Unit No. 1-A Homeowners Association;

(b) A Membership in the Treelake Village Master Homeowners Association; and

(c) A non-exclusive easement for ingress, egress, use and enjoyment over all Common Area save the waterways subject to

all easements of record, and such covenants, conditions, restrictions and limitations as are contained in the Project Documents, and subject to other reasonable regulation by the Association and the Master Waterways Management Committee.

Such interests shall be appurtenant to and inseparable from ownership of the Lot. Any attempted sale, conveyance, hypothecation, encumbrance or other transfer of these interests without the Lot shall be null and void. Any sale, conveyance, hypothecation, encumbrance or other transfer of a Lot shall automatically transfer these interests to the same extent.

Section 13. Owner's Obligation to Maintain the Lot

Each Owner shall maintain and repair all portions of his Lot, including, but not limited to, all landscaping, fencing, structural improvements and paving, keeping the same in a safe, sanitary and attractive condition. In the event an Owner fails to maintain his Lot in a manner which the Board reasonably deems necessary to preserve the safety and/or appearance and value of the Project, the Board may notify the Owner of the maintenance required and request that it be done within a thirty (30) day period. In the event that the Owner fails to carry out such maintenance within said period, the Association shall, subject to the notice and hearing requirements of Article 7, Section 2, have the right to enter upon the Lot to cause such maintenance to be done and Individually Charge the cost thereof to such Owner. Notwithstanding the foregoing, in the event of an emergency arising out of the failure of an Owner to maintain his Lot, the Association shall have the right to immediately enter upon the Lot to abate the emergency and, subject to the notice and hearing requirements of Article 7, Section 2, Individually Charge the cost thereof to such Owner. The rights of the Association herein to enter and perform maintenance upon a Lot shall in no way be deemed to waive the right of the Association to proceed in law or equity to enforce the provisions of the Project Documents, including, but not limited to, actions for damages or injunctive relief.

Section 14. Encroachment Easements

Each Lot is hereby declared to have an easement over all adjoining Lots and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of an improvement, or any other cause. The Common Area is hereby declared to have an easement over all adjoining Lots for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement, or shifting of an improvement or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful

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misconduct of said Owner or Owners. In the event an improvement is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots or Common Area or by Common Area over Lots shall be permitted and that there shall be a valid easement for the maintenance of said encroachments so long as they shall exist.

Section 15. Delegation of Use; Voting Rights, Notice

Any Owner may delegate his rights of use and enjoyment in the Project to the members of his family, his guests, and invitees, and to such other persons as may be permitted by the Project Documents, subject, however, to reasonable rules, regulations and/or charges imposed by the Association. However, if an Owner of a Lot has sold his Lot to a contract purchaser, leased or rented it, the Owner, members of his family, his guests and invitees shall not be entitled to use and enjoy the Project while the Owner's Lot is occupied by such contract purchaser, lessee or tenant. Instead, the contract purchaser, lessee or tenant, while occupying such Lot, shall be entitled to use and enjoy the Project and may delegate the rights of use and enjoyment in the same manner as if such contract purchaser, lessee or tenant were an Owner during the period of his occupancy.

During the period of time that an Owner's Lot is occupied by a contract purchaser such contract purchaser shall have the right to exercise such Owner's voting rights (as to such Lot) in the Association and such Owner shall give to such contract purchaser, upon demand, such proxies as are necessary to exercise such Owner's voting rights in the Association. Lessee and tenants shall not exercise any voting right in the Association unless such vote is exercised pursuant to a valid proxy from the Lot Owner. An Owner is not required to give any lessee or tenant the right to exercise such Owners vote.

Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners.

Each Owner shall notify the Secretary of the Association of the names of any contract purchasers, lessees or tenants of such Owner's Lot.

Section 16. Responsibility for Common Area Damage

The cost and expense of repair or replacement of any portion of the Common Area resulting from the willful or negligent act of an Owner, his lessees, tenants, family, guests or invitees shall be, in addition to the party at fault, the responsibility of such Owner. The Association shall cause such repairs and replacements to be made and, subject to the notice and hearing requirements of Article 7, Section 2, Individually Charge the cost thereof to such Owner.

Section 17. Rights of Declarant: Reservation of Easements to Complete, Sell

Declarant hereby reserves in itself and its successors and assigns the following easements over the Project to the extent reasonably necessary to complete and sell, lease, rent or otherwise dispose of the Lots;

(a) Easements for ingress and egress, drainage, encroachment, maintenance of temporary structures, operation and storage of construction equipment and vehicles, for doing all acts reasonably necessary to complete or repair the Project, or to discharge any other duty of Declarant under the Project Documents or sales contracts or otherwise imposed by law; and

(b) Easements for activity reasonably necessary to sell, lease, rent or otherwise dispose of the Lots. This easement shall exist until the earlier of (i) the date on which the last Lot is conveyed by Declarant under authority of a Final Public Report or (ii) five (5) years from the issuance of the Final Public Report for the Project.

Declarant covenants to use the above easements in a manner that will reasonably minimize any adverse impact upon the possession, use and enjoyment of the Project by the Owners.

Section 18. Private Recreation Area: Common Area

Simultaneously with the deeding of fee title to the Common Areas located within Wexford Unit No. 1-A by Declarant, the Association will lease to Declarant the clubhouse improvement constructed by Declarant and located on Common Area A for a term not less than the time necessary to sell the Lots located within Unit No. 1-A, and such other Lots which are annexed to Unit No. 1-A under the terms and conditions set forth in Article 11 herein. Declarant shall maintain the clubhouse for the duration of his lease, and shall pay the pro rata shares of property taxes and insurance as may be required by the Association to offset such administrative costs and expenses.

Section 19. Utilities: Rights and Duties; Easement

Whenever sanitary sewer, water, electric, gas, television receiving, telephone lines, cable TV or other utility connections are located or installed within the Project, the Owner of each Lot served by said connections shall be entitled to the use and enjoyment of such portions of said connections as service his Lot. Every Owner shall pay all utility charges which are separately metered or billed to his Lot. Every Owner shall maintain all utility installations located in or upon his Lot except for those installations specifically arranged to be maintained by utility companies, public or private.

Utility companies shall have the right, at reasonable times after reasonable notice to enter upon the residence Lots and Common Area to discharge any duty to maintain Project utilities.

Notwithstanding the foregoing, the managing entity of any local service district and the Placer County Division of Environmental Health shall have the right to enter upon any Lot or Common Area at all reasonable times to perform routine inspections, maintenance and emergency service.

Whenever sanitary sewer, water, electric, gas, television receiving, telephone lines, cable TV or other utility connections, are located within the Project, the Owner of a Lot served by said connections shall have the right, and is hereby granted an easement to the full extent necessary therefore, to at reasonable times after reasonable notice enter upon any Project residence Lots (including entering dwelling structures) or Common Area or to have his agents or utility companies enter upon any residence Lots or Common Area to maintain said connections as and when necessary.

In the event of a dispute between Owners with respect to the maintenance, repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then the matter shall be submitted to the Board for arbitration.

Section 20. Easements Granted

An easement for ingress, egress and support through the Common Area is hereby granted to all public utilities, law enforcement, fire protection, welfare and other related public or county agencies, their vehicles and personnel, as reasonably necessary to perform their authorized duties.

An easement for the purpose of installing, maintaining and repairing necessary utility lines and installations on, over and through the Common Area and the Lots is hereby granted to all utility companies, both public and private.

An easement for the purpose of grading, paving and necessary construction of Ridge Lane is hereby granted.

Section 21. Association's Duties

The Association shall maintain all utility installations and sewer lines located within the Common Area except for those installations specifically arranged to be maintained by utility companies, public or private.

Except as provided in Article 2 Section 13 herein, the Association shall maintain all Common Areas and the amenities set forth in Article 2 Section 3 herein, subject to the superseding authority of the Master Waterways Management Committee and the Placer County Service Area as set forth in Article 2 Sections 4, 5 and 6 herein.

The Association shall cooperate with the Master Association for garbage collection services.

The Association shall maintain the security guard office and gate, and shall maintain the parking area adjacent to the guard office.

ARTICLE 3

USE RESTRICTIONS; ARCHITECTURAL RESTRICTIONS, DESIGN APPROVAL

The Restrictions recited in this article have been established by Declarant to preserve and protect the pastoral, quiet, refined atmosphere for the benefit of all estate owners. In addition to all of the covenants contained herein, the use of Wexford Unit No. 1-A and the Common Area and each estate Lot therein shall be subject to the following use restrictions:

Section 1. Use of Individual Lots

No Lot shall be occupied and used by the Owner, his contract purchasers, lessees, tenants or guests except as a single-family residential Lot. No trade or business shall be conducted therein, except that Declarant, its successors or assigns may use any Lot in the Project owned by Declarant for a model home site and/or sales office, subject to approval of a Conditional Use Permit by Placer County.

If approved in writing by the ARC, an Owner may construct separate or attached living quarters for temporary guests or servants.

No Owner shall conduct any business or commercial activity within his Lot. This restriction is not intended to prevent an Owner from maintaining a business entirely within his residence, so long as said business may be conducted entirely by letter, phone or other electronic device. This restriction is intended to prohibit any trade or business which requires the delivery or storage of business goods outside the residence, or the manufacture or assembly of any commercial product outside the residence, or the necessity of visitation by business clients.

Section 2. Nuisances

No noxious, illegal or offensive activities shall be carried on on any Lot nor on any other party of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of any Owner of his respective Lot, or which shall in any way increase the rate of insurance for the Project or for any other Lot, or cause any insurance policy to be cancelled or cause a refusal to renew the same.

Section 3. Parking

Unless otherwise permitted by the Board, no motor vehicles nor boats shall be parked or left on any portion of the Project other than within a Lot.

No truck larger than three/quarter (3/4) ton, nor trailer, nor motor home, nor camper shell (other than attached to a pickup truck regularly used by an Owner), nor boat, nor unlicensed vehicle, nor inoperable vehicle, nor vehicle designed and operated as off the road equipment for racing, dragging and other sporting events, shall be permitted on the Project, except in the central storage area, without prior approval of the Board.

Every vehicle or boat which is parked upon a Lot must be parked within an enclosure that is approved by the ARC and is sufficient to shield said boat or vehicle from the view of adjacent Lots, Common Areas and streets.

Section 4. Signs

No sign of any kind shall be displayed to the public view from any Lot or from the Common Area without the approval of the Board except: (i) one sign of customary and reasonable dimensions advertising a Lot for sale, lease, rent or exchange displayed from the Lot; (ii) such signs as may be used by Declarant or its assignees for the purpose of selling or leasing Lots; and (iii) such other signs or notices as are required or permitted by law.

Section 5. Animals

Except as provided in Article 11 Section 2, no animals of any kind shall be raised, bred or kept on any portion of the Project; except that no more than a total of two (2) usual and ordinary household pets may be kept on a Lot, provided that they are not kept, bred or maintained for any commercial purposes, and provided that they are kept under reasonable control at all times. The Board may enact reasonable rules respecting the keeping of animals within the Project, and may designate certain areas in which animals may not be taken or kept.

Section 6. Garbage and Refuse Disposal

All rubbish, trash, garbage and other waste shall be removed weekly from the Project, and shall not be allowed to accumulate thereon. Each Owner shall contract with a disposal service franchised by Placer County, as required by Placer County Code § 9.24(2). Rubbish, trash, garbage and other waste shall be kept in sanitary containers. All equipment, garbage cans, woodpiles, storage piles or trash piles shall be kept screened and concealed from view of other Lots and the Common Area, except for the scheduled day for trash collection.

Section 7. Radio and Television Antennas

No Owner may construct, use or operate his own external radio, television, citizens band, satellite dish or other transmission system from the Project without the consent of the ARC. The ARC will use as its criteria whether the installation

plan submitted provides adequate screening from the Common Areas and neighboring Lots.

Section 8. Right to Lease

Nothing in this Declaration shall prevent an Owner from leasing or renting his Lot. However, any lease or rental agreement shall be in writing, and shall be expressly subject to the provisions of the Project Documents, and any lease or rental agreement must specify that failure by the lessee or tenant to abide by such provisions shall be a default under the lease or rental agreement. In addition, no Lot shall be leased or rented for a period of less than thirty (30) days. The Board may adopt additional rules and regulations, including the imposition of additional fees, use restrictions and/or monetary penalties specifically related to non-resident Owners and/or tenants.

Section 9. Drainage

No Owner shall do any act or construct any improvement which would interfere with the natural or established drainage systems or patterns within the Project without the prior written approval of the Master Waterways Management Committee and the ARC.

Section 10. Clothes Lines

No exterior clothes lines shall be erected or maintained, nor outside laundering or drying of clothes allowed.

Section 11. Power Equipment and Car Maintenance

No power equipment (other than ordinary household and lawn maintenance equipment), workshops or car maintenance of any nature, other than emergency repairs, shall be permitted on the Project without the consent of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

Section 12. Hazardous Materials

No Owner may use or store more than 50 gallons or 500 pounds of any hazardous or extremely hazardous material as defined by California Administrative Code Title 22, §§ 66680 and 66685, without first obtaining the specific written permission of the Placer County Health Department and the ARC. The Owner will be responsible for notifying the Environmental Health Division of Placer County Health Department at least ten (10) working days prior to bringing such materials, or any substance which contains these materials, on the premises, and shall be responsible for removal of any unauthorized hazardous or extremely hazardous materials from the premises. Hazardous material contained solely in a consumer product for distribution to and use by the general public will be exempt from this requirement.

Section 13. Architectural Committee - Purpose

The purpose of the Architectural Review Committee ("Committee") will be to control structural exterior architecture and landscaping design within the Project. The Committee will enforce restrictions by review of plans and specifications submitted for approval, and by the inspection of actual construction and progress to make sure that the improvements constructed conform with the plans and specifications as approved. It will not be the purpose of the Committee or Declarant to deprive the individual Owner of a home of unique design or quality, but to protect the Association as a whole against nonconforming designs or construction of less than first quality. In this connection, in the case of hardship or other good reason, exceptions to any of the restrictions contained in this Declaration or in the Committee guidelines may be made by the Committee at any time after proper application in writing.

Section 14. Architectural Committee Members, Organization and Term

The Committee shall consist of not less than three (3) persons, to be appointed as follows: Declarant shall appoint all the original members of the Committee and all replacements until five (5) years after the date of the issuance of the public report. After five (5) years from the date of the public report, the Board of Directors shall have the power to appoint one (1) member to the Committee until ninety percent (90%) of all Lots have been sold, or until the tenth (10th) anniversary of the date of the issuance of the final public report, whichever occurs first. Thereafter, the Board of Directors shall have the power to appoint all of the members of the Committee. Members appointed by the Board of Directors shall be members of the Association. Members appointed by Declarant need not be members of the Association.

Members of the Committee, other than those to be appointed by the Declarant, shall be appointed to the Committee by vote of the Board of Directors in the manner provided in the Bylaws of the Association.

Terms of each member of the Committee shall be for a period of two (2) years unless earlier terminated. Those persons appointed by the Declarant may be removed by Declarant at any time.

Members of the Architectural Review Committee should be appointed from design, landscaping and construction and architectural professions.

Section 15. Landscaping and Architectural Applications

Any construction or reconstruction of, or the refinish or alteration of any part of the exterior of, any improvement upon any Lot is absolutely prohibited until and unless the Owner of such Lot first obtains the approval therefor from the ARC and

otherwise complies with all of the provisions of this Declaration. The Board may require removal of any improvement constructed, reconstructed, refinished, altered or maintained in violation of this paragraph, and the Owner thereof shall reimburse the Association for all expenses incurred in connection therewith pursuant to this Declaration. The Board may alternatively require corrections or alternations, repainting and other modifications which bring the improvement more closely in compliance with these restrictions, and require reimbursement by the Owner to the Association. Any Owner proposing to construct, reconstruct, refinish or alter any part of the exterior of or any improvement on or within his Lot, or to perform any work which under this section requires the prior approval of the Committee, shall apply to the Committee for approval as designated below.

Section 16. Waterfront Lots

(a) Title to all lakes, streams and waterways located within Wexford Unit No. 1-A has been transferred to the Association. The boundaries for these waterways extend to the high water mark of these waterways. The Master Waterways Management Committee has primary responsibility for the planning and implementing of filling these waterways, and for managing the drainage plans, erosion control plans, mosquito and insect control plans and recirculation plans for these waterways, as provided in Article 2, Section 4 herein.

(b) Declarant has constructed these waterways, with the approval by Placer County of the Master Waterways Management Plan, to provide a peaceful, aesthetically pleasing environment for the residents of Wexford Unit No. 1-A. Neither Declarant nor the Owners of Lots within this Project shall enter the waterways for recreational purposes, nor have any bodily contact with the waterways, nor shall they place boats, sailboats, sailboards or other vessels into these waterways, nor shall there be any modification of the shoreline treatment without specific written permission of the Department of Public Works.

(c) Prior to completion of construction of a residence on any lakefront Lot, the Owner must construct side yard fencing running from the residence to the property line. The Owner shall submit fencing plans to the ARC, together with building plans and permits, in advance of construction. No fencing will be permitted which permits spacing of greater than six inches (6") at any point.

(d) Each Owner of a Lot which abuts the Common Areas adjacent to the lakes located within the Project shall submit fencing plans to the ARC which conform to the Waterways Safety Plan approved by Placer County.

Section 17. Submission of Preliminary Plans

The Owner of each Lot upon which construction is contemplated shall submit to the Committee a set of preliminary working drawings or plans which consist of a plot plan, floor

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plan and elevation. Upon review, the Committee may request additional drawings for clarification. The Committee may adopt regulations which require compliance deposits at the time of submission of preliminary plans.

Section 18. Submission of Final Plans and Specifications

Within six (6) months of approval of the preliminary plans, two (2) sets of final plans and specifications shall be submitted to the Committee for its final approval. Such plans and specifications shall describe in detail the floor plan arrangement, elevations, structural solutions, use of materials, heights and dimensions, site placement, fences, grading, drainage plans, access, landscape and patio plans, swimming pool and tennis court plans, exterior lighting plans, and any other pertinent data as may be required to fully illustrate the intended design, construction and use. Physical samples of exterior materials and color shall be submitted for approval.

Before giving any such final approval, the Committee may require that said plans and specifications comply with ARC guidelines that the Committee may impose as to structural features, types of building materials used, and characteristics not otherwise expressly covered by the provisions herein. The approval by the Committee shall not relieve the Owner from complying with any requirements of Placer County or any other public authority having jurisdiction, and shall not constitute any representations or guarantee by the Committee of any member of the Committee or Declarant as to the structural sufficiency of any construction. Approval of the Committee of any plans or specifications shall not be deemed to be a waiver by the Committee of its right to object to any of the features or elements embodied in such plans and specifications. If and when the same features and elements are embodied in any subsequent plans and specifications submitted for approval for any other building sites.

Section 19. Inspection and Conformance to Plans

The preliminary and final plans will be approved in accordance with the design criteria guidelines booklet which shall be adopted and published by the Committee. During and after completion of construction, any member of the Committee or any agent of the Committee may from time to time, at a reasonable time and with reasonable notice, enter into and inspect any properties and improvements thereto subject to this Declaration as to the compliance with approved submittals. Deviation shall be diligently guarded against, and all such deviations and nonconformity set forth in any notice of noncompliance issued by the Committee shall be corrected prior to final acceptance as set forth below. The Committee or any agent or officer thereof acting in good faith shall not be deemed guilty or liable for any manner of trespass or such entry or inspection.

Section 20. Form of Approval

All approvals by the Committee shall be in writing, and may be conditioned upon the submission by the Owner or the Owner's architect, if any, of such additional plans and specifications as the Committee shall deem appropriate for the purpose of insuring that the construction of the proposed improvement shall be in accordance with the approved plans. However, plans, drawings and specifications which have neither been approved nor rejected within sixty (60) days from the date of submission to the Committee shall be deemed rejected. One set of plans as finally approved shall be retained and maintained by the Committee as a permanent record.

Section 21. Proceeding With Work

Upon receipt of approval from the Committee, the Owner shall, as soon as practicable, obtain necessary permits from the appropriate governmental agencies, satisfy all conditions of ARC approval, and diligently proceed with the commencement and completion of all construction, reconstruction, refinishing, alterations and excavations 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 pursuant to Section 18 above shall be deemed revoked unless the Committee, upon written request of the Owner made prior to the expiration of said one-year period, extends the time for such commencement. No such extension shall be granted except upon a finding by the Committee that there has been no change in the circumstances upon which the original approval was granted.

Section 22. Failure to Complete Work

The Owner shall in any event complete the construction, reconstruction, refinishing or alteration of any such improvement within eighteen (18) months after commencing construction thereof, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his agents. If Owner fails to comply with this paragraph, the Committee shall notify the Board of such failure, and the Board shall proceed in accordance with the provisions of Section 26 below as through the failure to complete the improvement was a non-compliance with approved plans.

Section 23. Non-Compliance

If the Committee finds that the construction, reconstruction, alteration or refinishing was not done in substantial compliance with the approved plans, it shall notify the Owner in writing, by certified mail, of such non-compliance within fifteen (15) days of such finding, specifying particulars of non-compliance, and shall require the Owner to remedy such non-compliance. If the Owner shall have failed to remedy such

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non-compliance upon the expiration of thirty (30) days from the date of such notification, the Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged non-compliance. The hearing date shall be not more than thirty (30) nor less than fifteen (15) days after notice of the non-compliance is given to the Board by the Committee. Notice of the hearing date shall be given at least ten (10) days in advance thereof by the Board to the Owner in writing, by certified mail, to the Committee and, in the discretion of the Board, to any other interested party.

At the hearing, the Owner, the Committee and, in the Board's discretion, any other interested person may present information relevant to the question of the alleged non-compliance. After considering all such information, the Board shall determine whether there is a non-compliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a non-compliance exists, the Board shall require the Owner to remedy or remove the same within a period of not more than forty-five (45) days from the date of the Board ruling. If the Owner does not comply with the Board ruling within such period or within any extension of such period as the Board, in its discretion, may grant, the Board, at its option, may either remove the non-complying improvement or remedy the non-compliance, and the Owner shall reimburse the Association for all expenses incurred in connection therewith upon demand in excess of the deposit required by the Committee at the time the preliminary plans were submitted. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a special assessment against such Owner pursuant to this Declaration.

In addition, this Declaration shall be deemed to vest the Committee or Board with the right to bring a proceeding in equity to enforce the provisions hereof or the decision of the Board.

If for any reason the Committee fails to notify the Owner of any non-compliance within sixty (60) days after receipt of said notice of completion from the Owner, the improvement shall be deemed to be in accordance with said approved plans.

Section 24. Final Acceptance

The Owner of each building site agrees that said Owner will not commence using the structure or structures on the building site until final acceptance from the Board has been obtained in writing.

Section 25. Liability

Neither the Committee nor any member thereof shall be liable to the Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work,

whether or not pursuant to approved plans, drawings and specifications, and (c) the development of any property within the Project, whether or not the facts therein are correct; provided, however, that such member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limiting the generality of the foregoing, the Committee, or any member thereof, may, but is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications or any other proposal submitted to the Committee.

Section 26. Waiver

The approval by the Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Committee under this Declaration, 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.

Section 27. Governmental Requirements

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

Section 28. Meetings

The Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of any two (2) members shall constitute an act by the Committee. The Committee shall keep and maintain a record of all actions taken by it at such meeting or otherwise. The Committee and its members shall be entitled to reimbursement for the reasonable out-of-pocket expenses incurred by them in the performance of any Committee function.

Section 29. Architectural Committee Guidelines

The Committee may, from time to time and in its sole discretion, adopt, amend and repeal, by unanimous vote, written rules and regulations to be known as "Architectural Committee Guidelines." Said Guidelines shall interpret and implement the provisions hereof by setting forth the standards and procedures for Committee review and guidelines for architectural design placement of buildings, landscaping within Estate Lots and in the Common Areas, color schemes, exterior finishes and roofing materials, and similar features which are recommended for use in the Project; provided, however, that said Guidelines shall not be in derogation of the minimum standards required by this Declaration.

The Guidelines shall be enforceable by the Association pursuant to its enforcement powers granted in the Project Documents or at law. Such written guidelines shall be distributed annually to all Owners, and shall be available for inspection and copying as part of the Association records.

Section 30. Architectural and Landscaping Restrictions

The following architectural restrictions shall apply to all Owner and the written guidelines, if any, adopted by the ARC shall in no way amend or modify these restrictions; provided, however, that the ARC may, but shall not be required to, grant variances from these restrictions or their published guidelines in individual cases where strict compliance would result in excessive tree removal, excessive excavation, or hardship to the Lot or Owner:

(a) "Set-backs." All structures shall be set back at least twenty-five feet (25') from the Lot's front boundary, twenty-five feet (25') from each side boundary, twenty-five feet (25') from the rear boundary, and twenty-five feet (25') from the Lot side facing the street right of way.

(b) The maximum height for any residence shall be forty feet (40') measured from the street fronting the residence, and the maximum number of stories shall be two and one-half (2½).

(c) The Lot design plan shall contain provision for a minimum of two enclosed parking spaces.

(d) The minimum garage door opening from the right of way of any estate resident shall be twenty-five feet (25').

(e) "Excavation fill." Except to the extent reasonably necessary for the construction, reconstruction or alteration of any improvement, the Owner shall be prohibited from engaging in any excavation or fill and change in the natural or existing drainage for surface or subsurface waters, or from removing or destroying any living tree or other vegetation having a height of six feet (6') or more and having a trunk measuring six inches (6") or more in any diameter at ground level on his Lot, until and unless the Owner of such Lot first obtains the approval therefor from the Committee as herein provided. The Association may, as the case may be, restore a Lot which has been so altered without approval of the Committee to its state existing immediately prior to such violation, remove all unauthorized power, telephone or other utility lines (wires or conduits) or replace any tree which has been improperly removed or destroyed with either a similar tree in type and size or with such other tree as the Association may deem appropriate. Pursuant to Section 23, "Non- Compliance," the Owner of such Lot shall reimburse the Association for all expenses incurred by it in performing its obligations under this paragraph; provided, however, that with respect to the replacement of any tree, the Owner shall be obligated to pay an amount in excess of the expenses which would have been incurred by the Association had it

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elected to replace the destroyed or removed tree with a tree similar in type and size.

(f) "Site Plan." The location of the structure or structures on the building site and the landscaping shall bear an over-all relation to the adjacent properties as to create an aesthetically pleasing over-all appearance. The Owner and/or his architect or contractor shall consider such factors as the topography of the Lot, the curve of the Lot's frontage, views from the Lots in determining appropriate placement of improvements, and landscaping and outside lighting.

(g) "Fences." All fences, and designs depicting the location, style, material, color, height and function thereof, shall be subject to the written approval of the ARC prior to installation. Chain link fences are prohibited. The Owner will maintain and repair the fences on his building site. If the Owner fails or refuses to fully and faithfully comply with and conform to the provisions of this paragraph, then Declarant or the Association shall have the right to enter upon said Lot or Lots and perform such work as may be necessary to fulfill the requirements of this paragraph, charging the costs to the Owner.

(h) "Landscaping." Landscaping will provide shade and privacy, and ornamental deciduous and coniferous trees will be placed to provide maximum screening for each estate. All landscaping plans shall be submitted to the ARC with specifications within three (3) months of occupancy or six (6) months of recording a Notice of Completion, whichever occurs first. Plans must be approved in writing prior to the commencement of any construction or preparation, and shall include the size, type and location of all plants, walkway materials and sprinkler systems. Permanent landscaping shall be installed around said residence in the front, side and rear yard areas within a reasonable time after the completion of the residence. A reasonable time shall be no more than six (6) months after completion of the dwelling for the front yard, and twelve (12) months after completion of the dwelling for the rear yard. Landscaping shall be maintained in a neat and orderly condition at all times after installation so as to present a pleasing appearance to the Owners and occupants of the building sites. Declarant or the Association hereby reserves the right at all times upon evidence, written or visual, of any unplated or inadequately maintained vacant or unimproved building site, to enter in or upon said building site after reasonable notice to the Owner, to plant, cut or replant, trim, cut back, remove, replace and/or maintain hedges, trees, shrubs and flowers within said back areas and/or to keep cultivated and/or remove plants on any portion of the Lot, all at the expense of the Owner. Declarant or the Association, or any officer or agent of either, shall not hereby be deemed guilty of any manner of trespass.

(i) "Landscaping Criteria." Trees and bushes planted along the Lot boundaries shall effectively screen fencing and residences from view from any Common Area or other residential Lot. A list of approved plantings shall be published in the

ARC's Architectural and Landscaping Guidelines Booklet. The list of approved plantings shall be developed by the ARC in consultation with a licensed landscape architect. The landscape architect shall consider such environmental factors as climate, soil type, topography, preservation of privacy and Owner's desires for screening and noise control in developing a list of approved shade trees, flowering shrubs and trees, fruit trees, screening shrubs and hedges.

(j) "Plantings on Waterfront Lots." The ARC shall adopt a separate list of approved plantings for Lots fronting waterways within the Project. The landscape architect shall consider the invasive nature of the plantings' root structure, and correlate this list of plantings to support the stated objectives of the Treelake Village Master Waterways Plan.

(k) (i) "Basic Structural Requirements." Exterior design of all the buildings shall be traditional in character, such as Tudor, Cape Cod, Country, French Mansard or Colonial in style and character, and shall in all cases be subject to final approval by the ARC. Exterior design in each case shall be compatible to the relaxed, refined ambiance of Wexford Unit No. 1-A, which Declarant and/or the ARC shall strive to maintain. Decisions of the ARC shall be final.

(ii) "Colors." All exterior colors, textures and materials, including roofs, must be set forth in plans and specifications, and approved in writing by the Board prior to construction. Color samples shall be submitted with plans and specifications, which plans and specifications shall be coded or marked so as to mark where the colors will be used upon the finished dwelling. As is the case of the type and character of design, the ARC's decision as to colors shall be final.

(iii) "Residence Size Requirements." No residence shall be erected on any of the Lots having a total floor area of the main structure, exclusive of open porches, garages, patios, exterior stairways and walkways of less than 3,000 square feet, and in the event a residence has more than one story, the ground floor area shall have at least 2,400 square feet.

(iv) "Maximum Height." The maximum height of any structure shall be forty feet (40'). Any variance to this limitation granted by the Architectural Committee is subject to variance procedures of the Placer County Zoning ordinance.

(v) "Split-Level Residences." Owners of Lots located on Prior Ridge Road may submit plans and specifications for split-level homes, provided these residences have a minimum square footage of 3,000 feet, and the ground level story has a minimum square footage of 2,400 feet. "Ground level" will be defined as the level on a plane with Prior Ridge Road. The ARC may, in its discretion, reduce the maximum height permitted to protect neighboring Owners' interest in maintaining their privacy and views.

(vi) "New Materials, New Structures Only." No secondhand materials except used brick shall be used in construction of any building or structure without the prior written approval of the ARC, and all buildings shall be painted or stained. No building of any kind shall be removed from any other place to any said building sites, or from one building site to another, without prior written permission of the ARC.

(vii) "Garages." Each house shall have at least a two (2) car garage, which may be either of an attached or detached design. The ARC will consider appropriate screening and overall architectural design when determining whether to approve garages facing the street.

(viii) "Painting." All exterior wood manufactured services, with the exception of brick or masonry, shall be painted or stained.

(ix) "Roof Design, Pitch and Materials." All roof surfaces shall have a pitch of at least four (4) and twelve (12) degrees. No flat roofs (except in cases of French Mansard designs) shall be permitted. The roofing material shall be clay, fired flat tile, concrete flat tile products, wood shingles, slate or heavy or medium split cedar shakes. Other quality roofing material may be submitted for review by the Board.

(x) "Solar Devices." The requirements for architectural control shall not be construed as unreasonably restricting any solar energy and water saving devices where opportunities exist for effectuating their use consistent with overall architectural plans and purposes. These devices shall be flush with the roof, and must be screened so that they are not visible from the street or from adjoining residences.

(xi) "Licensed Contractor." All structures shall be constructed by contractors licensed under the laws of the State of California.

(xii) "Basketball Standards." No basketball standards or fixed sports apparatus shall be attached to any residence or garage, or be on any Lot, except as approved by the ARC.

(xiii) "Swimming Pools." The minimum setbacks for swimming pools will be fifteen feet (15') from the side and rear boundaries of the Lots.

(xiv) "Tennis Courts." Plans for tennis courts must be submitted to the ARC. These plans must provide a detailed schematic for lighting and fencing. The criteria for judging the appropriateness of the plans will be the intrusion the tennis court fencing and lighting will have on the view of neighboring Lots.

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Section 31. Alterations, Additions, Remodeling,
Redecoration of Exterior Portions
of Structure

No alterations or exterior design or any color of any structure, including additions, shall be made without the prior written approval of the ARC. Materials used for any such approved alterations must be harmonized and compliment the original building or buildings, and must be approved by the Board in writing prior to such alteration. No approval is required to repaint or restain any structure of the same color scheme as previously used and approved.

Section 32. Soils Conditions and Grading

After Final Map recordation and prior to individual home construction, the Project soils engineer shall prepare a map identifying all Lots that will be regulated by specific construction criteria due to expansive soils called Ione claystone/siltstone (ICS). The ICS Lot identification map and the soils report dated June, 1987 will be available for review at the Placer County Building Department. The soils report contains design analysis and recommendations for road design, structural foundations, grading practices, swimming pool construction, erosion/winterization, slope stability and special problems discovered on-site. No grading shall be undertaken on any phase of the Project without written approval of the Placer County Public Works Department. Further geotechnical testing may be required by Placer County to verify design criteria on specific Lots.

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ARTICLE 4

THE ASSOCIATION MEMBERSHIP AND VOTING

Section 1. Association

Wexford Unit No. 1-A Homeowners Association, a California nonprofit mutual benefit corporation, shall be the Association.

Section 2. Management of Project

The Association shall be obligated to manage and maintain the Project in accordance with the Project Documents and all applicable laws, regulations and ordinances.

Section 3. Membership

Each Owner shall be a Member of the Association and shall remain a Member thereof until such time as his ownership ceases for any reason at which time his membership in the Association shall automatically cease.

Section 4. Transferred Membership

Membership in the Association shall not be transferred, pledged, or alienated in any way except upon the transfer of ownership of the Lot to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. Any transfer of title to a Lot or interest in it shall operate automatically to transfer the appurtenant membership rights in the Association to the new Owner.

Section 5. Voting

The Association shall have two (2) classes of voting membership established according to the following provisions:

(a) Class A Membership. Class A Members shall be all Owners, except Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person or entity owns a Lot, all such Co-Owners shall be Members and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) Class B Membership. The Class B Member shall be the Declarant, who shall be entitled to three (3) votes for each Lot owned. Said Class B Membership shall be automatically converted to Class A memberships and said Class B membership shall cease to exist on the occurrence of whichever of the following is first in time:

(i) When the total votes held by Class A Members equal the total votes held by the Class B Members; or

(ii) The fifth anniversary of the original issuance of the Final Public Report for the Project.

Section 6. Voting Requirements

Any action by the Association which must have the approval of the Membership before being undertaken shall require the vote or written assent of the Members as follows:

(a) Except as provided herein, the specified percentage (or if not specified, a majority) of the Members of each Class of Members who are present in person or by proxy and voting at a properly noticed meeting at which a quorum is present, shall be required.

(b) Where a provision of the Project Documents requires the approval of the Members other than Declarant it shall be read to require, at a properly noticed meeting at which a quorum is present:

(i) For so long as there are two (2) classes of Membership, the vote of the prescribed percentage (or if not

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prescribed, a majority) of the Members of each class of Members present in person or by proxy and voting; or

(ii) After conversion of the Class B to Class A Membership, the vote of a majority of the Members present in person or by proxy and voting, as well as the vote of the prescribed percentage (or if not prescribed, a majority) of the Members present in person or by proxy and voting other than Declarant.

(c) Provisions in the Project Documents which provide for the election or removal of Special Directors or the enforcement of Declarant's completion bond, if any, shall be read to require the vote of a majority of the Members other than Declarant present in person or by proxy and voting at a properly noticed meeting at which a quorum is present.

Section 7. Co-Owner Votes

No vote for a Lot shall be cast on a fractional basis. If the Co-Owners of a Lot are unable to agree among themselves as to how their vote shall be cast, they shall forfeit the vote on the matter in question. If only one Co-Owner exercises the vote of a particular Lot, it shall be conclusively presumed for all purposes that he was acting with the authority and consent of all other Co-Owners of the same Lot. If more than one Co-Owner exercises the vote for a particular Lot, their votes shall not be counted and shall be deemed void.

Section 8. Record Date

The Association shall fix, in advance, a date as a record date for the determination of the Members entitled to notice of and to vote at any meeting of the Association and entitled to cast written ballots. The record date shall be not less than ten (10) days nor more than ninety (90) days prior to any meeting or taking action.

Section 9. Commencement of Voting Rights; Suspension of Voting Rights

Voting rights attributable to any Lot shall not vest until Assessments have been levied against that Lot. The voting rights attributable to a Lot may be temporarily suspended by the Board of Directors for a delinquency in the payment of assessments attributable to that Lot or as a result of a disciplinary action taken against the Owner of a Lot pursuant to the provisions of the Project Documents.

Section 10. Membership Meetings

Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place and in accordance with the provisions of the Bylaws.

Section 11. Board of Directors

The affairs of the Association shall be managed by a Board of Directors, which shall be established, and which shall conduct regular and special meetings according to the provisions of the Articles and Bylaws and the applicable statutes of the State of California.

ARTICLE 5

ASSOCIATION POWERS, RIGHTS, DUTIES, LIMITATIONS

Section 1. Generally

The Association shall have the power to perform any action reasonably necessary to exercise any right or discharge any duty enumerated in this Article 5 or elsewhere in the Project Documents or reasonably necessary to operate the Project. In addition, the Association shall have all the powers and rights of a nonprofit mutual benefit corporation under the laws of the State of California.

The Association shall act through its Board of Directors and the Board shall have the power, right and duty to act for the Association except that actions which require the approval of the Members of the Association shall first receive such approval.

The powers, rights, duties and limitations of the Association set forth in this Article 5 and elsewhere in the Project Documents shall vest in and be imposed on the Association on the occurrence of the earlier of (i) the conveyance of the Common Area to the Association, or (ii) the first conveyance, under authority of a Final Public Report, of a residential Lot in the Project.

Section 2. Enumerated Rights

In addition to those Association rights which are provided elsewhere in the Project Documents the Association shall have the following rights:

(a) To elect, employ, appoint, to assign and to delegate the rights and duties of the Association to officers, employees, agents and independent contractors;

(b) To enter contracts with third parties to furnish goods or services to the Project subject to the limitations of Section (d), below;

(c) To borrow money and with the approval by vote or written assent of a majority of the voting power of each class of Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(d) To dedicate or transfer all or any part of the Common Area to any public agency, authority or utility or any other person or entity for such purposes and subject to such conditions as may be agreed to by the Association; provided, however, that no such dedication or transfer shall be effective unless (i) such dedication or transfer is approved by a majority of the voting power of each class of Members, and (ii) an instrument in writing is signed by the Secretary of the Association certifying that such dedication or transfer has been approved by the required vote or written assent, and (iii) Placer County has given its prior written consent;

(e) To adopt reasonable rules not inconsistent with this Declaration, the Articles, or the Bylaws relating to the use of the Common Area and the conduct of Owners and their contract purchasers, lessees, tenants and guests with respect to the Project and other Owners. A copy of the Rules shall be mailed or otherwise delivered to each Owner and a copy shall be posted in a conspicuous place within the Common Area; and

(f) To enter upon any portion of the Common Area, or upon any Lot after giving reasonable notice to the Owner thereof, for any purpose reasonably related to the performance by the Association of its duties under this Declaration. In the event of an emergency such right of entry upon any Lot shall be immediate. Any damage caused by such entry shall be repaired or otherwise reasonably compensated for by the Association.

Section 3. Enumerated Duties

In addition to those Association duties which are imposed elsewhere in the Project Documents the Association shall have the following duties:

(a) To manage, operate, improve, maintain, repair and replace the Common Area, including the private street and walkways, and all other improvements located on the Common Area, and any other property acquired by or subject to the control of the Association, including personal property, in a safe, sanitary and attractive condition and in a good state of repair;

(b) To enforce the provisions of the Project Documents by appropriate means as provided at Article 7;

(c) To fix, levy and collect Assessments and Individual Charges in the manner provided in Articles 6 and 7;

(d) To pay all real and personal property taxes and assessments and all other taxes levied against the Common Area, other property owned by the Association or against the Association. Such taxes and assessments may be contested or compromised by the Association; provided, that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes;

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(e) To prepare and file annual tax returns with the federal government and the State of California and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association;

(f) To acquire, provide and pay for water, sewer, electrical and other utility services as necessary for the Common Area, and to the individual residence Lots to the extent they are not individually metered. Notwithstanding the provisions of Section 2(d) herein, the Board shall have the right and power without approval of the Membership to grant non-exclusive easements over the Common Area to the extent necessary to provide for such water or other utility services;

(g) To obtain and pay the cost of legal, accounting and other professional services necessary or proper to the maintenance and operation of the Project and the enforcement of the Project Documents;

(h) To obtain and pay the cost of insurance for the Project as provided in Article 8;

(i) To deposit all funds collected from Owners pursuant to Articles 6 and 7 hereof and all other amounts collected by the Association as follows:

(i) All funds shall be deposited in a separate bank account ("General Account") with a bank located in the State of California. The Association shall keep accurate books and records regarding such account; and

(ii) Funds which the Association shall collect for reserves for capital expenditures relating to the repair and maintenance of the Common Area, and for such other contingencies as are required by good business practice shall, within ten (10) days after deposit in the General Account, be deposited into an interest bearing account with a bank or savings and loan association selected by the Association, or invested in Treasury Bills or Certificates of Deposit or otherwise prudently invested which shall all herein be collectively referred to as the "Reserve Account". Funds deposited into the Reserve Account shall be held in trust and may be used by the Association only for the purposes for which such amounts have been collected;

(j) To regularly prepare budgets and financial statements and to distribute copies to each Member as follows:

(i) A pro forma operating budget for each fiscal year consisting of at least the following information shall be distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the fiscal year:

(A) Estimated revenue and expenses on an accrual basis.

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(B) The amount of the total cash reserves of the Association currently set aside for replacement or major repair of Common Area and for contingencies.

(C) An identification of the remaining life of, and the methods of funding to defray the future repair, replacement or additions to those major components of the Common Areas and facilities for which the Association is responsible.

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

(ii) A balance sheet (as of an accounting date which is the last day of the month closest in time to six (6) months from the date of the first conveyance, under authority of a Final Public Report, of a Lot in the Project) and an operating statement for the period from said date of the first conveyance of a Lot to said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments received and receivable identified by the number of the Lot and the name of the Owner assessed;

(iii) A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

- (A) A balance sheet as of the last day of the fiscal year;
- (B) An operating (income) statement for said fiscal year;
- (C) A statement of changes in financial position for said fiscal year; and
- (D) For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy;

(iv) If the report referred to in (iii) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized Officer of the Association that the statement was prepared from the books and

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records of the Association without independent audit or review;
and

(v) In addition to financial statements, the Board shall annually distribute within sixty (60) days prior to the beginning of the fiscal year, a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular and Special Assessments, including actions at law against an Owner and the recording and foreclosing of liens against Members' Lots;

(k) To cause to be kept adequate and correct books of account, a register of Members, minutes of Member, Board and Committee meetings, a record of all corporate acts, and other records as are reasonably necessary for the prudent management of the Project. The Membership register (including names, addresses and voting rights), books of account and minutes of meetings of the Members, of the Board, and of Committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the principal office of the Association or at such other place within the Project as the Board of Directors shall prescribe. The Board shall establish reasonable rules in conformance with Corporations Code Section 8330 with respect to:

(i) Notice to be given to the custodian of the records by the Member desiring to make the inspection;

(ii) Hours and days of the week when such an inspection may be made; and

(iii) Payment of the cost of reproducing copies of the documents requested by a Member;

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents; and

(l) To provide, with ten (10) days of the mailing or delivery of a written request from an Owner or Mortgagee, the following items:

(i) A copy of the Project Documents;

(ii) A copy of the most recent financial statement distributed pursuant this section; and

(iii) A true statement in writing from an authorized representative of the Association as to the amount of any assessments levied upon the Owner's Lot which are unpaid on the date of the statement. The statement shall also include true

information on late charges, interest and costs of collection which, as of the date of the statement, are or may be made a lien upon the Lot.

The Association may charge a fee for this service, which shall not exceed the Association's reasonable cost to prepare and reproduce the requested items.

Section 4. Enumerated Limitations

Except with the approval of a majority of the Members other than Declarant, the Board shall be prohibited from taking any of the following actions:

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

(i) In the event FHA or VA is a First Mortgagee of a Lot in the Project, a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration;

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

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

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

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

(d) Paying compensation to Directors or to Officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may reimburse a Director or Officer for expenses incurred in carrying on the business of the Association.

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ARTICLE 6

ASSESSMENTS

Section 1. Agreement to Pay Assessments and Individual Charges

Declarant for each Lot owned by it, hereby covenants and agrees, and each Owner, by acceptance of a deed to a Lot, is deemed to covenant and agree for each Lot owned, to pay to the Association all Regular Assessments and all Special Assessments (collectively "Assessments"), and all Individual Charges, to be established and collected as provided in this Declaration and in the other Project Documents.

Section 2. Purpose of Assessments

The purpose of Assessments is to raise funds necessary to operate the Project. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of all the Owners and for the improvement, maintenance and administration of the Project and other expenditures incurred in the performance of the duties of the Association as set forth in the Project Documents.

Section 3. Regular Assessments

The purpose of Regular Assessments is to raise funds necessary to pay the anticipated costs of operating the Project during the fiscal year and to accumulate reserves to pay costs anticipated in future years. Not less than ninety (90) days before the beginning of each fiscal year, the Board shall prepare or cause to be prepared, and distribute to each Owner, a proposed budget for the forthcoming fiscal year. Any Owner or Mortgagee may make written comments to the Board with respect to said proposed budget. The proposed budget shall be prepared consistently with the prior fiscal year's budget and shall include adequate reserves for contingencies and for maintenance, repairs and replacement of the Common Area improvements or Association personal property likely to need maintenance, repair or replacement in the future.

Not more than ninety (90) days nor less than sixty (60) days before the beginning of each fiscal year, the Board shall meet for the purpose of establishing the budget and Regular Assessment for the forthcoming fiscal year. At such meeting the Board shall review the proposed budget, written comments received and any other information available to it and, after making any adjustments that the Board deems appropriate, shall establish the budget and Regular Assessment for the forthcoming fiscal year; provided, however, that the Board may not impose a Regular Assessment for any fiscal year which is more than twenty percent (20%) greater than the Regular Assessment of the prior fiscal year, or impose Special Assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, without the approval of Owners,

constituting a quorum, casting a majority of the votes at a meeting or election of the Association.

For the purposes of this section, quorum means more than fifty percent (50%) of the Owners of the Association. This section does not limit assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is any one of the following: (a) an extraordinary expense required by an order of a court; (b) an extraordinary expense necessary to repair or maintain the common interest development or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered; or (c) an extraordinary expense necessary to repair or maintain the common interest development or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the proforma operating budget. However, prior to the imposition or collection of an assessment under this subdivision, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the members with the notice of assessment.

Not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of each fiscal year, the Board shall prepare or cause to be prepared, and distribute to each Owner, a proforma operating budget for the forthcoming fiscal year.

Regular Assessments shall be payable in equal monthly installments, due on the first day of each month of the fiscal year, unless the Board adopts some other basis for collection.

Section 4. Special Assessments: General

If the Board determines that the estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on the Common Area, the Board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by the Board it shall become a Special Assessment. The Board may, in its discretion, provide for the payment in installments of such Special Assessment over the remaining months of the fiscal year or levy the entire Special Assessment immediately against each Lot. Special Assessments shall be due on the first day of the month following notice of their levy.

Section 5. Limitation on Special Assessments

Any Special Assessment which singly or in the aggregate with previous Special Assessments for the fiscal year would amount to more than five percent (5%) of the budgeted gross expenses of the

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Association for the fiscal year, shall require approval of a majority of the Members other than Declarant.

The provisions of this Section do not limit assessment increases by the Board without Member approval for the following purposes: (1) the maintenance or repair of the Common Areas or other areas which the Association is obligated to maintain or repair, including, but not limited to, the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining or repairing structures or improvements, and funding reserves; or (2) addressing emergency situations.

Section 6. Individual Charges

Individual Charges may be levied against a Member (i) as a monetary penalty imposed by the Association as a disciplinary measure for the failure of a Member to comply with the Project Documents, or (ii) as a means of reimbursing the Association for costs incurred by the Association for repair of damage to Common Areas and facilities for which the Member was responsible, or to otherwise bring the Member and his Lot into compliance with the Project Documents. Such Individual Charges (other than reasonable late charges, interest, costs of collection and reasonable attorneys' fees related to the collection of Assessments) shall not be enforceable through the lien provisions of the Project Documents.

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Section 7. Allocation of Regular and Special Assessments

Regular and Special Assessments shall be levied against each Lot (and its Owner) equally, based on a fraction the numerator of which is one (1) and the denominator of which is seventy-eight (78).

Section 8. Commencement of Assessments and Individual Charges

The right to levy Assessments and Individual Charges shall commence as to all Lots on the date of the first conveyance, under authority of a Final Public Report, of a Lot in the Project. Regular Assessments shall commence as to all Lots on the first day of the month following the date of the first conveyance, under authority of a Final Public Report of a Lot in the Project. Thereafter, Regular Assessments shall be levied on the first day of the first month of the fiscal year.

Section 9. Delinquent Assessments; Charges

Regular and Special Assessments are delinquent fifteen (15) days after they become due. If an assessment is delinquent, the Association may recover all of the following:

(a) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees;

(b) A late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is greater; and

(c) Interest on all sums imposed in accordance with this Section, including the delinquent assessment, reasonable costs of collection and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing 30 days after the assessment becomes due.

Section 10. Creation of the Assessment Lien; Personal Obligation for Assessments and Individual Charges

The Assessments, together with late charges, interest, costs and reasonable attorney's fees, shall be a charge and a continuing lien upon the Lot against which each Assessment is made, the lien to become effective upon recordation of a Notice of Delinquent Assessment.

All Assessments and Individual Charges, together with late charges, interest, costs, and reasonable attorneys' fees incurred in collecting delinquent Assessments and Individual Charges, shall be the personal obligation of the Owner of such Lot at the time when the Assessments or Individual Charges fell due. If more than one person or entity was the Owner of a Lot at the time the Assessments or Individual Charges fell due, the personal obligation to pay each Assessment and Individual Charge shall be joint and several. The personal obligation for delinquent Assessments and Individual Charges shall not pass to any transferee unless expressly assumed by him. No Owner may exempt himself from liability for his Assessments or Individual Charges obligation by waiver of the use or enjoyment of any of the Project.

ARTICLE 7

ENFORCEMENT OF RESTRICTIONS

Section 1. General

The Association or any Owner shall have the right to enforce compliance with the Project Documents in any manner provided by law or in equity, including without limitation, the right to enforce the Project Documents by bringing an action for damages, an action to enjoin the violation or specifically enforce the provisions of the Project Documents, to enforce the liens provided for herein (except that no Owner shall have the right to enforce independently of the Association any Assessment, Individual Charge or Assessment lien created herein) and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner and the right to take possession of the Lot in the manner provided by law.

In the event the Association or any Owner shall employ an attorney to enforce the provisions of the Project Documents, against any Owner, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other amounts due as provided for herein.

All sums payable hereunder by an Owner shall bear interest at the maximum rate permitted by law from the due date, or if advanced or incurred by the Association, or any other Owner pursuant to authorization contained in the Project Documents, commencing fifteen (15) days after repayment is demanded.

All enforcement powers of the Association shall be cumulative. Failure by the Association or any Owner, to enforce any covenant, lien or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Placer County may, at its discretion, undertake acts it deems necessary to enforce provisions of the Treelake Development Agreement and/or Conditions of Approval of the Final Map as required by the Placer County Planning Department.

Section 2. Specific Enforcement Rights

In amplification of, and not in limitation of, the general rights specified in Section 1 above, the Association shall have the following rights:

(a) The Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his Lot on account of a failure by the Owner to comply with provisions of the Project Documents except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association.

(b) The Association may impose reasonable monetary penalties, temporary suspensions of reasonable duration (not to exceed thirty (30) days per violation) of an Owner's rights as a Member of the Association or other appropriate discipline for failure to comply with the Project Documents. Notwithstanding the foregoing, the Association shall have no right to interfere with an Owner's right of ingress to or egress from his Lot.

Before disciplinary action authorized under this subarticle may be imposed by the Association the Owner against whom such action is proposed to be taken shall be given notice and the opportunity to be heard as follows:

(i) The Board shall give written notice to the Owner at least fifteen (15) days prior to the meeting at which the Board will consider imposing disciplinary action. Such notice shall set forth those facts which the Board believes justify disciplinary action, and the time and place of the meeting;

(ii) At such meeting the Owner shall be given the opportunity to be heard, including the right to present evidence, either orally or in writing, and to question witnesses; and

(iii) The Board shall notify the Owner in writing of its decision within three (3) days of the decision. The effective date of any disciplinary action imposed by the Board shall not be less than eight (8) days after the date of said decision.

(c) A suit to recover a money judgment for unpaid Assessments or unpaid Individual Charges, together with late charges, interest, costs, and reasonable attorneys' fees shall be maintainable by the Association. In the case of unpaid Assessments such suit shall be maintainable without foreclosing or waiving the lien securing such unpaid Assessments.

(d) The amount of an Assessment, plus any costs of collection, late charges and interest assessed in accordance with Article 6, shall be a lien on the Owner's Lot from and after the time the Association causes to be recorded with the Placer County Recorder a Notice of Delinquent Assessment, which shall state the amount of the Assessment and other sums imposed in accordance with Article 6, a description of the Owner's Lot against which the Assessment and other sums are levied, the name of the record Owner of the Lot against which the lien is imposed, and, in order for the lien to be enforced by nonjudicial foreclosure, 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 the person designated by the Association for that purpose, or if no one is designated, by the president of the Association. Upon payment of the sum specified in the Notice of Delinquent Assessment, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof.

A lien created pursuant to this section shall be prior to all other liens recorded subsequent to the Notice of Assessment, except as otherwise provided in this Declaration.

A lien created pursuant to this Section 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 Section 2934a. Any sale by the trustee shall be conducted in accordance with the provisions of Sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trust.

Nothing in this section or in subdivision (a) of Section 726 of the Code of Civil Procedure prohibits actions against the owner of separate interest to recover sums for which a lien is created pursuant to this section, or prohibits an association from taking a deed in lieu of foreclosure.

In connection with any sale under Section 2924-2924h, the Board is authorized to appoint its attorney, any officer or director, or any title insurance company authorized to do business in California as trustee for purposes of conducting the sale.

The Association, acting on behalf of the Owners, shall have the power to bid upon the Lot at foreclosure sale and to acquire, hold, rent, lease, mortgage and convey the Lot.

Nothing in this section or in subdivision (a) of Section 726 of the California Code of Civil Procedure prohibits actions against an Owner to recover sums for which a lien is created pursuant to this section, or prohibits the Association from taking a deed in lieu of foreclosure.

(e) In a sale or transfer of the Lot, the personal obligation for delinquent Assessments or Individual Charges shall not pass to the Transferee unless expressly assumed by him. The sale or transfer of any Lot shall not effect the Assessments lien nor the right of the Association to impose a Lien for Assessments which became due prior to such sale or transfer. However, the sale or transfer of any Lot pursuant to the exercise of a power of sale or judicial foreclosure involving a default under a First Mortgage shall extinguish the lien and right to lien for Assessments which became due prior to such sale or transfer. No transfer of the Lot as the result of a foreclosure or exercise of a power of sale shall relieve the new Owner, whether it be the former beneficiary of the First Mortgage or another person, from liability for any Assessments or Individual Charges thereafter becoming due or from the lien thereof.

(f) Each Owner to the extent permitted by law, waives, to the extent of any liens created pursuant to the Project Documents, the benefit of any homestead or exemption laws of California in effect at the time any Assessment becomes due.

ARTICLE 8

INSURANCE, DESTRUCTION, CONDEMNATION

Section 1. Insurance

In addition to other insurance required to be maintained by the Project Documents, the Association shall obtain from generally accepted insurance carriers, and maintain in effect at all times the following insurance:

(a) Liability Insurance. To the extent available for a reasonable cost, the Association shall obtain and maintain comprehensive public liability insurance insuring the Association and its agents and employees against any liability incident to the ownership, use or maintenance of the Common Area and Lots. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000) covering all claims for death, personal

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injury and property damage arising out of a single occurrence. Such insurance shall include coverage against any liability customarily covered with respect to projects similar in construction, location, and use. Such policy may provide for a reasonable deductible limit.

(b) Casualty Insurance. To the extent available for a reasonable cost, the Association shall obtain and maintain a policy of casualty insurance (including flood insurance) for the full insurable replacement value (without deduction for depreciation) of all of the improvements within the Common Area. Such policy may provide for a reasonable deductible limit. The form, content, term of the 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 all Mortgagees as their respective interests shall appear, and may contain a loss payable endorsement in favor of any trustee described in Section (d) below.

(c) Trustee. All casualty insurance proceeds payable under Section 1(b) 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 or trust company in Placer County 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 may purchase and maintain fidelity bonds or insurance which shall be in an amount not less than one hundred fifty percent (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. The Board may purchase and maintain insurance on personal property owned by the Association, and any other insurance that it deems necessary or that is required by any First Mortgagee or that is customarily obtained for projects similar in construction, location and use.

(e) Owner's Liability Insurance. An Owner may carry whatever personal and property damage liability insurance with respect to his Lot that he desires.

(f) Owner's Fire and Extended Coverage Insurance. Each Owner shall obtain and maintain fire, casualty and extended coverage insurance for the full replacement value of all of the improvements on his Lot. An Owner may also insure his personal property.

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(g) Officer and Director Insurance. The Association may purchase and maintain insurance on behalf of any Director, Officer, or Member of a committee of the Association (collectively the "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 agent against such liability under applicable law.

Section 2. Waiver of Subrogation

All property and liability insurance carried by the Association, or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association, Directors, Officers, Declarant, Owners, their family, guests, agents and employees.

Section 3. Notice of Cancellation

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

Section 4. Annual Review of Policies

All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is adequate.

Section 5. Payment of Premiums

Premiums on insurance maintained by the Association shall be a common expense funded by Assessments levied by the Association.

Section 6. Destruction Affecting the Common Area

In the event of damage or destruction to the Common Area, the Board shall have the duty to repair and reconstruct it.

Section 7. Rebuilding 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. The Board shall have the authority to enter into a written contract with a reputable contractor for the repair and reconstruction, and to compensate the contractor according to the terms of the contract.

Section 8. Special Assessment to Rebuild

The Association may levy a Special Assessment against all Lot Owners to cover the cost of rebuilding not covered by insurance proceeds or other available funds.

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Section 9. Destruction Affecting Lots

If there is a total or partial destruction of a Lot, the Owner thereof shall have the following options:

(a) The Owner shall rebuild or repair the Lot in substantial conformity with its appearance, design, and structural integrity immediately prior to the damage or destruction.

Notwithstanding the foregoing, any Owner of an affected Lot may apply to the Board for reconstruction of his Lot in a manner which will provide for an exterior appearance and/or design which is different from that which existed prior to the date of the destruction. Application for such approval shall be made in writing together with full and complete plans, specifications, maps and working drawings showing the proposed reconstruction and the end result thereof. The Board shall grant such approval only if it finds that the reconstructed Lot will be compatible in exterior appearance and/or design with the other Lots in the Project. Failure of the Board to approve or reject any such proposed change within thirty days (30) after the date of submission thereof shall be conclusively deemed an approval thereof; or,

(b) The Owner shall clear all structures and improvements from the Lot and shall landscape it in a manner which is approved by the Board. Board approval shall not be unreasonably withheld. Failure to rebuild the Lot shall not relieve the Lot or its Owner from any Assessment obligation.

Rebuilding or landscaping shall be commenced within ninety (90) days of the date of the damage or destruction and shall be diligently pursued to completion.

Section 10. Condemnation Affecting Common Area;
Sale in Lieu

If an action for condemnation of all or a portion of the Common Area is proposed or threatened by any entity having the right of eminent domain, then on the unanimous written consent of all of the Owners and subject to the rights of all Mortgagees, the Common Area, or a portion of it may be sold by the Board. The proceeds of the sale shall be available to the Board to establish and improve easements and roads over the Project as necessary to replace that portion of the Common Area which has been sold. Subject to Corporations Code 8724 the proceeds of the sale, if distributed, shall be distributed among the Lots on the same basis as their Regular Assessment obligations and between the Lot Owners and their Mortgagees as their respective interests shall appear.

Section 11. Award

If the Common Area, or a portion of it, is not sold but is instead taken, the judgment of condemnation shall by its terms

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distribute the award. If the judgment of condemnation does not distribute the award then the award shall be distributed as provided in Section 10 above.

Section 12. Condemnation Affecting Lots

If an action for condemnation of all or a portion of, or otherwise affecting a Lot (except the Common Area) is proposed or threatened, the Owner and the Mortgagees of the affected Lot, as their respective interests shall appear, shall be entitled to the proceeds of any sale or award relating to the affected Lot.

If any Lot is rendered irreparably uninhabitable as a result of such a taking, the Lot shall be deemed deleted from the Project and the Owners and Mortgagees of the affected Lot, upon receiving the award and any portion of the reserve funds of the Association reserved for the Lot, shall be released from the applicability of the Project Documents and deemed divested of any interest in the Common Area.

ARTICLE 9

MORTGAGEE PROTECTIONS

Section 1. Mortgages Permitted

Any Owner may encumber his Lot with Mortgages.

Section 2. Subordination

Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any First Mortgage that encumbers any Lot or other portion of the Project, made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such First Mortgage unless the First Mortgagee expressly subordinates his interest, in writing, to such lien.

Section 3. Effect of Breach

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

Section 4. Non-Curable Breach

No Mortgagee who acquires title to a Lot by foreclosure or by deed in lieu of foreclosure or assignment-in-lieu of foreclosure shall be obligated to cure any breach of this Declaration that is non-curable or of a type that is not practical or feasible to cure.

Section 5. Right to Appear at Meetings

Any Mortgagee may appear at meetings of the Members and the Board.

Section 6. Right to Furnish Information

Any Mortgagee may furnish information to the Board concerning the status of any Mortgage.

Section 7. Right to Examine Books and Records, Etc.

The Association shall make available to Owners, prospective purchasers and First Mortgagees, current copies of the Project Documents and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Any First Mortgagee shall be entitled, upon written request, and at its expense, to an audited financial statement for the immediately preceding fiscal year. Such financial statement shall be furnished by the Association within a reasonable time following such request.

Section 8. Owner's Right to Ingress and Egress

There shall be no restriction upon any Owners' right of ingress and egress to his Lot, which right shall be perpetual and appurtenant to his Lot ownership.

Section 9. Notice of Intended Action

Upon written request to the Association, any First Mortgagee shall be entitled to timely written notice of:

(a) Any proposed amendment to the Project Documents affecting a change in (i) the boundaries of any Lot or any exclusive easement rights appertaining thereto, (ii) the interests in the general or exclusive Common Area, if any, appertaining to any Lot or the liability for common expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any Lot or (iv) the purposes to which any Lot or the Common Area are restricted;

(b) Any proposed termination of the legal status of the Project as a planned unit development;

(c) Any condemnation loss or casualty loss which affects a material portion of the Project or any Lot on which there is a First Mortgage held, insured, or guaranteed by such requesting party;

(d) Any delinquency in the payment of Assessments or Individual Charges owed by an Owner of a Lot subject to a First

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Mortgage held, insured, or guaranteed by such requesting party which remains uncured for a period of sixty (60) days;

(e) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(f) Any proposed action which would require the consent of a specified percentage of First Mortgagees as specified in Sections 12, 13, 14, 15, 16 and 17.

Section 10. Eligible First Mortgagee

The term "Eligible First Mortgagee" shall mean a First Mortgagee (as defined in Section 15 below) who has requested notice in accordance with the provisions of Section 9 above.

Section 11. Approval by Eligible First Mortgagees

Any provision in this Article 9 or elsewhere in the Project Documents which requires approval by Eligible First Mortgagees shall be read to require the approval of the specified percentage (or if not specified a majority) of the votes cast by Eligible First Mortgagees, based on one (1) vote for each First Mortgage held, insured or guaranteed.

Section 12. Restoration Conformity

Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications for the Project, unless other action is approved by fifty-one percent (51%) of the Eligible First Mortgagees.

Section 13. Termination Generally

Except as provided in Section 14, any election to terminate the legal status of the Project as a planned unit development must be approved by sixty-seven percent (67%) of the voting power of the Association and sixty-seven percent (67%) of the Eligible First Mortgagees.

Section 14. Termination After Destruction or Taking

Any election to terminate the legal status of the Project after substantial destruction or a substantial taking in condemnation of the Project must be approved by fifty-one percent (51%) of the Eligible First Mortgagees.

Section 15. Reallocation of Interest in the Common Area

No reallocation of interests in the Common Area resulting from a partial condemnation or partial destruction of the Project shall be effected without the approval of fifty-one percent (51%) of the Eligible First Mortgagees.

Section 16. Termination of Professional Management

When professional management has been previously required by any First Mortgagee, any decision to establish self management by the Association shall require the approval of sixty-seven percent (67%) of the voting power of the Association and fifty-one percent (51%) of the Eligible First Mortgagees.

Section 17. Approval of Material Changes

The approval of sixty-seven percent (67%) of the voting power of the Association and fifty-one percent (51%) of the Eligible First Mortgagees shall be required to materially amend any provisions of the Project Documents, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

- (a) Voting;
- (b) Assessments, Assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the Common Areas, or any other portions of the Project which the Association has a duty to maintain, repair and replace;
- (d) Insurance or Fidelity Bonds;
- (e) Rights to use the Common Areas;
- (f) Responsibility for maintenance and repair of the several portions of the Project;
- (g) Expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project;
- (h) Boundaries of any Lot;
- (i) The interests in the general or exclusive easement Common Areas, if any;
- (j) Convertibility of Lots into Common Areas or Common Areas into Lots;
- (k) Leasing of Lots;
- (l) Imposition of any right of first refusal or similar restriction on the right of a Lot Owner to sell, transfer, or otherwise convey his Lot; and
- (m) Any provisions which are for the express benefit of First Mortgagees.

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An addition or amendment to the Project Documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. A First Mortgagee who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Section 18. Inapplicability of Right of First Refusal

The right of an Owner to sell, transfer, or otherwise convey his Lot shall not be subject to any right of first refusal or similar restriction. No "right of first refusal" contained in the Project Documents shall impair the rights of a First Mortgagee to:

- (a) Foreclose or take title to a Lot pursuant to the remedies provided in the Mortgage; or
- (b) Accept a deed (or assignment) in lieu of foreclosure in the event of default by a Mortgagor; or
- (c) Sell or lease a Lot acquired by the Mortgagee.

Section 19. First Mortgagee Assessment Liability

Any First Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage shall not be liable for such Lot's unpaid Assessments or Individual Charges which accrue prior to the acquisition of title to such Lot by the Mortgagee.

Section 20. Restriction on Certain Changes

Unless at least sixty-six and two-thirds percent (66 2/3%) of the First Mortgagees (based on one vote for each First Mortgage owned) or sixty-six and two-thirds percent (66 2/3%) of the Owners other than Declarant have given their prior written approval, the Association shall not:

- (a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Area by the Association shall not be deemed a transfer within the meaning of this clause); or
- (b) Change the method of determining the Assessments, or other charges which may be levied against a Lot Owner; or
- (c) By act or omission change, waiver or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design of the exterior appearance of Lots, the exterior maintenance of Lots, the maintenance of the Common Area party walks or common fences and driveways, or the upkeep of lawns and plantings in the Project; or

(d) Fail to maintain fire and extended coverage on insurable Common Area and other portions of the Project which the Association has a duty to insure on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

(e) Use hazard insurance proceeds for losses to any Common Area or other Project improvements for other than the repair, replacement or reconstruction of such Common Area or improvements.

Section 21. Distribution; Insurance and Condemnation Proceeds

No provision of the Project Documents shall give a Lot Owner, or any other party, priority over any rights of the First Mortgagee of the Lot pursuant to its Mortgage in the case of a distribution to such Lot Owner of insurance proceeds or condemnation awards for losses to or a taking of the Lot and/or Common Area.

Section 22. Taxes

First Mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on hazard insurance policies for such Common Area, or secure new hazard insurance coverage for such Common Area on the lapse of a policy, and First Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of all First Mortgagees of Lots duly executed by the Association, and an original or certified copy of such agreement shall be possessed by Declarant.

Section 23. Maintenance Reserves

Association Assessments or charges shall include an adequate reserve component for maintenance, repair, and replacement of those elements of the Common Area that must be replaced on a periodic basis and which shall ordinarily be payable by Regular Assessments rather than by Special Assessments.

Section 24. Notice of Default

A First Mortgagee, upon request, shall be entitled to written notification from the Association of any default in the performance by the affected Lot Owner of any obligation under the Project Documents which is not cured within sixty (60) days.

Section 25. Contracts

Any agreement for professional management of the Project or any other contract providing for services of the Declarant shall not exceed three (3) years. Any such agreement must provide for

termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

Section 26. Working Capital Fund

If required by FHA/VA, FNMA or FHLMC as a condition of qualifying the Project for any mortgage purchase or other related program, a working capital fund shall be established for the Project by the contribution to such fund, by all Owners, of an amount not to exceed two (2) months Regular Assessments for each Lot owned.

Section 27. FHA/VA Approval

During any period of time that a mortgage on any portion of the Project is held, insured or guaranteed by FHA or VA, and as long as there is a Class B Membership, the following actions shall require the prior approval of FHA or VA: amendment of the Project Documents, annexation of additional property, dedication or mortgaging of the Common Area, merger or consolidation of the Association with another corporation.

Section 28. Compliance with FHA/VA, FHLMC or FNMA Requirements

In the event that any mortgage on a Lot is held, insured or guaranteed by either the Federal Housing Administration ("FHA"), the Veterans Administration ("VA"), the Federal Home Loan Mortgage Corporation ("FHLMC") or the Federal National Mortgage Association ("FNMA"), it is the intention of Declarant and the Owners that all of the Project Documents conform to the applicable requirements of FNMA, FHA, FHLMC and/or VA as necessary. In addition, all casualty and liability insurance covering any portion of the Project encumbered by a Mortgage insured by FHA, guaranteed by VA, or held by FHLMC or FNMA, shall therefore conform to the applicable FHA/VA, FHLMC or FNMA requirements. Declarant and all Lot Owners also agree that in the event the Project or the Project Documents do not comply with the applicable FHA/VA, FHLMC or FNMA requirements, the Board, the Declarant and each Owner shall take any action or adopt any resolutions required by any First Mortgagee to conform such Project Documents, or the Project, to the FHA/VA, FHLMC or FNMA requirements.

Section 29. Conflicts

In the event of a conflict between any of the provisions of this Article 9 and any other provisions of this Declaration, the provisions of this Article 9 shall control. In the event of a conflict between the provisions of the Project Documents and the provisions of any agreement required by FHA, VA, FNMA or FHLMC, the provisions of the Project Documents shall control.

ARTICLE 10

ENFORCEMENT OF DECLARANT'S DUTY TO COMPLETE THE PROJECT

Where any Common Area improvements in the Project have not been completed prior to the issuance of the Final Public Report, and where the Association is obligee under a bond or other arrangement ("Bond") to secure performance of the commitment of Declarant to complete such improvements, the Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension. A special meeting of Members of the Association for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question, shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing five percent (5%) or more of the total voting power of the Association. At such special meeting a vote of a majority of the voting power of the Association residing in Members present other than Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

BK3472 PG343

ARTICLE 11

ANNEXATION

Section 1. Annexing Additional Property

Additional real property may be annexed to the Project, become subject to the Project Documents and subject to the rights, powers and duties of the Association by either of the following methods:

(a) Annexation Pursuant to Plan

The real property described in Exhibit A ("Annexable Property"), or any portion thereof, may be annexed by its Owner to and become a part of the Project, subject to the Project Documents, and subject to the rights, powers and duties of the Association without the assent of the Association or its Members, on condition that:

(i) Any annexation pursuant to this subarticle shall be made with written consent of Declarant and prior to three (3) years from the date of the original issuance of the most-recently-issued Final Public Report for any Phase of the Project; provided, however, that Declarant shall be under no obligation to develop or annex said additional Phases and real property, and Declarant makes no representation with respect to whether or not such additional real property will ever be developed or annexed.

(ii) Any annexation pursuant to this subarticle shall not result in an unreasonable diminution of the benefits to, or an unreasonable increase in the burdens upon, existing Owners in the Project, and shall be consistent with the phasing plan presented to the California Department of Real Estate at the time of application for the original Final Public Report for the sale of Lots in the Project.

(iii) A Declaration of Annexation shall be recorded by Declarant and the owner of such property covering the applicable portion of the real property to be annexed. Said Declaration of Annexation shall incorporate this Declaration by reference and may contain such complimentary additions to and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added real property, and as are not inconsistent with the scheme of this Declaration. Said Declaration of Annexation shall include, among other provisions, designation of Lots and/or Common Areas for the purpose of this Declaration.

(iv) This Article 11 shall not be amended without the written consent of Declarant.

(b) Annexation Pursuant to Approval

Upon the approval of sixty-six and two-thirds percent (66 2/3%) of the voting power of the Association residing in Members other than Declarant, the owner of any real property who desires to annex it to the Project, to subject it to the Project Documents and to subject it to the rights, powers and duties of the Association may record a Declaration of Annexation in the manner described in the preceding sections (except that no approval of Declarant shall be required other than as part of the Membership approval).

2. Effect of Annexation

Upon annexation of a new Phase, the annexed parcel shall become part of the Project, subject to the Project Documents and subject to the rights, powers and duties of the Association to the same extent as the first Phase of the Project. Without limiting the foregoing, the Owners of Lots in a pre-existing project shall continue to have the same rights with respect to the use of the Common Area located within their property, and shall acquire a non-exclusive easement for use, enjoyment,

ingress and egress over any Common Area located within the new Phase; provided, however, that such rights shall be subject to the same conditions regarding use, enjoyment, ingress and egress as governs the Project. Upon the same conditions, the Owners of Lots in the new Phase shall acquire non-exclusive easements for use, enjoyment, ingress and egress in both the Common Area located within the pre-existing project and the Common Area located within the new Phase. Assessments shall commence as to all Lots in the new Phase on the first day of the month following the date of the close of escrow for the first sale of a Lot in such new Phase. The foregoing easements over the Project are hereby reserved for the benefit of the Owners of Lots in subsequent Phases.

Section 3. Deferred Common Area Maintenance Within Phase

Declarant shall pay to the Association, concurrently with the first sale, under authority of a Final Public Report, of a Lot in an annexed Phase, appropriate amounts for reserves for replacement or deferred maintenance of Common Area improvements in the annexed Phase necessitated by or arising out of the use and occupancy of Lots in the annexed Phase under a rental program conducted by Declarant which has been in effect for a period of at least one (1) year as of the date of the first sale, under authority of a final Public Report, of a Lot in the annexed Phase.

BK 3472 PG 345

ARTICLE 12

GENERAL PROVISIONS

Section 1. Equestrian Lots

Certain Lots located in the southernmost portion of Wexford Unit No. 1-A may be designated as Equestrian Lots at the time of annexation. These Lots are excepted from the restrictions set forth in Article 3, Section 5 above, except that Owners of Equestrian Lots shall be limited to a maximum of two horses per Lot, and the Owners of these Lots shall board/pasture their horses within the Utility Easement Area only. No horses are to be allowed north of said Utility Easement Area. Owners of Equestrian Lots abutting the public Equestrian Corridor, as shown on the Map, may install a gate in order to access the public Corridor. Each Owner shall provide a key for any private padlocks installed on such gates to the Association.

Section 2. Notices

Notices provided for in the Project Documents shall be in writing and shall be deemed sufficiently given when delivered personally or forty-eight (48) hours after deposit in the United States mail, postage prepaid, addressed to an Owner at the last address such Owner designates to the Association for delivery of notices, or in the event of no such designation, at such Owner's last known address, or if there be none, at the address of the

Owner's Lot. Notices to the Association shall be addressed to the address designated by the Association by written notice to all Owners.

Section 3. Notice of Transfer

No later than five (5) days after the sale or transfer of any Lot under circumstances whereby the transferee becomes the Owner thereof, the transferee shall notify the Association in writing of such sale or transfer. Such notice shall set forth: (i) the Lot involved; (ii) the name and address of the transferee and transferor; and (iii) the date of sale. Unless and until such notice is given, the Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Association. Prior to receipt of any such notification by the Association, any and all communications required or permitted to be given by the Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferor.

Section 4. Headings

The headings used in this Declaration and the attached Exhibits are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Declaration or the other Project Documents.

Section 5. Severability

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions shall not invalidate any other provisions.

Section 6. Exhibits

All exhibits referred to are incorporated herein by such reference.

Section 7. Easements Reserved and Granted

Any easements referred to in this Declaration shall be deemed reserved or granted, or both reserved and granted, by reference to this Declaration in a deed to any Lot.

Section 8. Binding Effect

This Declaration shall insure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of any Owner.

BK3472 PG346

Section 9. Conflict of Project Documents

If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order: Articles, Bylaws; and Rules and Regulations of the Association.

Section 10. Delivery of Project Documents to Transferee

Prior to the transfer of title to a Lot, the transferor shall provide to the prospective transferee a copy of the Project Documents and such other documents and information as are required by California Civil Code Section 1368.

Section 11. Termination of Declaration

This Declaration shall run with the land, and shall continue in full force and effect for a period of fifty (50) years from the date on which this Declaration is executed. After that time, this Declaration and all its covenants and other provisions shall be automatically extended for successive ten (10) year periods unless this Declaration is revoked by an instrument executed by Owners of not less than seventy-five percent (75%) of the Lots in the Project, and recorded in the Office of the Placer County Recorder within one year prior of the end of said 50-year period or any succeeding 10-year period.

BK3472 PG347

ARTICLE 13

AMENDMENT

Section 1. Amendment Prior to First Conveyance

Until the first conveyance, under authority of a Final Public Report, of a Lot in the Project, Declarant shall have the unilateral right to amend or revoke this Declaration, subject only to the requirements of California Business and Professions Code Section 11018.7.

Section 2. Amendment After First Conveyance

After the first conveyance, under authority of a Final Public Report, of a Lot in the Project, this Declaration shall be amended only as follows:

(a) Two Classes. So long as Class A and Class B Memberships exist, upon the vote or written assent of a majority of each class.

(b) Single Class. After conversion of Class B to Class A Memberships, upon the vote or written assent of a majority of the Association including a majority of the Members other than Declarant.

(c) Specific Provisions. The percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision.

Section 3. Department of Real Estate Approval

As required by Business and Professions Code Section 11018.7 no amendment of the provisions of the Project Documents which would materially affect the rights of Owners in the ownership, possession or use of their Lots or the Common Area shall be valid without the prior written consent of the California Real Estate Commissioner during the period of time when the Declarant, or its successors-in-interest, holds or directly controls one-fourth (1/4) or more of the votes that may be cast to effect such change.

Section 4. Approval of Placer County

No amendment of this Declaration which would materially revise or delete a provision conferring any right, easement or power on Placer County shall be valid without the prior written approval of Placer County.

Section 5. Mortgagor Approval

No amendment of a provision of this Declaration which requires the prior consent of a Mortgagor as set forth in Article 9 shall be effective without such prior consent.

Section 6. Amendment Instrument

An amendment shall become effective when it has received the required approvals and the Secretary of the Association has executed, acknowledged and recorded in the Office of the Placer County Recorder, an instrument expressing the amendment and certifying that the required approvals were received.

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The undersigned, being the Declarant herein, have executed this Declaration on Aug 9, 1988.

DECLARANT:

TREELAKE PARTNERS, a California General Partnership

By: The Lusk Company, a California Corporation, Partner

By: John W. Zellhofer

Title: V.P.

By: Moss & Howard, Inc., a California Corporation, Partner

By: Kelvin Moss 8/11/88

KELVIN MOSS, President

By: Mark Howard 8/4/88

MARK HOWARD
SECRETARY

DCK, a California Limited Partnership

By: George P. Dunmore

GEORGE P. DUNMORE, General Partner

By: KAHEM, INC., General Partner

By: Kelvin Moss 8/11/88

KELVIN MOSS, President

BK 3472 PG 349

STATE OF CALIFORNIA)
) PLACER) SS
COUNTY OF ~~SACRAMENTO~~)

On this 4th day of August, in the year 1988,
before me, the undersigned, a Notary Public in and for said
State, personally appeared MARK HOWARD, personally known to me
(or proved to me on the basis of satisfactory evidence) to be the
person whose name is subscribed to the within instrument as _____
of Moss & Howard, Inc., a partner in the general
partnership therein named, and acknowledged to me that the
general partnership executed it.

WITNESS my hand and official seal.



Darlene M. Gutierrez
Notary Public in and for said State

STATE OF California)
) SS
COUNTY OF Sacramento)

On this 4 day of August, in the year 1988,
before me, the undersigned, a Notary Public in and for said
State, personally appeared GEORGE P. DUNMORE, personally known to
me (or proved to me on the basis of satisfactory evidence) to be
the person whose name is subscribed to the within instrument as a
general partner of the limited partnership therein named, and
acknowledged to me that the limited partnership executed it.

WITNESS my hand and official seal.



Debbie Wetzel
Notary Public in and for said State

BK3472 PG351

STATE OF CALIFORNIA)
 PLACER) SS
COUNTY OF SACRAMENTO)

On this 4th day of August, in the year 1988,
before me, the undersigned, a Notary Public in and for said
State, personally appeared KELVIN MOSS, personally known to me
(or proved to me on the basis of satisfactory evidence) to be
the person whose name is subscribed to the within instrument as
President of Kahem, Inc., a general partner of the limited
partnership therein named, and acknowledged to me that the
limited partnership executed it.

WITNESS my hand and official seal.



Darlene M. Gutierrez
Notary Public in and for said State

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EXHIBIT A

Description of Annexable Lots

Lots 78 through 171 in Phases B and C, as set forth on the Tentative Map of Treelake Village Unit No. 1-A, adopted by the Placer County Board of Supervisors on March 31, 1987.

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