

COVER PAGE

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

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

RECORDING REQUESTED BY:
PLACER TITLE CO.

RECORDING REQUESTED BY:

PLACER Co Recorder's Office
JIM MCCAULEY, County Recorder

DOC - 95-0042262-00
Check Number 26489 MD
Monday, OCT 21, 1996 13:53:55
REG \$5.00/MIC \$3.00/AUT \$3.00
SRS \$2.00
T11 PR \$13.00 ABR-0000019894
REC/R1/1-3

AFTER RECORDING, RETURN TO:

Diamond Creek Partners, Ltd.
% Shaffer Management Company
191 Diamond Oaks Road
Roseville, CA 95678

Space Above Line for Member's Use

**FIRST AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
DIAMOND CREEK**

This First Amendment to Declaration of Covenants, Conditions and Restrictions for Diamond Creek ("First Amendment"), is made this 28th day of October, 1996, by Diamond Creek Partners, Ltd, a California limited partnership (hereinafter referred to as Declarant).

A. That certain Declaration of Covenants, Conditions and Restrictions for Diamond Creek (the "Declaration") was recorded on October 27, 1994, as Instrument No. 94-075608, Official Records of Placer County, California; and

B. Declarant desires to amend the Declaration to provide for implementation of City's TSM Ordinance and establishing Planned Development Guidelines for Parcels 1 and 2 of Parcel Map PM 94-13 (Book 28 of Parcel Maps, Page 136).

NOW THEREFORE, Declarant hereby amends the Declaration as follows:

1. Section 3.5 of Article 3, Use Restrictions, is added as follows:
3.5 TSM Ordinance. Parcels 1 and 2 of PM 94-13 shall be considered one (1) work site for purposes of implementing the City of Roseville's TSM Ordinance.
2. Section 3.6 of Article 3, Use Restrictions, is added as follows:
3.6 Planned Development Guidelines Obligation.

A. South Side of Pleasant Grove Creek. The first development application submitted to the City of Roseville for Parcel 1 or 2 of Parcel Map 94-13 shall submit a set of Planned Development Guidelines for the purpose of creating a design theme which will be used for circulation, site development criteria, landscaping and architecture, as appropriate, for the portions of Parcels 1 and 2, located on the south side of Pleasant Grove Creek.

B. North Side of Pleasant Grove Creek. When a development application for the north side of Pleasant Grove Creek is proposed, the applicant shall submit a set of Planned Development Guidelines to the City of Roseville, for the purpose of creating a design theme which will be used for circulation, site development criteria, landscaping and architecture for the portions of Parcels 1 and 2 of Parcel Map PM 94-13, located on the north side of Pleasant Grove Creek.

3. Section 3.7 of Article 3, Development Entitlement(s), is added as follows:

3.7 Development Entitlement(s). All future applications for Development Entitlement(s) will be subject to complete environmental review under the California Environmental Quality Act (CEQA) unless exempt, and that any future development of either Parcel 1 and/or Parcel 2 may be restricted due to on- and off-site constraints, such as topography, native oak trees, limited access, easements, noise attenuation from Pump Station #1, and/or setbacks from odors from Pump Station #1.

4. Except as herein provided, the Declaration shall continue in full force and effect.

above. IN WITNESS WHEREOF, Declarant has executed this document on the date first written

DECLARANT:

DIAMOND CREEK PARTNERS, LTD.,
a California limited partnership.

By: DIAMOND EQUITIES 360,
Its: General Partner

By: DIAMOND EQUITIES, INC.,
a California corporation

Its: General Partner

Date: 10-1-96

By: 
Its: President

Date: 10-1-96

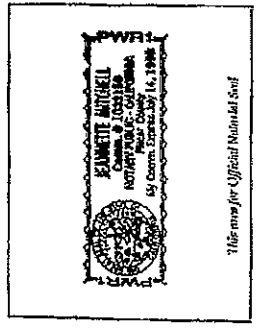
By: 
Its: Chief Financial Officer

STATE OF CALIFORNIA }
 COUNTY OF PLACER } SS.
 On OCTOBER 1, 1996, before me, JEANETTE MITCHELL
 PERSONALLY APPEARED GLENN E. SHAEFFER, JR. AND STEPHEN L. DES JARDINS

personally known to me ~~(XXXXXXXXXXXXXXXXXXXX)~~
 or were subscribed to the within instrument and acknowledged to me that ~~(XXXXXX)~~ they executed the same in ~~(XXXX)~~
 their respective capacities, and that by ~~(XXXXXX)~~
 their signatures on this instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature: 



OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- PRESIDENT & CHIEF FINANCIAL OFFICER
- PARTNER(S)
- LIMITED
- AT-ORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER:

DESCRIPTION OF ATTACHED DOCUMENT

1ST AMENDMENT TO CCERS
 TITLE OR TYPE OF DOCUMENT
 NUMBER OF PAGES: 2
 DATE OF DOCUMENT: 10-1-96

SIGNER IS REPRESENTING:
 NAME OF PARTNER OR OFFICER:
 DIAMOND EQUITIES, INC.

SIGNER(S) OTHER THAN NAMED ABOVE

ALL-PURPOSE ACKNOWLEDGEMENT 3

OCT 29 '98 01:13 SARTER MANAGEMENT CORP.

P.2/3

RECORDING REQUESTED BY
FIRST AMERICAN TITLE CO.

PLACER, County Recorder
JIM MCCAULEY Co. Recorder Office

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Diamond Creek Partners, Ltd.
Stephen L. Des Jardins
191 Diamond Oaks Rd.
Roseville, California 95678

DOC - 98-0089261
Check Number 260411
Thursday, OCT 29, 1998 14:34:09
REC \$6.00;MIC \$3.00;AUT \$4.00
SBS \$3.00;
TTL Pd \$16.00 Nbr-0000107359
REC/R2/1- 5

SPACES ABOVE RESERVE FOR RECORDERS USE

7-15154
906272CB

**SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR DIAMOND CREEK**

This Second Amendment to Declaration of Covenants, Conditions and Restrictions for Diamond Creek ("Second Amendment") is made this 28th day of October, 1998 by Diamond Creek Partners, Ltd., a California limited partnership (hereinafter referred to as "Declarant").

Recitals

- A. Declarant has caused certain Declaration of Covenants, conditions and restrictions for Diamond Creek ("Original Declaration") to be recorded on October 27, 1994 as Instrument Number 94-07508 in the Official Records of Placer County, California. The Original Declaration was subsequently amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions for Diamond Creek ("First Amendment") recorded on October 21, 1996 as Instrument Number 96-6082262-00 in the Official Records of Placer County. The Original Declaration, as modified by the First Amendment, is hereinafter defined as the "Declaration." The Declaration is recorded against the real properties described in Exhibit A attached hereto.
- B. Declarant desires to amend certain of the provisions of the Declaration in accordance with the provisions of this Second Amendment and in accordance with the provisions of Section 7.2 thereof.

NOW THEREFORE, Declarant hereby states the following:

Agreement

- 1. Article 2 of the Declaration. The following sentences are added to the end of Article 2 to the Declaration:

Without the unanimous written consent of all Owners, no form of "homeowner's association dues" or related monetary lien concerning such association dues shall be assessed to any Owner or their successors or

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10/28/98.VI

assigns as part of these CC&R's, provided that such limitation shall not affect any Owner's obligations set forth in the Declaration.

2. Article 7.2 of the Declaration. Notwithstanding the provisions of Section 7.2 of the Declaration, in no event shall the Declaration be amended in either of the following respects without the unanimous written consent of all Owners proposed to be affected thereby: (a) the imposition of any Homeowner's Association dues or monetary lien therefor, and (b) any manner which would materially impair such Owner's intended use of its Lot or Parcel in accordance with the uses permitted by the Development Agreement, or any amendment thereof affecting such Lot or Parcel.

3. Parcel 8 and 34 - Lane - is an Infill for Blue Oaks Boulevard. Pursuant to the North Roseville Specific Plan adopted by the City on August 6th, 1997 ("NSRP"), the long term improvement plans for Blue Oaks Boulevard adjacent to parcels 8 and 34 within the Property are to build six (6) full traffic lanes, three (3) east-bound and three (3) west-bound; the City of Roseville has also reserved additional right-of-way that could allow Blue Oaks Boulevard to be improved with eight (8) full traffic lanes. Blue Oaks Boulevard is intended to become a major expressway, adjacent to Parcels 8 and 34, serving not only residential development in the area, but also commercial and industrial development within the surrounding area, including without limitation, the 500-acre Levyett-Peckard Roseville Campus located south of Blue Oaks Boulevard and west of Foothills Boulevard.

All types of vehicles and traffic are expected to use Blue Oaks Boulevard, including without limitation, eighteen-wheeler freight and commercial trucks serving the supply and distribution needs of local and regional industrial and commercial developments. Such vehicles and trucks will be traveling along Blue Oaks Boulevard at all times of the day and night, as required to serve the industrial and commercial developments. These types of vehicles and traffic, together with the speeds associated with a major 6-lane (and possibly 8-lane) expressway, can be expected to generate considerable noise and vibration within the vicinity of the roadway.

This Article is intended to notify every homeowner within Parcels 8 and 34 of the long-term plans for the improvement of Blue Oaks Boulevard as a major 6-lane (and possible 8-lane) expressway and of the potential noise and traffic impacts that can be anticipated therefrom. This Article shall not be modified, amended or terminated without the written consent of the City of Roseville and shall remain in force and effect for the term of this Declaration or thirty (30) years from the date of recording hereof, whichever occurs later.

4. First Amendment. Upon the date of recording of this Second Amendment, the provisions of the First Amendment shall become null and void and of no further force and effect.

5. Ratification. Except as modified hereby, the Declaration is ratified, affirmed and remains in full force and effect.

IN WITNESS WHEREOF, Declarant has executed this Second Amendment on the date first written above.

DECLARANT:

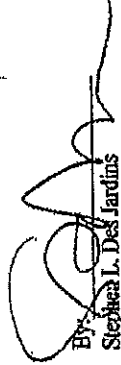
DIAMOND CREEK PARTNERS, LTD., a California limited partnership

By: **DIAMOND EQUITIES 369**,
a California limited partnership
Its: General Partner

By: **DIAMOND CREEK EQUITIES, INC.**,
a California corporation
Its: General Partner

By: 
Glenn E. Shaffer,
President

Its: President

By: 
Stephen L. Des Jardins
Chief Financial Officer

Its:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA))

COUNTY OF PLACER))

On October 24, 1998, before me, MARY STEINER Notary Public, personally appeared - Glenn E. Shaffer, Jr. & STEPHEN L. DE JUANES

personally known to me - OR -

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Mary Steiner
(SIGNATURE OF NOTARY)

OPTIONAL SECTION

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

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

In My Capacity of County Clerk of Placer County, California, I do hereby certify that the above described instrument is a true and correct copy of the original as recorded in the Public Records of Placer County, California.
10-28-98

Though the date requested here is not required by law, it could prevent fraudulent reattachment of this form.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA))

COUNTY OF PLACER))

On October 24, 1998, before me, _____ Notary Public, personally appeared _____

personally known to me - OR -

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(SIGNATURE OF NOTARY)

OPTIONAL SECTION

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

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

Though the date requested here is not required by law, it could prevent fraudulent reattachment of this form.

EXHIBIT "A"

All that certain real property in the City of Roseville, County Placer, State of California, described as follows:

Parcels 1A, 1B, 2, 3, 4, 5, 6, 7, 8, 9A, 9B, 30, 31, 32, 33, 34, 35, 51, 52, 53, 54, 70, 80, 81, 90 and 91 as shown and designated on that certain Large Lot Subdivision Map entitled "Plat of Diamond Creek, Being Parcel 1, 28 PM 35, Parcels 1 & 2, 28 PM 136 and A Portion of Parcel 2, 20 PM 126, P.C.R.", filed for record in the office of the County Recorder of Placer County, California, on July 22, 1998 in Book U of Maps, Page 86, Official Records.

5

P. 03

FAX NO. 9168278712

FACD00 SP PROJ SACTO OCT-29-98 THU 12:52 PM

RECORDING REQUESTED BY
FIRST AMERICAN TITLE CO.
90699S

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

TRINOR ROBERTSON
Jay Heckenlively
Post Office Box 25824
Sacramento, California 95865-5824

PLACER, County Recorder
JIM MCCAULEY Co Recorder Office

DOC - 99-0025181
Check Number 3054 mb
Monday, MAR 22, 1999 10:57:28
REC \$7.00 MIC \$3.00 AUT \$5.00
SSS \$4.00
TTL Pd \$19.00 Nbr-0000163626
REC/R2/1-5

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**THIRD AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR DIAMOND CREEK**

This Third Amendment to Declaration of Covenants, Conditions and Restrictions for Diamond Creek ("**Third Amendment**") is made this 17th day of March, 1999 by Diamond Creek Partners, Ltd., a California limited partnership (hereinafter referred to as "**Declarant**").

Recitals

A. Declarant has caused that certain Declaration of Covenants, conditions and restrictions for Diamond Creek ("**Original Declaration**") to be recorded on October 27, 1994 as Instrument Number 94-075608 in the Official Records of Placer County, California. The Original Declaration was subsequently amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions for Diamond Creek ("**First Amendment**") recorded on October 21, 1996 as Instrument Number 96-0062262-00 in the Official Records of Placer County. The Original Declaration was again amended by that certain Second Amendment to Declaration of Covenants, Conditions and Restrictions for Diamond Creek ("**Second Amendment**") recorded on October 29, 1998 as Instrument Number 98-0089261 in the Official Records of Placer County. The Original Declaration, as modified by the First Amendment and Second Amendment, is hereinafter defined as the "Declaration." The Declaration is recorded against the real properties described in Exhibit A attached hereto.

B. Declarant intends to convey to the City of Roseville Parcel 90 of the property encumbered by the Declaration for use as an electrical substation.

C. Declarant desires to amend the Declaration for the purpose of removing Parcels 90, 9A, and 9B from the Declaration in accordance with the provisions of this Third Amendment.

NOW THEREFORE, Declarant hereby states the following:

Agreement

1. Removal of Parcels. Parcels 90, 9A, and 9B are hereby removed from the Declaration. The legal description attached as Exhibit A to the Declaration shall be substituted and replaced with the legal description attached hereto as Exhibit B.

2. Ratification. Except as modified hereby, the Declaration is ratified, affirmed and remains in full force and effect.

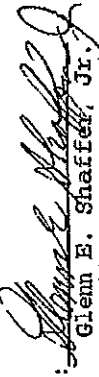
IN WITNESS WHEREOF, Declarant has executed this Third Amendment on the date first written above.

DECLARANT:

DIAMOND CREEK PARTNERS, LTD., a
California limited partnership

By: DIAMOND EQUITIES 360,
a California limited partnership
Its: General Partner

By: DIAMOND CREEK EQUITIES, INC.,
a California corporation
Its: General Partner

By: 
Glenn E. Shaffet, Jr.
Its: President

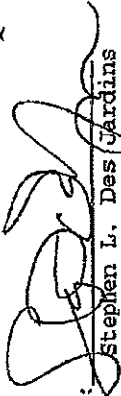
By: 
Stephen L. DesJardins
Its: Chief Financial Officer

EXHIBIT A

Description of Property

All that certain real property in the City of Roseville, County of Placer, State of California, described as follows:

PARCELS 1A, 1B, 2, 3, 4, 5, 6, 7, 8, 9A, 9B, 30, 31, 32, 33, 34, 50, 51, 52, 53, 54, 70, 80, 81, 90 AND 91 AS SHOWN AND DESIGNATED ON THAT CERTAIN LARGE LOT SUBDIVISION MAP ENTITLED "PLAT OF DIAMOND CREEK, BEING PARCEL 1, 28 PM 35, PARCELS 1 & 2, 28 PM 136 AND A PORTION OF PARCEL 2, 20 PM 126, P.C.R.," FILED FOR RECORD IN THE OFFICE OF THE COUNTY RECORDER OF PLACER COUNTY, CALIFORNIA, ON JULY 22, 1998, IN BOOK U OF MAPS, PAGE 86, OFFICIAL RECORDS.

EXHIBIT B

Revised Description of Property

All that certain real property in the City of Roseville, County of Placer, State of California, described as follows:

PARCELS 1A, 1B, 2, 3, 4, 5, 6, 7, 8, 30, 31, 32, 33, 34, 50, 51, 52, 53, 54, 70, 80, 81 AND 91 AS SHOWN AND DESIGNATED ON THAT CERTAIN LARGE LOT SUBDIVISION MAP ENTITLED "PLAT OF DIAMOND CREEK, BEING PARCEL 1, 28 PM 35, PARCELS 1 & 2, 28 PM 136 AND A PORTION OF PARCEL 2, 20 PM 126, P.C.R.," FILED FOR RECORD IN THE OFFICE OF THE COUNTY RECORDER OF PLACER COUNTY, CALIFORNIA, ON JULY 22, 1998, IN BOOK U OF MAPS, PAGE 86, OFFICIAL RECORDS.

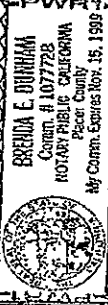


CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF PLACER }

On MARCH 17, 1999, before me, BRENDA DUNHAM
Notary Public, personally appeared - GLENN E. SHAFER, JR. - STEPHEN L. DES JARDINS

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Brenda E. Dunham
(SIGNATURE OF NOTARY)

OPTIONAL SECTION

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

NUMBER OF PAGES _____ DATE OF DOCUMENT _____

Though the data requested here is not required by law, it could prevent fraudulent attachment of this form.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF PLACER }

On _____, 1999, before me,
Notary Public, personally appeared _____

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

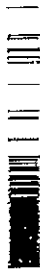
(SIGNATURE OF NOTARY)

OPTIONAL SECTION

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

NUMBER OF PAGES _____ DATE OF DOCUMENT _____

Though the data requested here is not required by law, it could prevent fraudulent attachment of this form.



3

PTCO Accon 9241 LS
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

TRAINOR ROBERTSON
Jay Heckenlively, Esquire
Post Office Box 255824
Sacramento, California 95865-5824



PLACER County Recorder
JIM MCCULLY Co Recorder Office
DOC-2000-0069965

Check Number 4850 dtm
Thursday, SEP 21, 2000 14:55:59
REC \$8.00 MIC \$3.00 AUT \$5.00
SBS \$5.00
Ttl Pd \$22.00
Not-0000356460
rec/rl/1-6

SPACE ABOVE THIS LINE FOR RECORDER'S USE

RECORDING REQUESTED BY:
FIRST AMERICAN TITLE

FOURTH AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR DIAMOND CREEK

This Fourth Amendment to Declaration of Covenants, Conditions and Restrictions for Diamond Creek ("Fourth Amendment") is made this 15th day of June, 2000 by Diamond Creek Partners, Ltd., a California limited partnership (hereinafter referred to as "Declarant").

Recitals

A. Declarant has caused that certain Declaration of Covenants, conditions and restrictions for Diamond Creek ("Original Declaration") to be recorded on October 27, 1994 as Instrument Number 94-075608 in the Official Records of Placer County, California. The Original Declaration was subsequently amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions for Diamond Creek ("First Amendment") recorded on October 21, 1996 as Instrument Number 96-0062262-00 in the Official Records of Placer County. The Original Declaration was again amended by that certain Second Amendment to Declaration of Covenants, Conditions and Restrictions for Diamond Creek ("Second Amendment") recorded on October 29, 1998 as Instrument Number 98-0089261 in the Official Records of Placer County. The Original Declaration was again amended by that certain Third Amendment to Declaration of Covenants, Conditions and Restrictions for Diamond Creek ("Third Amendment") recorded on March 22, 1999, as Instrument Number ** in the Official Records of Placer County. The Original Declaration, as modified by the First Amendment, Second Amendment, and Third Amendment is hereinafter defined as the "Declaration." The Declaration is recorded against the real properties ("Properties") described in Exhibit A attached hereto. **99-25181

B. Declarant desires to amend the Declaration for the purpose of satisfying certain requirements imposed upon the merchant builders which are subject to the Declaration in accordance with the provisions of this Fourth Amendment.

NOW THEREFORE, Declarant hereby states the following:

Agreement

1. Water Softeners. Any and all residential units constructed within the Properties shall not utilize any type of water softener prohibited in accordance with the requirements set forth in the Development Agreement between the City of Roseville and Declarant, dated September 19, 1997, as amended.

X

2. Ratification. Except as modified hereby, the Declaration is ratified, affirmed and remains in full force and effect.

IN WITNESS WHEREOF, Declarant has executed this Fourth Amendment on the date first written above.

DECLARANT:

DIAMOND CREEK PARTNERS, LTD., a California limited partnership

By: DIAMOND EQUITIES 360, a California limited partnership
Its: General Partner

By: DIAMOND CREEK EQUITIES, INC.,
A California corporation
Its: General Partner

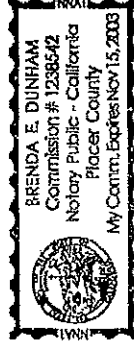
By: 
Stephen L. Des Jardins
Its: Chief Financial Officer

STATE OF CALIFORNIA
County of Placer

ACKNOWLEDGMENT

On August 16, 2000 before me, Brenda E. Dunham, Notary Public, personally appeared Stephen L. Des Jardins personally known to me 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.



Signature Brenda E. Dunham

2

EXHIBIT A

All that certain real property situate in the City of Roseville, County of Placer, State of California, described as follows:

Parcel One:

Parcels 1B and 1C as shown on the Parcel Map filed in the office of the County Recorder of Placer County, California on May 27, 1999 in Book 29 of Parcel Maps, at page 123.

Parcel Two:

A portion of the tracts of land shown and designated as Parcel 1A, Parcel 2 and Northpark Drive on the plat of Diamond Creek Large Lot Subdivision filed in Book U of Maps at page 86, Placer County Records, located in Section 17, Township 11 North, Range 06 East, MDM., City of Roseville, Placer County, California.

Beginning at the Southwest corner of the above described Parcel 2, thence from the point of beginning North 00 degrees 02 minutes 43 seconds West along the Westerly line of said Parcel 2 and the above described Parcel 1A for a distance of 1218.84 feet; thence, leaving said Westerly line North 89 degrees 55 minutes 00 seconds East for a distance of 167.36 feet; thence South 81 degrees 01 minutes 02 seconds East for a distance of 65.80 feet; thence South 72 degrees 17 minutes 16 seconds East for a distance of 89.75 feet; thence South 83 degrees 06 minutes 31 seconds East for a distance of 81.83 feet; thence North 79 degrees 43 minutes 08 seconds East for a distance of 161.91 feet; thence North 84 degrees 45 minutes 30 seconds East for a distance of 159.99 feet; thence North 77 degrees 39 minutes 22 seconds East for a distance of 170.24 feet; thence South 00 degrees 02 minutes 43 seconds East for a distance of 109.18 feet; thence South 17 degrees 30 minutes 58 seconds East for a distance of 46.00 feet; thence along the arc of a non-tangent curve to the right, concave Southerly, having a radius of 327.00 feet, a central angle of 34 degrees 11 minutes 05 seconds, a length of 195.10 feet and a chord bearing North 89 degrees 34 minutes 35 seconds East for a distance of 192.22 feet to a point on the Northerly line of said Parcel 2; thence along the Easterly and Southerly lines of Parcel 2 the following thirteen (13) consecutive courses and distances:

1. South 73 degrees 19 minutes 53 seconds East for a distance of 49.84 feet;
2. along the arc of a tangent curve to the left, concave Northerly, having a radius of 1022.00 feet, a central angle of 06 degrees 48 minutes 02 seconds, a length of 121.30 feet and a chord bearing South 76 degrees 43 minutes 54 seconds East for a distance of 121.23 feet to a point of reverse curvature;
3. along the arc of a tangent curve to the right, concave Southwesterly, having a radius of 26.00 feet, a central angle of 87 degrees 02 minutes 47 seconds, a length of 39.50 feet and a chord bearing South 36 degrees 36 minutes 32 seconds East for a distance of 35.81 feet;
4. South 06 degrees 54 minutes 52 seconds West for a distance of 259.13 feet;
5. along the arc of a tangent curve to the right, concave Northwesterly, having a radius of 477.00 feet, a

central angle of 34 degrees 05 minutes 46 seconds, a length of 283.86 feet and a chord bearing South 23 degrees 57 minutes 45 seconds West for a distance of 279.69 feet;

6. South 41 degrees 00 minutes 38 seconds West for a distance of 273.10 feet;

7. along the arc of a tangent curve to the left, concave Southeasterly, having a radius of 523.00 feet, a central angle of 31 degrees 18 minutes 38 seconds, a length of 285.81 feet and a chord bearing South 25 degrees 21 minutes 19 seconds West for a distance of 282.26 feet to a point of reverse curvature;

8. along the arc of a tangent curve to the right, concave Northwesterly, having a radius of 26.00 feet, a central angle of 89 degrees 20 minutes 12 seconds, a length of 40.54 feet and a chord bearing South 54 degrees 22 minutes 06 seconds West for a distance of 36.56 feet;

9. North 80 degrees 57 minutes 48 seconds West for a distance of 178.49 feet;

10. along the arc of a tangent curve to the left, concave Southerly, having a radius of 723.00 feet, a central angle of 23 degrees 07 minutes 03 seconds, a length of 291.71 feet and a chord bearing South 87 degrees 28 minutes 41 seconds West for a distance of 289.74 feet;

11. South 75 degrees 55 minutes 09 seconds West for a distance of 118.06 feet;

12. along the arc of a tangent curve to the right, concave Northerly, having a radius of 677.00 feet, a central angle of 14 degrees 02 minutes 08 seconds, a length of 165.84 feet and a chord bearing South 82 degrees 56 minutes 13 seconds West for a distance of 165.43 feet; and

13. South 89 degrees 57 minutes 17 seconds West for a distance of 57.30 feet to the point of beginning.

Said land also being shown as "Resultant Parcel 2" of Certificate of Compliance recorded December 11, 1998, as Document Series No. 98-0104556, Placer County Record.

Parcel Three:

Parcels 3, 4, 5, 7 and 8 as shown on that certain map entitled "Plat of Diamond Creek Large Lot Subdivision", filed in the office of the County Recorder of Placer County, California on July 22, 1998, in Book U of Maps, at page 86.

Parcel Four:

A portion of the tracts of land shown and designated as Parcel 1A, Parcel 2 and Northpark Drive on the plat of Diamond Creek Large Lot Subdivision filed in Book U of Maps at page 86, Placer County Records, located in Section 17, Township 11 North, Range 06 East, MDM., City of Roseville, Placer County, California.

Beginning at the Northwest corner of the above described Parcel 1A; thence from the point of beginning North 89° 27' 59" East along the Northerly line of said Parcel 1A for a distance of 876.29 feet; thence, leaving said Northerly line South 00° 01' 12" West for a distance of 465.02 feet; thence North 89° 27' 59" East for a distance of 82.95 feet; thence along the arc of a tangent curve to the left, concave Northwesterly, having a radius of 22.00 feet, a central angle of 84° 23' 01", a length of 32.40 feet and a chord bearing North 47° 16' 29" East for a distance of 29.55 feet to a point of reverse curvature; thence along the arc of a tangent curve to the right, concave Easterly, having a radius of 623.00 feet, a central angle of 00° 27' 38", a

length of 5.01 feet and a chord bearing North 05° 18' 47" East for a distance of 5.01 feet; thence South 84° 55' 01" East for a distance of 46.00 feet; thence along the arc of a non-tangent curve to the right, concave Easterly, having a radius of 577.00 feet, a central angle of 05° 37' 31", a length of 56.65 feet and a chord bearing South 02° 46' 03" West for a distance of 56.63 feet; thence South 00° 02' 43" East for a distance of 12.74 feet; thence North 89° 57' 17" East for a distance of 120.00 feet to the Northwesterly corner of the tract of land shown and designated as Parcel 70 on said plat of Diamond Creek, an angle point in the Easterly line of Parcel 1A; thence South 00° 02' 43" East along the Easterly line of Parcel 1A for a distance of 1025.63 feet to the Southerly most Southeast corner thereof; thence North 73° 19' 53" West along the Southerly line of Parcel 2 for a distance of 42.39 feet; thence, leaving said Southerly line and along the arc of a tangent curve to the left, concave Southerly, having a radius of 373.00 feet, a central angle of 34° 11' 05", a length of 222.55 feet and a chord bearing South 89° 34' 35" West for a distance of 219.26 feet; thence North 00° 02' 43" West for a distance of 109.18 feet; thence South 77° 39' 22" West for a distance of 170.24 feet; thence South 84° 45' 30" West for a distance of 159.99 feet; thence South 79° 43' 08" West for a distance of 161.91 feet; thence North 83° 06' 31" West for a distance of 81.83 feet; thence North 72° 17' 16" West for a distance of 89.75 feet; thence North 81° 01' 02" West for a distance of 65.80 feet; thence South 89° 55' 00" West for a distance of 167.36 feet to a point on the Westerly line of Parcel 1A; thence North 00° 02' 43" West along said Westerly line for a distance of 1443.00 feet to the point of beginning.

Said land also being shown as "Resultant Parcel 1A" of Certificate of Compliance recorded December 11, 1998, as Document Series No. 98-0104556, Placer County Record.

EXCEPTING THEREFROM Lots 1 through 146 as shown on the map of Diamond Creek Unit 1A, Phase 1, recorded in Book W of Maps, at Page 15, Official Records of Placer County, California.

Parcel Five:

Lots 1 through 146 as shown on the map of Diamond Creek Unit 1A, Phase 1, recorded in Book W of Maps, at Page 15, Official Records of Placer County, California.

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COVER PAGE

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

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

RECORDING REQUESTED BY:

The undersigned Title Company hereby certifies that the
within instrument is a true and complete copy of the original
thereof, which was recorded in the official records of the
County of Placer on 6/17/2013 under
Recorder's Series No: 2013-0059612

WHEN RECORDED RETURN TO:

Mr. Don Barnett
Lennar Homes of California, Inc.
1420 Rocky Ridge Dr., Ste. 320
Roseville, CA 95661

North American Title Company

BY: 
Lucy Benches

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
CHATEAU AT DIAMOND CREEK
A Residential Planned Development

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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS FOR
CHATEAU AT DIAMOND CREEK**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR CHATEAU AT DIAMOND CREEK ("Declaration") is made by LENNAR HOMES OF CALIFORNIA, INC., a California corporation ("Declarant"), being the owner of that certain real property subject to this Declaration, and hereinafter more particularly described.

WITNESSETH:

WHEREAS, Declarant is the owner of the following real property located in the City of Roseville, County of Placer, State of California ("Properties"), more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference.

The development of the Properties is the first phase of a proposed three (3) phase planned development. The first phase is planned to be constructed on Lots 85 through 131, inclusive, of Diamond Creek 31B, Village 1. Phase I will consist of forty-seven (47) residences. There is no guarantee that all proposed phases will be completed, or that the number of Lots will be developed as described above.

WHEREAS, it is the desire and intention of Declarant to sell and convey residential Lots within the Properties to various individuals subject to certain basic protective restrictions, limitations, easements, covenants, reservations and charges between it and the purchasers or users of said Properties, as hereinafter set forth.

NOW, THEREFORE, Declarant hereby declares that all of the real property described above, is, and shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof. The provisions of this Declaration shall be enforceable by any of the Owners of an interest in the real property above described, against any other Owner or Owners thereof, and shall also be enforceable by the Board of Directors of the Association, which shall be created for the purpose of governing this Community.

**ARTICLE I
DEFINITIONS**

Section 1.1. Terms. Whenever used in this Declaration, the following terms shall have the following meanings:

1.1.1.1 *Alleys* shall mean and refer to the twenty foot (20') wide portions of adjoining private Lots, located along the rear boundary line of the Lots and shown on said Final Map of Diamond Creek 31B, Village 1, Subdivision 000050, as "10' PRE (Private Road Easement)", that are subject to easements for vehicular and pedestrian access, ingress and egress for the benefit of the Lots of which they are a part, shown on the filed Map Diamond Creek 31B, Village 1, Subdivision 000050, designated as Matthews Run Way, Lyon Place, Macon Place, Montblanc Place, St. Arnel Place, Dijon Place and Dommarin Place, each of which shall be maintained by the Association as a part of the Association Maintenance Areas as further provided herein. Additional Alleys will be shown on the Final Maps of the Annexable Property.

1.1.2 *Annexation* shall mean the addition of real property and all improvements thereto into the scheme created by this Declaration. Upon such annexation, the annexed property shall be governed by, and subject to each and every provision of this Declaration and any amendments thereto. The procedures for annexation of property are set forth in Article 15.

1.1.3 *Annexable Property* shall mean and refer to the real property which may be annexed to the Community by Declarant without the consent of the Association, in accordance with the provisions of Section 15.1 hereof. The Annexable Property is that certain real property described in Exhibit "B" attached hereto and incorporated herein by this reference.

1.1.4 *Articles or Articles of Incorporation* shall mean and refer to the Articles of Incorporation of the Association as the same may be amended from time to time.

1.1.5 *Association* shall mean and refer to CHATEAU AT DIAMOND CREEK COMMUNITY ASSOCIATION, a California nonprofit mutual benefit corporation, its successors and assigns.

1.1.6 *Association Maintenance Areas* shall mean and refer to the Alleys, the Paseos and sidewalks, landscaping, and related irrigation, drainage and utility lines and improvements therein, and the front yard landscaping within all Lots, the boundary walls within Lots, and certain water utility lines on some Lots in the Community, for which the Association shall have maintenance responsibility, as described in Section 2.4 below.

1.1.7 *Association Records* shall mean and refer to all documents to be maintained by the Association and available for Member's inspection and copying pursuant to California Civil Code Section 1365.2.

1.1.8 *Board or Board of Directors* shall mean and refer to the governing body of said Association.

1.1.9 *Budget* shall mean and refer to the annual pro forma operating statement for the Association described in Section 6.2 hereof. The Budget shall be applicable to all Lots within the Properties and shall contain the financial information required by Section 6.2.

1.1.10 *Bylaws* shall mean the duly adopted Bylaws of the Association as the same may be amended from time to time.

1.1.11 *Community* shall mean the Properties and all improvements thereon.

1.1.12 *Declarant* shall mean and refer to Lennar Homes of California, Inc., a California corporation, its successors and assigns, if such successors or assigns should acquire more than one (1) undeveloped Lot from Declarant for the purpose of development and are designated by Declarant as the Declarant for the purpose hereof by a duly recorded written instrument, or successors of Declarant by operation of law or by exercise of the remedies under a mortgage, deed of trust or deed in lieu of foreclosure, and who expressly elects to assume the rights and duties of Declarant with respect to the acquired real property.

1.1.13 *Declarant Party* shall mean and refer to any director, officer, partner, member, employer, contractor, design professional, consultant, subcontractor or agent of Declarant.

1.1.14 *Declaration* shall mean and refer to this enabling Declaration of Covenants, Conditions, Covenants and Restrictions and Reservation of Easements for Chateau at Diamond Creek, as the same may be amended, changed or modified, from time to time.

1.1.15 *Institutional Lender* shall mean a Mortgagee, which is a bank, savings and loan association, established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

1.1.16 *Lot* shall mean and refer to any plot of land within the Properties shown upon any recorded subdivision map of the Properties.

1.1.17 *Member* shall mean an Owner with a membership in the Association.

1.1.18 *Mortgage* shall mean and refer to a deed of trust as well as a Mortgage.

1.1.19 *Mortgagee* shall mean a person or entity to whom a Mortgage is made, and shall include the beneficiary of a deed of trust.

1.1.20 *Mortgagor* shall mean a person or entity that mortgages his, her or its property to another, i.e., the maker of a Mortgage, and shall include the trustor of a deed of trust.

1.1.21 *Off-Site Maintenance Areas* shall mean and refer to those certain improvements located outside of the Properties, for which the Association shall have maintenance responsibility, as further provided in Section 2.7 below. The Off-Site Maintenance Areas proposed to be maintained by the Association upon completion of the Community consist of portions of Alleys located on adjacent properties, if any. Additional portions of the Off-Site Maintenance Areas to be maintained by the Association in connection with future Phases, if any, may be described in future Notices of Annexation recorded with future Phases, if any, Property in such Phases, or other appropriate recorded document.

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

1.1.23 *Phase* shall mean and refer to the eight foot (8') wide portions of adjacent private Lots, and shown on said Final Map of Diamond Creek 31B, Village 1, Subdivision 000050, as "4' PPE (Private Pedestrian Easement)" located along the front boundary line of the Lots, including landscaping and a four foot (4') wide sidewalk, that are subject to easements for pedestrian access, ingress and egress for the benefit of the Lots of which they are a part, shown on the filed Final Map of Diamond Creek 31B, Village 1, Subdivision 000050, each of which shall be maintained by the Association as a part of the Association Maintenance Areas as further provided herein.

1.1.24 *Phase* shall mean one of the proposed three (3) phases of development of this residential planned development.

1.1.25 *Properties* shall mean and refer to that certain real property located in Placer County, California, hereinbefore described and such additions thereto as may hereafter be brought within the jurisdiction of the Association through the annexation procedures set forth in Article 15.

1.1.26 *Residence* shall mean a private single family dwelling constructed or to be constructed on any Lot in the Community.

1.1.27 *Yard Easement Areas* shall mean and refer to those portions of the side yards and/or rear yards of certain private Lots, over which the Owners of the Lots adjacent thereto have exclusive easements for use and enjoyment as private yard areas, as described in Section 2.8 below, and as depicted on Exhibit "E-1" attached hereto and incorporated herein by this reference, and as may be described in future Notices of Annexation recorded with respect to the Annexable Property.

Section 1.2. Applicability of Terms. The aforesaid definitions shall be applicable to this Declaration and to any supplements or amendments thereto (unless the context shall prohibit) recorded pursuant to the provisions of this Declaration.

ARTICLE 2 EASEMENTS AND ASSOCIATION MAINTENANCE AREAS

Section 2.1. Easements. The ownership interests in the Lots are subject to the easements granted and reserved in this Declaration. Each of the easements reserved or granted herein shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots, the Association, the Declarant, and the Owner thereof, and each of their respective properties, superior to all other encumbrances applied against or in favor of any portion of the Community. Individual grant deeds to Lots may, but shall not be required to, set forth the easements specified in this Article or elsewhere in this Declaration.

Section 2.2. Utility and Drainage Easements. Declarant hereby grants, reserves, and establishes nonexclusive easements over, under, and through each and every Lot and the Association Maintenance Areas within the Community (the "*Special Easement Area*") as

necessary for the installation, operation and maintenance of underground utility conduits and lines for the sole purpose of providing utilities to such Lots.

2.2.1 Each Lot which obtains electrical power or other utilities through an underground utility conduit located within a Special Easement Area of another Lot or Lots, is hereby granted and shall have the benefit of a nonexclusive easement through and under such Lot or Lots for the installation, operation and maintenance of such conduit, and the utility lines therein, subject to the restrictions hereinafter set forth.

2.2.2 Each Lot containing a Special Easement Area within which there lies an underground utility conduit and utility lines is hereby declared to be, and shall be conveyed by subject to, a nonexclusive easement by reservation for the benefit of the Lot or Lots serviced by such conduit, and the utility lines therein, subject to the restrictions hereinafter set forth.

2.2.3 Said easements granted and reserved shall include incidental rights of installation, operation and maintenance subject to the following limitations:

(a) Repair and replacement of the utility lines within any such conduit shall be performed only at either end of the conduit;

(b) Excavation of any such conduit for any purpose is expressly prohibited except at either end thereof.

2.2.4 Easements for installation, maintenance, inspection, repair, removal and replacement of all manner of utilities, sewer pipelines and facilities and drainage facilities over each of the Lots, and all pipelines and other facilities located and to be located in said easements, are hereby reserved by Declarant, where such facilities are installed and as may be shown on the recorded Maps of the Community, together with the right and power to grant and assign such easements to the Association, any public entity or public utility, as appropriate in accordance with the plan of development for the Community. Within such easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of the flow of drainage channels, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which the Association, a public authority or a utility is responsible. In addition, all sewer pipelines and other sewer facilities located or to be located within public roads, streets and highways abutting each of the Lots are reserved.

2.2.5 The easements hereinabove described shall bind and inure to the benefit of Declarant's heirs, personal representatives, successors and assigns.

2.2.6 Subject easements shall be construed as covenants running with the land, or equitable servitudes as necessary to achieve Declarant's intent. Declarant hereby acknowledges that it is its express intent to subject each Lot within the Community which contains an underground utility conduit, as described hereinabove, to such restrictions, covenants, easements, and servitudes as are necessary to provide for the continued operation and existence of such

utility conduit and utility lines.

Section 2.3. Off-Site Maintenance Areas. Subject to the grant of appropriate easements or permits for such purposes to the Association, the Association shall have the responsibility to maintain the private street improvements in Parcel A as shown on Exhibit "C" attached hereto and incorporated herein by this reference. Additional Off-Site Maintenance Areas may be described in future Notices of Annexation recorded with respect to the Annexable Property, or other appropriate recorded document. The Association shall have the exclusive right and duty to maintain the improvements in the Off-Site Maintenance Areas commencing upon the close of escrow for the sale of the first Lot in the Phase of the Community for which the Budget includes the costs of such maintenance.

Section 2.4. Association Maintenance Areas Easement. Declarant hereby reserves for the benefit of the Association, and hereby grants to the Association, easements of access, ingress and egress on, over, under, across and through the Lots, except the Residences thereon, for the purpose of maintaining, repairing and replacing the Association Maintenance Areas (and those portions of Lots within the Association Maintenance Area Basements, and to maintain, repair and replace the improvements located therein, as provided in this Declaration. The Association Maintenance Areas include the Alleys and Paseos, as shown on the final Maps of the Community, and as described below. Association Maintenance Areas also include portions of the private domestic water lines that cross Lots other than the Lots served by such water lines. The portion of such water that are Association Maintenance Area are those portions thereof from the property line of a Lot, across such Lot, to the common property line of such Lot and the adjacent Lot that is served by such water line. Additional Association Maintenance Areas may be described in future Notices of Annexation recorded with respect to the Annexable Property.

2.4.1 The eight foot (8') wide Paseo, being a four foot (4') wide portion of each Lot, located along the front boundary of each Lot, that the Association shall be responsible to maintain, includes landscaping and a four foot (4') wide sidewalk, irrigation system and drainage system. Association maintenance of Paseo landscaping includes maintenance of the irrigation systems for such landscaping, but does not include the water for irrigation of such landscaping. Such landscaping shall be irrigated by dedicated irrigation improvements and a controller tied into the domestic water system of the Lot on which such landscaping is located. Owners of such Lots are prohibited from interfering with such irrigation system or controller.

2.4.2 The Alley portion of each Lot, located along the rear boundary of each Lot, that the Association shall be responsible to maintain, includes landscaping, planters, driveway, irrigation system and drainage system. Association maintenance of Alley landscaping includes maintenance of the irrigation systems for such landscaping, but does not include the water for irrigation of such landscaping. Such landscaping shall be irrigated by dedicated irrigation improvements and a controller tied into the domestic water system of the Lot on which such landscaping is located. Owners of such Lots are prohibited from interfering with such irrigation system or controller.

2.4.3 The front and rear yard landscaping, and side yard landscaping on corner Lots, for which the Association has maintenance responsibility is located in those front and rear yard

portions of each Lot, and some side yards, located outside of an enclosed yard area and which was originally landscaped by the Declarant as part of the original construction of Residences, as shown on Exhibit "D" attached hereto and incorporated herein by this reference. The Association's maintenance responsibility for the front yard landscaping portion of the Association Maintenance Areas on particular Lots shall not commence until after the close of escrow for the sale of such Lot to a retail purchaser, and the portion of annual assessments to be levied against the Owner of such Lot for the costs of such front yard landscape maintenance shall not be levied or payable for any period prior to the date of such close of escrow, and, until such date, maintenance of the front yard landscaping on such Lot shall be the responsibility of Declarant.

2.4.4 Declarant hereby dedicates to the Association the easements shown on the Final Map of Diamond Creek 31B, Village 1, Subdivision No. 000050, as reserved for future dedication to the Association, including the westerly four feet (4') of the eight foot (8') wide landscape easement shown on said Final Map as "LB (landscape easement)" located on Lot 92 immediately adjacent to and along Lavande Drive, but not including the easterly four feet (4') thereof, and Declarant hereby permanently abandons the easterly four feet (4') of said eight foot (8') wide landscape easement on Lot 92. The Association shall be responsible for maintenance of said four foot (4') wide landscape easement.

Section 2.5. Reservation And Grant Of Yard Easements. Declarant has designed the Community in such a manner that many of the Lots in the Community will have a larger usable side yard and/or rear area than would be provided by the existing boundary lines of such Lots, and has provided herein that the Owner of each such Lot will have an exclusive easement of use and enjoyment, maintenance and repair, for use as additional private yard area, over a portion of the side yard or rear yard area on the adjacent Lot that is reasonably usable only by the residents of the Lot to which an exclusive easement to such additional yard area is made appurtenant herein. Accordingly, it is the intention of Declarant by this provision to establish permanent, exclusive easements to permit the exclusive use of such private yard areas by the residents of the Lots having a side yard or rear yard adjacent to such yard areas.

2.5.1 Declarant hereby reserves, grants and establishes perpetual, exclusive easements of access, ingress, egress, maintenance, repair, replacement, use and enjoyment, on, over, under, across and through the "Yard Easement Areas", being those portions of certain Lots shown as subject to a "YARD EASEMENT" in the depiction thereof entitled "Typical Yard Easement Areas" attached hereto as Exhibit "E-1", and incorporated herein by this reference. The Lots to which such exclusive Yard Easements shall be appurtenant are referred to herein as "Benefitted Lots", and the Lots within which the Yard Easement Areas are located are referred to herein as "Burdened Lots". The specific boundaries and locations of the Yard Easement Areas shown in Exhibit "E-1", if different from the actual locations thereof as constructed, shall be deemed to be the actual locations thereof within the bounds of the walls and fences as installed and constructed by Declarant. The Burdened Lots within which they are located, and the Benefitted Lots to which they are appurtenant, are listed in Exhibit "E-2" attached hereto and incorporated herein by this reference.

2.5.2 Notwithstanding the stated "exclusive" nature of the Yard Easements, Declarant hereby reserves from such Yard Easements, for the benefit of the Owners and occupants of the

Burdened Lots within which such Yard Easement Areas are located, the right of access, ingress and egress, as reasonably necessary and convenient, on, over and across the Yard Easement Areas on their respective Lots, and through any gate giving access thereto, for the purposes of painting, cleaning, maintenance, repair, and replacement of the residential building structure and improvements within such Burdened Lot that form a portion of the boundary of the Yard Easement Area.

2.5.3 Declarant hereby reserves, grants and establishes perpetual, non-exclusive easements of access, ingress, egress, on, over and across such portions of the Benefitted Lot as reasonably necessary for the Owner of the Burdened Lot to access the Yard Easement Area on the Burdened Lot for the maintenance purposes stated in the foregoing paragraph, and such access shall be made from the front of the Lots, through a gate providing access to the Yard Easement Area, but not through the Residence on the Benefitted Lot.

2.5.4 The Owner of the Burdened Lot may perform such maintenance and repair work during reasonable daylight hours. Except in the case of a bona fide emergency, the Owner of the Burdened Lot shall give the Owner of the Benefitted Lot at least twenty-four (24) hours prior notice of such work. In the event of any emergency, such entry may be made at any time and without notice. Under all circumstances, the Owner of the Burdened Lot shall use best efforts to minimize the duration of the work and the inconvenience to the Owner of the Benefitted Lot. The Owner of the Burdened Lot shall not be liable for any damage to any improvement or other landscaping located within four feet (4') of the residential structure on the Burdened Lot, which damage is reasonably and necessarily occasioned by such work.

2.5.5 The Owner of the Burdened Lot shall paint, maintain and repair the portion of said residential structure and improvements that border the Yard Easement Area and face the Benefitted Lot, and the appurtenant roof overhang, in a neat, clean, safe and attractive condition at all times, and shall bear all costs thereof. In the event that the Owner of the Burdened Lot fails to maintain the portion of the residential structure therein facing the Yard Easement Area, the Association, after notice and hearing, shall have the right, but not the obligation, to enter on the Yard Easement Area for the purpose of remedying the condition, and such Owner of the Burdened Lot shall promptly reimburse the Association for the cost thereof in the manner set forth in this Declaration. Such cost may be levied by the Board as a special assessment.

2.5.6 The Owner of the Benefitted Lot shall not, under any circumstances, erect, build, plant or otherwise install any improvements of any kind, including trees and large shrubs, within the Yard Easement Area adjacent to the building structure within the Burdened Lot which would unreasonably impede or interfere with the necessary maintenance and structural integrity thereof. The foregoing shall not be interpreted to prevent the construction and maintenance of a boundary wall or fence (and/or gate) separating the Yard Easement Area from the rear yard or other yard areas of the Burdened Lot, and any such wall or fence shall be maintained, repaired and replaced by the Owners of the Benefitted Lot, even though such wall or fence may be located entirely within the Burdened Lot.

2.5.7 Notwithstanding the foregoing, in the event that any improvements within the Burdened Lot adjacent to the Yard Easement Area are damaged due to the fault of the Owner or occupants of the Benefitted Lot, or any member of such Owner's or occupant's family, guests or

invitees, such that any painting, maintenance or repairs are required, said responsible Owner shall promptly cause said work to be performed to the reasonable satisfaction of the Owner of the Burdened Lot, and shall bear all costs thereof. In no event may the Owner or occupants of the Benefitted Lot cause or permit anyone to improperly paint or drive nails, screws, bolts or other objects into residential structure in the Burdened Lot, or otherwise permit or suffer anything else to be done to such structure which would tend to damage, alter or impair the structural integrity or appearance thereof.

Section 2.6. Public Use Sidewalk Easement. Each Owner, by acceptance and recordation of such Owner's deed to a Lot in the Community, hereby acknowledges and agrees that those portions of each Lot are subject to an easement to the City of Roseville for Paseos that include a four foot (4') wide sidewalk, as shown and described on the recorded Tract Map for the Community, and that such Owners shall not obstruct or interfere with the use and enjoyment of such easement by the members of the public. The Paseo portions of each Lot shall be maintained by the Association in accordance with the Conditions of Approval for the Community. The Paseo areas to be maintained by the Association are a part of the Association Maintenance Areas described in Section 1.1.3.

Section 2.7. Paseo and Alley Lighting Fixtures. Declarant hereby reserves and establishes, and grants to the Association, for the benefit of the Association and each Owner of a Lot, nonexclusive permanent easements on, over, and through each and every Lot that includes a portion of a Paseo and/or Alley, for the installation, operation, maintenance, repair and replacement of Alley lighting fixtures attached to private garages, front door lighting fixtures attached to the front of Residences, controllers, wiring and related equipment and improvements, for the lighting of the Alleys, walkways and Paseos in the Community. The Alleys and Paseos do not have lighting except for the lighting located on the rear of the garage and the front of the Residence on each such Lot as described herein. Declarant shall install on the rear of each garage and the front of each Residence on all Lots that include a portion of an Alley and/or a Paseo, a light fixture for lighting the Alley and/or Paseo. Each such light fixture shall be "hardwired" into the electric utilities on such Lot, and shall be controlled by a photoelectric cell that will turn on the light in the absence of daylight and turn it off during daylight. Owner and occupant of the Residences having such a light fixture shall be prohibited from altering or interfering with such light fixtures, but shall be responsible for the electric power and for replacing the light bulbs as needed, and for any repair or replacement of such light fixtures or related equipment, at such Owner's own cost and expense. The Association shall have the right and duty to provide such maintenance, repair and replacement in the event the applicable Owner fails to do so after due notice from the Association, and the cost of such Association maintenance, repair and/or replacement shall be reimbursed to the Association by the Owner of the Lot or repaid through a special assessment.

Section 2.8. Right of Declarant to Modify Plan of Development. Declarant hereby reserves the right to modify, amend, change, or eliminate altogether, the multi-phase plan of development hereinbefore described. Such right shall include, without limitation, the right to delete any and all subsequent Phases of development, and to divide the subsequent Phases into additional Phases. There is no guarantee by, or obligation of, Declarant to complete all proposed Phases of development or to annex same into the Properties.

ARTICLE 3
MEMBERSHIP AND VOTING RIGHTS IN HOMEOWNERS' ASSOCIATION

Section 3.1. Formation. Declarant has, at its sole expense, formed an incorporated homeowners' association known as the Chateau at Diamond Creek Community Association, a California nonprofit mutual benefit corporation (the "*Association*"). The Association shall be primarily responsible for the management and maintenance of the Association Maintenance Areas and for the maintenance of the landscaping and other items as set forth in this Declaration.

Section 3.2. Membership. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, which is subject to assessment.

Section 3.3. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. The Class A Members shall be all Owners, with the exception of Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the earliest of the following to occur:

- (a) Two (2) years from the date of the first conveyance of a subdivision interest in the most recent Phase of the overall development; or
- (b) Four (4) years from the date of the first conveyance of a subdivision interest in the first Phase of the overall development.

Any provision in the Articles, Bylaws, or this Declaration calling for membership approval of action to be taken by the Association, except provisions with respect to the action to enforce the obligations of the Declarant under any completion bond, shall expressly require the vote or written assent of the prescribed percentage of each class of membership during the time that there are two outstanding classes of membership. Any requirement elsewhere in the Articles of Incorporation, Bylaws, and Declaration, except provisions with respect to the action to enforce the obligations of Declarant under any completion bond, that the vote of Declarant shall be excluded in any such determination, shall be applicable only if there has been a conversion of Class B Members to Class A Members, and the same shall be read as requiring the vote of the prescribed percentage of the Class A Members and the vote of the prescribed percentage of the Class A Members other than Declarant. The voting rights attributed to any given Lot in the Community as provided for herein, shall not vest until the assessments provided for hereinbelow have been levied by the Association as against said Lot.

ARTICLE 4
POWERS OF THE ASSOCIATION AND MEMBERSHIP MEETINGS

Section 4.1. Powers of the Association. The management and control of the Association's affairs and the Community itself will be the responsibility of the Board of Directors, which is to consist of Members of the Association who will be elected by the total Membership. The Association, in its sole and absolute discretion, and as more fully set forth in its Bylaws, shall have the power to perform the following acts:

4.1.1 The Association shall have the sole and exclusive right and duty to manage, operate, control, repair, replace, or restore the Association Maintenance Areas, including, without limitation, all the improvements, irrigation lines and improvements, drainage improvements, landscaping, trees, shrubbery, plants and grass, private streets, drives and walks, curb and gutter, street lighting, Community signage, utility lines and facilities, private sewer and private storm drain system, and other improvements within the Alleys and Paseos, and the front yards of private Lots, within the Association Maintenance Areas. In addition, the Association shall maintain the Off-Site Maintenance Area in accordance with Section 2.7 above.

4.1.2 The Association shall have the right and power to levy and collect assessments.

4.1.3 The Association shall maintain a bank account or accounts for funds coming under the control of the Association.

4.1.4 The Association shall have the right and power to adopt and enforce architectural guidelines ("Architectural Guidelines") for the Community.

4.1.5 The Association shall adopt Rules and Regulations that are not inconsistent with the provisions of this Declaration and that are subject to California Civil Code Sections 1357.100 *et seq.* regarding "operating rules."

4.1.6 The Association shall have the right and power to enforce the provisions of this Declaration, the Bylaws, Articles of Incorporation and the Rules and Regulations of the Association; provided, however, nothing contained in this Section shall be construed to prohibit enforcement of same by any Owner.

4.1.7 The Association has the right and power to contract for and maintain fire, casualty, liability, worker's compensation, medical, hospital, and other insurance insuring Owners, members of the Board, and other persons.

4.1.8 The Association has the right and power to contract, provide and pay for (i) maintenance, utility, gardening and other services benefiting the Community; (ii) payment of persons necessary to accomplish the obligations of the Association; and (iii) legal and accounting services.

4.1.9 Notwithstanding any of the foregoing, the Association, acting through its Board, may not enter into any contract that is binding for a term longer than one (1) year from the effective date thereof without the vote or written consent of a majority of the voting power of the

Members of the Association other than the Declarant, except as specifically authorized herein or in the Articles or Bylaws.

4.1.10 The Association has the right and power to contract for the purchase of tools, equipment, materials, supplies and other personal property and services for the maintenance and repair of the facilities and improvements of the Association Maintenance Areas of the Community.

4.1.11 The Association has the right and power to contract and pay for reconstruction of any portion or portions of the Association Maintenance Areas in the Community that are damaged or destroyed.

4.1.12 The Association has the right and power to delegate its powers to others where such delegation is proper and in the best interests of the Association.

4.1.13 The Association has the right and power to prosecute or defend, and to perform any act reasonably necessary to resolve by alternative dispute resolution proceedings, under the name of the Association, any action affecting or relating to the Community or the personal property thereon, or any action in which all of the Owners have an interest in the subject matter of the action.

4.1.14 Subject to the vote or written consent therefor from a majority of the voting power of the membership, excluding the vote of the Declarant, the Association may borrow money, and may mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

4.1.15 The Association may do any and all things that a nonprofit mutual benefit corporation organized under the laws of the State of California may lawfully do, and generally may do and perform any and all other acts which may be either necessary for, or incidental to, the exercise of any of the foregoing powers, and any other such powers as are granted to a nonprofit mutual benefit corporation by the provisions of the laws of the State of California.

4.1.16 The Association may acquire by gift, purchase or otherwise own, hold, enjoy, lease, operate, maintain, convey, sell, transfer, mortgage, or otherwise encumber, dedicate for public use, or otherwise dispose of real and/or personal property in connection with the business of the Association; provided, however, that the Association shall not acquire or sell any real or personal property having an individual or aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year by purchase or lease without first obtaining the vote or written consent therefor from a majority of the voting power of the membership, excluding the vote of the Declarant, except as is provided pursuant to the annexation of subsequent phases to this Community.

4.1.17 The Association shall have the right and power to suspend a Member's voting rights for any period during which any assessment against such Member's Lot remains unpaid and delinquent, and for a period not to exceed thirty (30) days for any single infraction of the Rules and Regulations of the Association, provided that any suspension of such voting rights, except for failure to pay assessments, shall be made only by the Association or a duly appointed

committee thereof, after notice and hearing given and held in accordance with the Bylaws of the Association.

4.1.17.i. The Association may not cause a forfeiture of an Owner's right to use and enjoy such Owner's Lot for failure of such Owner to comply with the provisions of this Declaration, or the Bylaws of the Association or the Rules and Regulations of the Association, except (1) by judgment of a court or decision arising out of arbitration, or (2) on account of a foreclosure or sale under a power of sale for failure of the Owner to pay assessments duly levied by the Association, as set forth in Article 5 hereof.

4.1.18 The Association may take any and all lawful action which may be advisable, proper, authorized or permitted by the Association under and by virtue of any condition, covenant, restriction, reservation, charge or assessment affecting the Community, or any portion thereof, and do and perform any and all acts which may be either necessary for or incidental to the exercise of any of the foregoing powers, or for the peace, health, comfort, safety or general welfare of its Members.

4.1.19 The Association may impose monetary penalties upon Owners as a disciplinary measure (1) for failure of an Owner to comply with the Bylaws, the Declaration or the Rules and Regulations of the Association, (2) as a means of reimbursing the Association for costs incurred by the Association in the repair of damages to the Association Maintenance Areas and facilities thereon for which the Owner is allegedly responsible, or (3) to bring an Owner or its Lot into compliance with the Declaration, Bylaws, or Rules and Regulations of the Association.

4.1.20 The Association shall comply with the provisions and requirements of California Civil Code Section 1363.03, and shall adopt rules relating to voting and election procedures in accordance therewith. The Association is prohibited from using any Association funds for any campaign purposes as set forth in California Civil Code Section 1363.04.

4.1.21 The Association shall have the right, power and duty to post signs regarding parking restrictions applicable to the Alleys and private streets in the Community, and to have vehicles that are in violation thereof towed and removed from the Community, provided that such towing is done in compliance with the requirements of California Vehicle Code Section 22658, including any amendments thereto and any successor or similar statutes.

Section 4.2. Fidelity Bond. The Association shall maintain a fidelity bond or insurance in an amount at least equal to the sum of three months' assessments on all Lots in the Community, plus the full amount of the Association's Reserve Account, which names the Association as obligee and insures against loss by reason of acts of members of the Board of Directors, officers and employees of the Association and any management agent and its employees, whether or not such persons are compensated for their services.

Section 4.3. Membership Meetings.

4.3.1 Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. Members of the Association shall have access to Association records in

accordance with Article 3 (commencing with Section 833(1) of Chapter 13 of Part 3 of Division 2 of Title 1 of the California Corporations Code. Any Member of the Association may attend meetings of the Board of Directors of the Association, except when the Board adjourns to, or meets solely in, executive session to consider litigation, matters that relate to the formation of contracts with third parties, Member discipline or personnel matters. Any matter discussed in executive session shall be generally noted in the minutes of the Board of Directors. In any matter relating to the discipline of a Member, the Board of Directors shall meet in executive session if requested by that Member, and the Member shall be entitled to attend the executive session. As specified in the Bylaws, a Member shall be entitled to attend a teleconference meeting or the portion of a teleconference meeting that is open to Members, and that meeting or portion of the meeting shall be audible to the Members in a location specified in the notice of meeting. For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community, in addition to Declarant's rights as an Owner and a Member, Declarant shall be entitled to access to the Association books and records, including maintenance records, and to attend and speak at meetings of the Board of Directors and meetings of the Members. Any comments made by Declarant at any meeting shall be accurately noted in the minutes prepared for such meetings.

4.3.2 The minutes or minutes proposed for adoption that are marked to indicate draft status or a summary of the minutes, of any meeting of the Board of Directors of the Association, other than an executive session, shall be available to Members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member of the Association upon request and upon reimbursement of the Association's costs in making that distribution. For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community, Declarant shall have the right to receive all distributions of the minutes, proposed minutes or summary minutes upon request and reimbursement of the Association's actual copying and mailing costs for making the distribution to Declarant.

4.3.3 Members of the Association shall be notified in writing at the time that the Budget required in Section 6.2 below is distributed or at the time of any general mailing to the entire membership of the Association, of their right to have copies of the minutes of meetings of the Board of Directors, of how and where those minutes may be obtained and of the cost of obtaining such copies. For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community, Declarant shall also receive notice of its right to have copies of the minutes of meetings and how to obtain such minutes.

ARTICLE 5 ASSESSMENTS

Section 5.1. Personal Obligation of Assessments. Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of a Lot by acceptance of a grant deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (a) annual assessments or charges, which shall include an adequate reserve fund for the periodic maintenance, repair and replacement of the Association Maintenance Areas and improvements and (b) special assessments as provided in Section 5.4 below, such assessments to be established and collected as hereinafter provided. The Owner has no right or power to commit

or omit any act in an attempt to eliminate or reduce the assessments levied against the Owner's Lot. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation and debt of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation and debt for the delinquent assessments shall not pass to an Owner's successors in title, unless expressly assumed by them.

Section 5.2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties, for the improvement and maintenance of the Association Maintenance Areas of the Lots, and such other purposes as set forth in this Declaration and the Bylaws.

Section 5.3. Maximum Annual Assessment. Until the first day of the fiscal year immediately following the conveyance of the first Lot to an Owner, or until the first day of the month following an earlier sale of the first Lot in a new Phase of the Community, the maximum annual assessment for each Lot in the Community shall be as provided for in the budget for the particular Phase of the Community in which such sale occurred, and any amendments thereto. Thus, notwithstanding the limitation on increases in the maximum annual assessments and related time periods contained in this Article, whenever a new Phase is annexed to the Properties, upon the first closing of a sale in such new Phase, the amount of the maximum annual assessment for all Lots in the Properties will increase or decrease to the amount stated in the budget for such new Phase. The Association shall maintain an adequate reserve fund for maintenance, repairs and replacement of those elements of the Association Maintenance Areas that must be replaced on a periodic basis, and such reserve shall be funded by annual assessments.

5.3.1 From and after the first day of the fiscal year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective the first day of each fiscal year by the Board without a vote of the membership, provided that (i) any such increase shall not be more than twenty percent (20%) of the previous year's most recent assessment level (including any increase in such assessment resulting from new Phases being annexed to the Properties during such year), and (ii) the Board of Directors has complied with Section 6.2 below with respect to that fiscal year, including, but not limited to, the preparation and distribution of a pro forma operating budget to all members of the Association as provided in Section 6.2 below, or has obtained the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the California Corporations Code and Section 7613 of the California Corporations Code. Such annual assessment shall continue in effect for the following twelve (12) calendar months, which period shall be deemed to be the assessment period.

5.3.2 From and after the first day of the fiscal year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the amount provided in subparagraph 5.3.1 by the vote or written assent of at least a majority of Owners in the Association constituting a quorum (as defined below), provided that the Board of Directors has prepared and distributed a pro forma operating budget to all members of the Association as provided in Section 6.2 below. For purposes of this Article 5, "quorum" means more than fifty percent (50%) of the Owners of the Association. The Association shall

provide notice by first-class mail to each Owner of any increase in the regular assessments of the Association, not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due.

5.3.3 The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 5.4. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Association Maintenance Areas, including fixtures and personal property related thereto, or otherwise, provided that any such assessment for capital improvements to the Association Maintenance Areas which total more than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year shall have the vote or written assent of a majority of the Owners constituting a quorum. The Association may also levy a special assessment against any Member to reimburse the Association for costs incurred in bringing the Member and such Member's Lot into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the Bylaws, and the Rules and Regulations, which special assessment may be levied upon the vote of the Board after notice and an opportunity for a hearing which satisfy the requirements of Section 7341 of the California Corporations Code, as set forth in the Bylaws. The above provisions requiring the requisite vote of the membership with respect to special assessments do not apply in the case where a monetary penalty is imposed against an Owner as a disciplinary measure by the Association for the following reasons: (1) for failure of an Owner to comply with the Declaration, Bylaws or Rules and Regulations, or (2) as a means of reimbursing the Association for costs incurred by the Association in the mitigation, remediation and/or repair of damages to Association Maintenance Areas and facilities for which the Owner is allegedly responsible, or (3) to bring an Owner or its Lot into compliance with provisions of this Declaration, Articles of Incorporation, Bylaws, Rules and Regulations and any amendments thereto. The Association shall provide notice by first-class mail to each Owner of any increase in the special assessments of the Association, not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due.

Section 5.5. Notice and Quorum for Any Action Authorized Under Sections 5.3 and 5.4. Any action authorized under Sections 5.3 and 5.4 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all Members not less than ten (10) nor more than ninety (90) days in advance of the meeting. A quorum for such meeting shall be more than fifty percent (50%) of each class of Members entitled to vote on such action. If the required quorum is not present, another meeting may be called subject to the same notice requirement; however, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum for the preceding meeting. If the proposed action is favored by a majority of the votes cast at such meeting but such vote is by less than the requisite quorum of more than fifty percent (50%) of each class of Members, Members who were not present in person or by proxy may give their assent in writing provided the same is obtained by the appropriate officer of the Association not later than thirty (30) days from the date of such meeting.

Section 5.6. Uniform Rate of Assessment. Both annual and special assessments, except as may be otherwise provided in Sections 5.4 and 12.3, shall be fixed at a uniform rate for all Lots and shall be collected on a monthly basis.

Section 5.7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots in a Phase on the first day of the month following the conveyance of the first Lot in such Phase to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, and such amount is subject to change upon closing of the sale of the first Lot within any newly annexed Phase in accordance with the approved budget for such Phase. Written notice of the annual assessment shall be sent to the Owner of each Lot within the Community. All Lots within the real property annexed into the Community under the procedure hereinafter set forth in Article 15 shall be obligated to pay annual assessments to the Association as hereinbefore provided. The annual assessments shall automatically commence as to all Lots within the annexed areas on the first day of the first month following the conveyance of the first Lot within such annexed area to an Owner. The due dates for assessments shall be established by the Board of Directors.

5.7.1 Notwithstanding any other provision of this Declaration, conveyance of a Lot which is being used by Declarant for model home, sales office, design center, construction office or similar purposes (any of which uses are referred to herein as "Model Home") shall not commence the annual assessments against such Lot or the other Lots within the same Phase of development until discontinuance of such use of such Lot as a Model Home, or conveyance of any other Lot in such Phase not being used as a Model Home to a member of the general public, whichever occurs first. During the period of time commencing on the first day of the calendar month following the sale of a Lot being used by Declarant as a Model Home, and ending on the date annual assessments commence against such Lot, Declarant shall be responsible for the maintenance of all portions of such Phase of development in which such Model Home Lot is located.

Section 5.8. No Lien Rights. Notwithstanding anything contained in this Declaration to the contrary, the Association shall have no lien or foreclosure rights with respect to the collection of regular annual assessments, special assessments, or any other assessments, fines or fees that it may levy, and the Association's sole remedy in the event of the failure of any Owner to pay any such amounts levied when due shall be to seek judgment in a court of competent jurisdiction, assign such debt for collection, or pursue arbitration or such other alternative dispute resolution mechanism as provided herein or under applicable law. This section shall not operate or be construed to prevent the Association from seeking judgment, court issued writs of attachment against any delinquent Owner, or from obtaining and recording a post judgment abstract which, upon recording, may become a lien on all real property of such delinquent Owner, including such Owner's residential Lot.

Section 5.9. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment made in accordance with this Declaration shall be a debt and personal obligation of the Owner of a Lot from the time the assessment is levied. With respect to each assessment not received by the Association within fifteen (15) days after its due date, the Board may, at its

election, require the Owner to pay a late charge in a sum to be determined by the Board, but not to exceed ten percent (10%) or Ten Dollars (\$10.00), whichever is greater. A late charge may not be imposed more than once on any delinquent assessment, but it shall not eliminate or supersede any charges imposed on prior delinquent assessments. If any such assessment is not paid within thirty (30) days after the date said assessment is due, the assessment shall bear interest from the due date at the rate of twelve percent (12%) per annum. Once an assessment becomes delinquent, the Association may bring an action at law against the Owner for breach of the Owner's personal obligation to pay the assessment and in such action shall be entitled to recover the delinquent assessment or assessments, in addition to late charges, interest, costs and reasonable attorneys' fees.

5.9.1 Any assessment not received by the Association within fifteen (15) days after the due date shall be delinquent.

5.9.2 Each Owner vests in the Association or its assigns, the right and power to bring all actions at law against such Owner or other Owners for the collection of delinquent assessments, in addition to accompanying late charges, interest, costs and reasonable attorneys' fees. In lieu of bringing an action at law to collect delinquent assessments, the Association may submit the matter to arbitration pursuant to the rules of the American Arbitration Association. The decision of the arbitrator on such delinquent assessment shall be binding on both the Association and the delinquent Owner and may be enforced in any court of competent jurisdiction. The fee to initiate such arbitration shall be paid by the Association and shall be recoverable as part of the arbitration award, in addition to the late charges and interest on the delinquent assessment as provided above.

5.9.3 No later than thirty (30) days prior to the filing of any civil action by the Association against the Owner for delinquent assessments, the Board shall provide written notice to the Owner specifying (a) a general description of the collection procedures utilized by the Association and the method of calculating the amount of the delinquency, (b) an itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorneys' fees, any late charges, and interest, if any, and (c) the right of the notified Owner to request a meeting with the Board as set forth in Section 4.3.1.

5.9.4 Equitable Remedies. The covenants, restrictions, rights and duties contained in this Declaration constitute covenants running with the land and equitable servitudes that benefit and bind each Lot in the Project, each Owner, and each successive Owner thereto, and may be enforced by the Association or any Owner in any legal or equitable action pursuant to the procedures described herein. Each Owner acknowledges and agrees that if any Owner breaches any of the restrictions contained herein, money damages may not be adequate compensation. As a result, each Owner agrees that in the event of a breach, the non-breaching party, in addition to any other remedy available at law or equity, shall be entitled to equitable relief, including without limitation, an order compelling the breaching party to perform an act which the party is required to perform under this Declaration or which is necessary to bring the breaching party or the breaching party's Lot into compliance with restrictions contained herein or prohibiting the breaching party from performing any act that violates the restrictions.

Section 5.10. Policies for Assessment Collection. The Board of Directors shall annually distribute within sixty (60) days prior to the beginning of the fiscal year a statement of the Association's policies and practices for enforcing its remedies against Members for defaults in the payment of annual and special assessments.

Section 5.11. Estoppel Certificate. The Association shall furnish or cause an appropriate officer to furnish, upon demand by any person, a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 5.12. Personal Liability of Owner. No Member may be exempted from personal liability for assessments, nor any part thereof, levied by the Association, nor release the Lot owned by such Member from the charges hereof by waiver of the use and enjoyment of the Association Maintenance Areas, or by abandonment of such Member's Lot.

Section 5.13. Exempt Property. All Properties dedicated to and accepted by a local public authority, and all Properties owned by a charitable nonprofit organization exempt from taxation by the laws of the State of California, shall be exempt from the assessments created herein. However, no real property or improvements devoted to dwelling use shall be exempt from said assessments whether or not owned by a nonprofit entity exempt from taxation.

Section 5.14. Assessment Limitation Not Applicable. The limitation on percentage increases of annual assessments shall not limit assessment increases by the Board for the following emergency situations:

- (a) An extraordinary expense required by an order of court;
- (b) An extraordinary expense necessary to repair or maintain the Community 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 Community 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 pro-forma operating budget pursuant to Article 6 hereof. However, prior to the imposition or collection of an assessment under this subparagraph (c), 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 resolutions shall be distributed to the members with the notice of assessment.

Section 5.15. Association Statement at Transfer of Title. At the request of any Owner transferring title to such Owner's Lot, the Association shall provide (i) a true statement in writing from an authorized representative of the Association as to the amount of the Association's current regular and special assessments and fees, as well as any assessments levied upon the Owner's Lot which are unpaid on the date of the statement, and (ii) any change in the Association's current regular and special assessments and fees, which have been approved by the

Association's Board of Directors, but have not become due and payable as of the date disclosure is provided pursuant to this Section.

ARTICLE 6 ACCOUNTINGS

Section 6.1. Books, Records and Minutes. The Association shall maintain Association Records in accordance with California Civil Code 1365.2. Association records shall be made available for inspection and copying by a Member, or the Member's designated representative, at the Association's business office within the Community or a place agreed upon by the Association and the Member. Association Records must be made available for Member inspection and copying for the current fiscal year and the previous two (2) fiscal years. Minutes of Member and Board meetings must be made permanently available. Copies of current Association Records must be available within ten (10) business days of receipt of the request for current Association Records or within thirty (30) calendar days of receipt of the request for Association Records prepared during the prior two (2) fiscal years. If the Association and the Member cannot agree upon a place for inspection, or if the Member so requests in writing, the Association may provide copies of the books, records, and minutes by first-class mail within ten (10) days of receiving the Member's request. The Association may bill the Member for the actual cost of copying and mailing, provided the Association notifies the Member of the costs before sending the copies. For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community, Declarant shall have the same rights as Owners under this Section 6.1 to inspect, examine and audit the books of the Association. The Association may withhold or redact information from the books, records, and minutes for any of the following reasons:

- (a) The release of the information is likely to lead to the unauthorized use of another person's personal identifying information to obtain credit, goods, services, money, or property;
- (b) The release of the information is likely to lead to fraud in connection with the Association;
- (c) The information is privileged under law;
- (d) The release of information is likely to compromise the privacy of an individual Member; or
- (e) The information contains any of the following: (i) records of a-la-carte goods or services provided to Member for which the Association received monetary consideration other than assessments; (ii) records of disciplinary actions, collection activities, or payment plans of Members other than the Member requesting the records; (iii) any person's personal identification information, including, without limitation, social security number, tax identification number, driver's license number, credit card account numbers, bank account number, and bank routing number; (iv) minutes and other information from executive sessions of the Board of Directors as described in Section 1363.05, except for executed contracts not otherwise privileged. Privileged contracts shall not include contracts for maintenance, management, or legal services; (v)

personnel records other than the payroll records required to be provided; and (vi) interior architectural plans, including security features, for individual homes.

Except as provided by attorney-client privilege, the Association may not withhold or redact information concerning the compensation paid to employees, vendors, or contractors. Compensation information for individual employees shall be set forth by job classification or title, not by any personal information of the employee. The accounting books, records, minutes, and any information from them may not be sold, used for commercial purposes, or used for any other purpose not reasonably related to a Member's interest as a Member.

6.1.1 Commencing not later than ninety (90) days after the close of escrow for the sale of the first Lot, copies of the documents listed below, as soon as readily obtainable, shall be delivered by Declarant to the Board at the office of the Association, or at such other place as the Board shall prescribe. The obligation to deliver the listed documents shall apply to any documents obtained by Declarant no matter when obtained, provided, however, that such obligation shall terminate upon the conveyance of the last Lot in the Community.

- (1) The recorded subdivision map or maps for the Community.
- (2) The recorded Declaration, including all amendments and annexations thereto.
- (3) The Association's Bylaws and all amendments thereto.
- (4) The Association's filed Articles of Incorporation, if any, and all amendments thereto.
- (5) All Architectural Guidelines and all other rules regulating the use of an Owner's interest in the Community which have been promulgated by the Association.
- (6) The plans approved by the local agency or county where the Community is located for the construction or improvement of facilities that the Association is obligated to maintain or repair; provided, however, that the plans need not be as-built plans and that the plans may bear appropriate restrictions on their commercial exploitation or use and may contain appropriate disclaimers regarding their accuracy.
- (7) All notice of completion certificates issued for Association Maintenance Areas improvements (other than residential structures).
- (8) Any bond or other security device in which the Association is the beneficiary.
- (9) Any written warranty being transferred to the Association for Association Maintenance Areas equipment, fixtures or improvements.
- (10) Any insurance policy procured for the benefit of the Association, the Board or the Association Maintenance Areas.

(11) Any lease or contract to which the Association is a party.

(12) The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Members, of the Board, and of committees of the Board.

(13) Any instrument referred to in California Business and Professions Code Section 11018.6(d) but not described above which establishes or defines common, mutual or reciprocal rights or responsibilities of Members.

6.1.2 Commencing not later than ninety (90) days after the annexation of additional Phases to the Community, copies of those documents listed above, which are applicable to that Phase, shall, as soon as readily obtainable, be delivered by Declarant to the Board at the office of the Association, or at such other place as the Board shall prescribe. The obligation to deliver the listed documents shall apply to any documents obtained by Declarant no matter when obtained, provided, however, that such obligation shall terminate upon the earlier of (a) the conveyance of the last Lot in the Community.

Section 6.2. Budget

6.2.1 Except as provided in Section 6.2.2, a pro forma operating statement ("Budget") for each fiscal year shall be prepared and distributed to each Owner not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the fiscal year. The Budget shall contain the following information:

(a) The estimated revenue and expenses of the Association for the upcoming fiscal year on an accrual basis;

(b) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to Section 6.2.4 below, based only on assets held in cash or cash equivalents, which shall be printed in bold type and include disclosures in the form required by California Civil Code Section 1365.2.5, and all of the following:

(i) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component within the Association Maintenance Areas;

(ii) As of the end of the fiscal year for which the study is prepared:

A. The current estimate of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components within the Association Maintenance Areas;

B. The current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain major components within the Association Maintenance Areas;

(iii) The percentage that the amount determined for purposes of clause B. of subparagraph (ii) above is of the amount determined for purposes of clause A. of

subparagraph (ii) above;

(iv) The current deficiency in reserve funding expressed on a per Lot basis and calculated in accordance with California Civil Code 1365(a)(2)(D);

(c) A statement as to all of the following:

(i) Whether the Board of Directors has determined to defer or not undertake repair or replacement of any major component with a remaining life of thirty (30) years or less, including a justification for the deferral or decision not to undertake the repair or replacement;

(ii) Whether the Board of Directors of the Association, consistent with the adoption of a reserve funding plan as required by California Civil Code 1365.5, has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component within the Association Maintenance Areas or to provide adequate reserves therefor. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment;

(iii) The mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacement or repairs, or alternative mechanisms;

(iv) Whether the Association has any outstanding loans with an original term of more than one (1) year, and, if so, the payee, interest rate, amount outstanding, annual payment, and when the loan is scheduled to retire.

(d) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Association Maintenance Areas and facilities for which the Association is responsible. The report shall include, but need not be limited to, reserve calculations made using the formula described in California Civil Code Section 1365.2.5(b)(4), and may not assume a rate of return on cash reserves in excess of two percent (2%) above the rediscount rate published by the Federal Reserve Bank of San Francisco at the time the calculation is made.

6.2.2 In its sole discretion, and in lieu of the procedure set forth in Section 6.2, the Board of Directors may elect to distribute a written summary of the Budget ("Summary") to all Owners not less than thirty (30) days nor more than ninety (90) days before the beginning of the fiscal year. In addition to the Summary, the Board of Directors shall include a written Notice, in at least 10 point bold type on the front page of the Summary stating that: a) the Budget is available for review at a location within the Community or at the office of the management company for the Association; and b) upon the written request of an Owner, the Association shall mail one (1) copy of the Budget to an Owner. Such Budget shall be mailed at the Association's expense by pre-paid first class mail and shall be delivered within five (5) days from the date of the receipt of such Owner's written request.

6.2.3 The summary of the Association's reserves disclosed pursuant to paragraph 6.2.1 shall not be admissible in evidence to show improper financial management of the Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision.

6.2.4 At least once every three (3) years the Board of Directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the Community if the current replacement value of the major components within the Association Maintenance Areas which the Association is obligated to repair, replace, restore or maintain is equal to or greater than one-half (½) of the gross Budget of the Association which excludes the Association's reserve account for that period. The Board shall review, or cause to be reviewed, this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The study required hereunder shall at a minimum include:

(a) Identification of the major components within the Association Maintenance Areas which the Association is obligated to repair, replace, restore, or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years; components identified in Section 6.2.4(a) as of the date of the study;

(b) Identification of the probable remaining useful life of the components identified in Section 6.2.4(a) as of the date of the study;

(c) An estimate of the cost of repair, replacement, restoration, or maintenance of each major component identified in Section 6.2.4(a);

(d) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore, or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study;

(e) If any contribution is required pursuant to Section (d) above, a reserve funding plan that indicates how the Association plans to fund the contribution needed to meet the Association's obligation for repair and replacement of items as stated in Section (a) above, not including those items that the Board has determined will not be replaced or repaired. The plan shall include a schedule of the date and the amount of any change in the regular or special assessments that would need to sufficiently fund the reserve funding plan. The plan shall be adopted by the Board at an open meeting before the membership of the Association as prescribed by California Civil Code Section 1363.05. If the Board determines that an assessment increase is necessary to fund the reserve funding plan, any increase shall be approved in a separate action of the Board that is consistent with the procedures set forth in California Civil Code Section 1366.

6.2.5 As used in this Article, "reserve accounts" shall mean moneys that the Association's Board of Directors has identified for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

6.2.6 As used in this Article, "reserve account requirements" shall mean the estimated

funds which the Association's Board of Directors has determined are required to be available at a specified point in time to repair, replace, or restore those major components which the Association is obligated to maintain.

Section 6.3. Initial Financial Report. A balance sheet, as of the accounting date which is the last day of the month closest in time to six (6) months from the date of the closing of the first sale of a Lot in the Community, and an operating statement for the period from the date of the first closing to said accounting date, shall be distributed within not less than thirty (30) nor more than (90) days after the accounting date. The operating statement shall include a summary of assessments received and receivable.

Section 6.4. Annual Report. An annual report consisting of the following shall be distributed to each Owner within one hundred twenty (120) days after the close of the fiscal year:

- (a) A balance sheet as of the end of the fiscal year;
- (b) An operating (income) statement for the fiscal year;
- (c) A statement of changes in financial position for the fiscal year;
- (d) Any information required to be reported under Section 8322 of the California Corporations Code;

(e) A review of the annual report for the Association prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy, (hereinafter "Independent Accountant"), for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000).

(f) A statement of policies and procedures employed by the Board of Directors to enforce the collection of delinquent assessments.

Section 6.5. Independent Preparation. Ordinarily the annual report referred to in Section 6.4 above shall be prepared by an Independent Accountant for each fiscal year.

Section 6.6. Copy of Financial Statement To Prospective Buyers. Within ten (10) days of receipt of any written request therefor, the Board of Directors shall furnish any Owner or prospective Owner with a copy of this Declaration, the Articles of Incorporation, Bylaws and Rules and Regulations of the Association, as amended to date, together with a copy of the Association's most recent annual financial report as described in Section 6.4 hereof, and a true statement of any delinquent assessments, penalties, late charges, attorneys' fees or other charges under this Declaration on such Owner's Lot as of the date the statement is issued. The items required to be made available pursuant to this Section may be maintained in electronic form and requesting parties shall have the option of receiving them by electronic transmission or machine readable storage media if the Association maintains these items in electronic form. The Board of Directors may charge a reasonable fee for providing such documents and reports based upon the Association's actual cost to procure, prepare and reproduce same.

Section 6.7. Association Officer Statement. If the report referred to in Section 6.5 above is not

prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association stating that the report was prepared without audit from the books and records of the Association.

Section 6.8. Association's Policies and Practices Statement. A statement describing the Association's policies and practices in enforcing legal remedies for default in payment of its assessments against its Members shall be annually delivered to the Members not more than thirty (30) nor more than ninety (90) days immediately preceding the beginning of the Association's fiscal year.

Section 6.9. Reconciliation of Accounts. The Board of Directors shall do the following not less frequently than quarterly:

- (a) Cause a current reconciliation of the Association's operating accounts to be made and review the same;
- (b) Cause a current reconciliation of the Association's reserve accounts to be made and review the same;
- (c) Review the current year's actual reserve revenues and expenses compared to the current year's budget;
- (d) Review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts; and
- (e) Review an income and expense statement for the Association's operating and reserve accounts.

Section 6.10. Reserve Account.

6.10.1 Withdrawal of funds from the Association's reserve account shall require the signatures of either: (1) two members of the Board of Directors, or (2) one member of the Board of Directors and an officer of the Association who is not also a member of the Board of Directors.

6.10.2 The Board of Directors shall not expend funds designated as reserve funds for any purpose other than:

- (a) the repair, restoration, replacement, or maintenance of major components which the Association is obligated to repair, restore, replace or maintain and for which the reserve fund was established, or
- (b) litigation involving the purposes set forth in (a) above.

6.10.3 Notwithstanding Section 6.10.2 above, the Board:

- (a) may authorize the temporary transfer of money from the reserve account to the Association's operating account to meet short term cash flow requirements or

other expenses, if the Board has provided notice of the intent to consider the transfer in a notice of meeting, which shall be provided as specified in California Civil Code Section 1363.05. The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a special assessment may be considered. If the Board authorizes the transfer, the Board shall issue a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve account.

(b) shall cause the transferred funds to be restored to the reserve account within one (1) year of the date of initial transfer; however, the governing body may, after giving the same notice required for considering a transfer, upon making a documented finding that a temporary delay of restoration of the funds to the reserve account would be in the best interests of the development, temporarily delay the restoration until such time it reasonably determines to be necessary.

(c) shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits specified in (b) above. Any such special assessments shall be subject to the five percent (5%) limitation specified in Section 5.4 above. The Board may, at its discretion, extend the date the payment of the special assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid special assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve account to pay for litigation, the Board shall notify the Members of that decision in the next available mailing to all Members pursuant to Section 5016 of the California Corporations Code, and of the availability of an accounting of the expenses related to litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Association's office.

Section 6.11. Transfer of Title. The Board of Directors shall not impose or collect any assessment, penalty or fee in connection with the transfer of title or any other interest except the Board of Directors' actual costs to change its records and the fee for providing documents pursuant to Section 6.6.

ARTICLE 7 ARCHITECTURAL COMMITTEE

Section 7.1. Submissions and Approvals Required. No building, fence, wall, patio cover, stable or other structure, landscaping or improvement (collectively "*Improvement*") shall be commenced, erected, placed or altered upon any Lot until the location and full, complete and legible plans and specifications showing the nature, kind, shape, height and materials, including the color scheme, have been submitted by personal delivery or certified mail, return receipt requested, to the Board or the Architectural Committee in form acceptable to the Board or the Architectural Committee. All plans and specifications must then be approved in writing as to harmony of external design and location of surrounding structures and topography by the Board of Directors, or by an architectural committee appointed by the Board of Directors and composed

of three (3) or more, but not to exceed five (5) representatives ("Architectural Committee"). The Architectural Committee may designate an agent (i.e. an architect) for the purpose of assisting in the review of such location, plans and specifications or other requests and may charge the Owner making a submission its reasonable costs of such agent's review. Approval shall be by majority vote of the Board or its designated committee. In making its decisions hereunder, the Architectural Committee shall, among other matters, consider whether the proposed Improvements comply with the Applicable Building Laws (as defined below). In the event the Board or its designated committee fails to approve or disapprove such location, plans and specifications or other requests within thirty (30) days after receipt of the complete application with all required documents in acceptable form, then such approval will not be required; provided that any structure or Improvement so erected or altered, conforms to all of the conditions and restrictions herein contained, and is in harmony with similar structures erected within the Properties. Grade, level or drainage characteristics of the Lot or any portion thereof, shall not be altered without the prior written consent of the Board or its designated committee.

7.1.1 If the Architectural Committee disapproves any proposed Improvement or the plans and specifications submitted by an Owner pursuant to this Article, it shall give written notice of such disapproval to applicant, including both an explanation of why the proposed Improvement was disapproved, and a description of the procedure for reconsideration by appeal to the Board. The applicant may appeal the disapproval to the Board of Directors unless the decision to disapprove was originally made by the Board, or a body with the same membership as the Board, at an open meeting held in accordance with the provisions of California Civil Code Section 1363.05. The appeal shall be made by filing a written request for reconsideration by the Board with the Secretary or the management company for the Association, as applicable. The Board must receive the written request for reconsideration not more than thirty (30) days following the final decision of the Architectural Committee. The Board shall include the request for reconsideration on the agenda for its next regularly scheduled Board meeting, to be held not less than ten (10) days and not more than ninety (90) days after its receipt of such request. If no regular Board meeting is scheduled within such period, the Board shall schedule a special meeting of the Board within such period to consider the appeal. The decision of the Board after reconsideration of the disapproval at such open meeting shall be binding and final.

7.1.2 This approval requirement shall not apply to the original construction of Declarant. Each Owner shall be responsible for obtaining all necessary approvals or permits from applicable governmental entities or agencies and shall comply with all laws, codes and regulations concerning the construction of any such Improvement.

7.1.3 Any Owner who desires to modify such Owner's Lot shall be the sole responsible party, and hereby covenants to take whatever actions are necessary, including obtaining any necessary insurance policies and hiring consultants/experts to advise such Owner, the Association and the Architectural Committee whether any proposed modifications to an Owner's Lot ("*Modifications*") are in full compliance with any governing provision of law, including, but not limited to, the Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the California Government Code), any applicable building codes, and/or any other applicable laws governing land use or public safety ("*Applicable Building Laws*").

7.1.4 Any such Owner shall represent and warrant to the Association and the Architectural Committee, in a signed certificate, the form and substance of which are reasonably acceptable to the Board, that the Modifications are in full compliance with any and all Applicable Building Laws, and shall indemnify, defend and hold Declarant, the Board, the Association and the Architectural Committee ("*Indemnified Parties*") harmless from any and all liabilities, fines, sanctions, costs and expenses, including attorneys' fees and costs, levied against or incurred by any or all of the Indemnified Parties resulting from any violation of the above covenant, representation and warranty by such Owner.

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

7.1.6 A copy of the Architectural Guidelines, if any have been adopted, or, if none, a written notice of the requirements for Association approval of physical changes to a Lot that are subject to this Article, shall be annually delivered to the Members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year. Such written notice shall include a copy of the procedures used for architectural review of an application for a proposed change under this Article.

Section 7.2. Appointment of Architectural Committee. Declarant may appoint all of the original members of the Architectural Committee and all replacements until the first anniversary of the close of escrow for the sale of the first Lot in the Community. Thereafter, Declarant may appoint a majority of the members of the Architectural Committee until ninety percent (90%) of the Lots in the Community have been sold or until the fifth (5th) anniversary of the close of escrow for the sale of the first Lot in the Community, whichever first occurs. After one year from the date of the close of escrow for the sale of the first Lot in the Community, the Board of Directors of the Association shall have the power to appoint one member to the Architectural Committee until ninety percent (90%) of the Lots in the Community have been sold or until the fifth (5th) anniversary of the close of escrow for the sale of the first Lot in the Community, whichever first occurs. Thereafter, the Board of Directors of the Association shall have the power to appoint all of the members of the Architectural Committee. Members appointed to the Architectural Committee need not be Members of the Association.

Section 7.3. Views. There are no express or implied easements whatsoever appurtenant to any Lot for view purposes, or for the passage of light and air across any other Lot, or any property not within the Community. In addition, no Owner shall have any right to the protection of any view that may exist at any time from such Owner's Lot across any other Lot. Each Owner, by accepting a deed to a Lot, hereby expressly acknowledges and agrees that any view which his Lot may enjoy as of the date of purchase may be impaired or obstructed by the installation of trees, other landscaping or other types of barriers (both natural and artificial), the growth of landscaping, the construction or installation of improvements in the Community and/or any adjoining property, and each Owner hereby expressly consents to any such obstruction. Declarant makes no assurance whatsoever concerning the impact on views of any construction of improvements by anyone after completion of Declarant's original construction, whether such

construction is approved by the Architectural Committee or constructed on property contiguous to the Properties.

Section 7.4. Fences and Walls. Declarant has constructed fences along the sides and rear perimeters of each Owner's Lot, and each Owner shall be responsible for the maintenance, repair and replacement of such fences in conformance with the requirements shown on the Fence Specifications to be adopted by the Architectural Committee, if any. Each Owner whose Lot is bounded by the Community perimeter wall shall be responsible for the maintenance, repair and replacement of such wall, including the structure thereof, but excepting maintenance of the appearance of the exterior side of such wall (such as graffiti removal) which shall be the responsibility of the Association. Such boundary fences and walls shall be built so as to straddle the boundary lines of a Lot, and only one fence or wall shall be constructed on the boundary lines of adjoining Lots. Each Owner shall obtain all necessary permits for any construction and shall comply with all local laws and ordinances in connection with such construction. The cost of construction and maintenance of the fences and walls shall be borne by the Owner thereof, except that the cost of construction and maintenance for fences and walls which straddle boundary lines of adjoining Lots shall be borne equally by such adjoining Lots as required by California Civil Code Section 841. In the event any Owner fails to maintain the fences and walls as required hereunder, then the Association or the Architectural Committee may, after due notice to the Owner involved and opportunity to be heard, have the right of access to such Owner's Lot to conduct such maintenance as may be necessary and said Owner shall be liable for all costs incurred by the party conducting such activities.

Section 7.5. Non-Liability of Architectural Committee Members. Neither Declarant, the Association, the Board or the Architectural Committee, or the members or designated representatives thereof, shall be liable for damages to any Owner submitting plans or specifications to them for approval, or to any Owner in the Community affected by this Declaration by reason of mistake in judgment, negligence or nonfeasance, unless due to willful misconduct or bad faith of the Architectural Committee. The Architectural Committee's approval or disapproval of a submission shall be based solely on the consideration set forth in this Article, and in such rules and regulations as may be promulgated by the Architectural Committee, and the Architectural Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of any plans or design from the standpoint of structural safety and conformance with building or other codes, which responsibility, pursuant to Section 7.1.3 hereof, shall be the sole responsibility of Owner.

ARTICLE 8

USE RESTRICTIONS AND OBLIGATIONS OF OWNERS

Section 8.1. Leasing of Lots. Any Owner may lease such Owner's Lot subject to the following:

8.1.1 No Owner shall be permitted to lease such Owner's Lot for transient or hotel purposes or for a period of less than thirty (30) days.

8.1.2 No Owner may lease less than the entire Lot.

8.1.3 Any lease agreement is required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration, the Bylaws and any Rules and Regulations adopted by the Association and that any failure by the lessee to comply with the terms of such documents shall constitute a default under the lease.

8.1.4 All leases are required to be in writing and copies shall be submitted to the Association.

Section 8.2. Use Restrictions. In addition to all other covenants contained herein, the use and enjoyment of the Properties and each Lot therein shall be subject to the following:

8.2.1 Restriction on Non-Residential Uses. No Lot shall be occupied and used except for residential purposes by the Owners, their tenants, and social guests, and no trade or business shall be conducted therein, except that Declarant, its successors or assigns, may use any Lot or Lots in the Community owned by Declarant for a model home site or sites and display and sales office until the last Lot is sold by Declarant or seven (7) years following the date of the sale of the first Lot in the Community, whichever shall first occur. No tent, shack, trailer, garage, outbuilding or structure of a temporary character shall be used at any time as a residence, either temporarily or permanently.

8.2.2 Limited Non-Residential Uses Permitted. No part of the Community shall ever be used or caused to be used directly, or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other such non-residential purposes. However, the provisions of this Section shall not preclude professional and administrative occupations within the Community, or other reasonable business activity, which have no signs or other external evidence thereof, for so long as such occupations are in conformance with all applicable governmental ordinances, are merely incidental to the use of the Lot as a residential home, and do not in any manner disturb other occupants or generate pedestrian traffic, deliveries or other nuisance.

8.2.3 Signs. No sign or billboard of any kind shall be displayed by any Owner on any portion of the Community or Lot, except one sign of reasonable size, advertising that the particular Lot is for sale or rent, or except by Declarant in connection with initial sales of the Lots, during the sales period set forth in Section 8.2.1, hereinafter. No provision herein shall be read or construed to prohibit the posting or displaying of noncommercial signs, posters, flags, or banners on or in an Owner's separate Lot (not Association Maintenance Areas), in accordance with California Civil Code Sections 1353.5 and 1353.6. All such signs, posters, flags, or banners shall be permitted only so long as they are in good presentable condition. The Association shall have the right and power to impose reasonable restrictions on the duration of the posting or displaying of such signs, posters, flags or banners. Owners are advised to refer to the Rules and Regulations promulgated by the Board.

8.2.4 Nuisances. No noxious or offensive activity shall be carried on in any Lot or any part of the Community, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of such Owner's respective Lot or which shall in any way increase the rate of insurance. All horns, whistles, bells or other sound devices, except security

devices used exclusively to protect the security of a Lot or vehicle and its contents, are also prohibited. Noisy, unsightly, unusually painted or smoky vehicles, large power equipment and large power tools (excluding lawn mowers and other equipment used in connection with ordinary landscape maintenance), off-road motor vehicles or items which may unreasonably interfere with television or radio reception to any Lot and objects which create or emit loud noises or noxious odors may not be located, used or placed in the Community or on any public street abutting or visible from the Community unless placed and maintained entirely within a Lot and obscured from being able to be heard, seen or smelled outside of such Lot. No plants or seeds infested with noxious insects or plant diseases may be brought upon, grown or maintained within the Community.

8.2.5 Vehicles and Equipment. No trailer, camper, boat, recreational vehicle, or similar equipment or inoperative automobile shall be permitted to remain upon the Community, including for temporary purposes of loading and unloading.

(a) Except as hereinafter provided, only authorized vehicles shall be permitted within the Community. The following vehicles are "*Authorized Vehicles*": standard passenger vehicles (including electric and alternative fuel powered vehicles), including automobiles, passenger vans designed to accommodate ten (10) or fewer people, provided that they can fit within the garage, and motorcycles, golf carts, and pickup trucks having a manufacturer's rating or payload capacity of one (1) ton or less. Authorized Vehicles may be parked in any portion of the Community intended for the parking of motorized vehicles; however, no Owner may park a vehicle in a manner, which either restricts the passage of pedestrians or vehicles over garage areas, driveways, streets or sidewalks in the Community or extends beyond the limits of the space where the vehicle is parked. No automobile, boat or other motor vehicle repair shall be permitted within the Community except entirely within a garage. Under no circumstances shall such vehicle repair be permitted on any street or driveway within the Community, except in the event of an emergency. No inoperative automobile shall be permitted to remain upon the Community unless placed and maintained entirely within a garage. The foregoing restriction shall not be deemed to prevent washing and polishing of passenger motor vehicles or motor-driven cycles that are permitted in the Community, together with those activities normally incident and necessary to such washing and polishing.

(b) The following vehicles are "*Prohibited Vehicles*": (a) recreational vehicles (e.g., motorhomes, travel trailers, camper vans and boats), (b) commercial-type vehicles (e.g., stake-bed trucks, tank trucks, dump trucks, step vans, concrete trucks, and limousines), (c) buses or vans designed to accommodate more than ten (10) people, (d) vehicles having more than two (2) axles, (e) trailers, (f) inoperable vehicles or parts of vehicles, (g) aircraft, and (h) any other vehicles not classified as Authorized Vehicles. Prohibited Vehicles may not be parked, stored or kept within the Community. Prohibited Vehicles may not be parked on any street in, adjacent to or visible from the Community, including for brief periods for loading or unloading, but except for making deliveries or emergency repairs. Packing, loading and unloading of motor homes, campers, boats and recreational vehicles shall take place only in designated parking areas for such vehicles located outside of the Community. If a vehicle qualifies as both an Authorized Vehicle and a Prohibited Vehicle, then the vehicle is presumed to be a Prohibited Vehicle. Subject to the restriction on Prohibited Vehicles, all vehicles owned or

operated by or in the control of an Owner or a resident on an Owner's Lot and kept in the Community must be parked in the assigned garage of that Owner to the extent of the space available; however, each Owner shall ensure that any such garage accommodates at least one (1) Authorized Vehicle having four (4) or more wheels. Owner's additional Authorized Vehicles may be parked on streets in the Community, unless otherwise prohibited by this Declaration or the applicable laws of the County in which the Community lies. No repair, maintenance or restoration of any vehicle may be conducted within the Community except in an enclosed garage when the garage door is closed. However, these activities may not be undertaken as a business.

(c) The residence on each Lot shall include an attached garage with a clear inside dimension of eighteen feet (18') by eighteen feet (18') for two (2) passenger automobiles. No garage shall be used for residential or storage purposes or any other purpose, which would restrict the parking of the number of motor vehicles for which such garage was designed. If the Owners and occupants of a Lot do not have any automobile, or have fewer vehicles than the number for which the garage was designed, the portion of the garage not needed for motor vehicle(s) may be used for storage of furniture and other household goods. Subject to any and all applicable ordinances, in the event that the occupant of a Lot has a number of vehicles which exceed the maximum capacity of the garage of such Lot, such excess number of vehicles may be parked in the streets, subject to compliance with the applicable parking regulations imposed by the City. AUTOMOBILES MAY NOT BE PARKED IN THE IN ANY DRIVEWAY IN THE COMMUNITY BECAUSE THE LIMITED, APPROXIMATELY FIVE FOOT (5') TO NINE FOOT (9') LENGTH OF DRIVEWAYS DOES NOT ACCOMMODATE PARKING OF MOTOR VEHICLES. PARKING IS ALSO PROHIBITED WITHIN THE PRIVATE ALLEYS IN THE COMMUNITY THAT ARE SERVE AS SHARED DRIVEWAYS, AS SHOWN ON THE FINAL MAP OF THE COMMUNITY.

8.2.6 Pets and Animals. An Owner may keep and maintain in such Owner's Lot domesticated pets such as dogs, cats or other usual and ordinary household pets, not to exceed a reasonable number as determined by the Board in its sole and absolute discretion, and provided that such pets are not kept, bred or maintained for any commercial purpose, nor in unreasonable numbers or sizes. Such pets shall not be allowed in the Association Maintenance Areas except as may be permitted by the Rules and Regulations which may be promulgated from time to time by the Board. The Board shall have the power to make exceptions to the limitation on the number of pets on a case by case basis. Dogs known to be aggressive regardless of breed, or which are of a breed known to be aggressive or commonly trained for fighting, such as dogs commonly referred to as "pit bulls", Rottweilers or Canary Island Dogs, for example, are prohibited within the Community. Except as hereinabove provided, no animals, livestock, birds or poultry shall be brought within the Community or kept in any Lot thereof. Owners keeping pets shall be accountable to the other Owners for the acts of such pets, and should any Owner be unable to control barking or other noise or acts of such Owner's pets that disturb any neighbors such Owner shall be required to remove such pet from the Community. Each Owner of a pet shall forthwith clean up and remove any animal waste such pet may deposit on the Association Maintenance Areas or the property of another Owner. No dog will be allowed on the Association Maintenance Areas without being supervised and on a leash. Any Owner (including such Owner's family, guests and invitees) who maintains any pet, animal, reptile, livestock or other living creature of any kind, within the Community, whether in compliance with this

Declaration and the Rules and Regulations or otherwise, shall indemnify, defend and hold the Association harmless from and against any damages, claims, causes of action or losses of any kind or nature, including reasonable attorney's fees and costs, incurred by the Association as a result of any alleged damage or injury caused by such living creature to the Association, to its property, to the Association Maintenance Areas, or to the Members, their family, guests or invitees, or their property.

8.2.7 Oil and Mining Operations Prohibited. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind, shall be permitted within the Community, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of or within five hundred (500) feet below the surface of the Community. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted within the Community.

8.2.8 Closets/lines, Woodpiles, Storage, Etc. All rubbish, trash and garbage shall be regularly removed from the Community, and shall not be allowed to accumulate thereon. All closets/lines, refuse containers, wood-piles, storage areas, machinery and equipment shall be prohibited within the Community unless obscured from the view of adjoining Lots and streets.

8.2.9 Antennas. Owners are prohibited from installing any antenna on the exterior of a residence for any purpose, except for an "Authorized Antenna," which may be installed so long as the proposed location for such installation is reviewed and approved by the Architectural Committee prior to its installation in order to ensure that the visibility of the Authorized Antenna is minimized with respect to other Owners. The Architectural Committee may require that the location of the Authorized Antenna be moved, and the Board may impose additional restrictions on installation or use of an Authorized Antenna, so long as such review by the Architectural Committee, or such additional restrictions, do not (a) unreasonably delay or prevent installation, maintenance or use of an Authorized Antenna, (b) unreasonably increase the cost of installation, maintenance or use of an Authorized Antenna, or (c) preclude reception of an acceptable quality signal. The Board may prohibit the installation of an Authorized Antenna if the installation, location or maintenance of such Authorized Antenna unreasonably affects the safety of managers, agents or employees of the Association and other Owners, or for any other safety related reason established by the Board. The Board may also prohibit the installation of an Authorized Antenna on property to which an Owner does not hold fee title or is not entitled to exclusively use under this Declaration, or may allow an Owner to install an antenna other than an Authorized Antenna subject to the Architectural Guidelines and review and approval by the Architectural Committee. An "Authorized Antenna" means an antenna that is (a) designed to receive direct broadcast satellite service, including direct-to-home satellite service and that is one meter or less in diameter, and, (b) that is designed to receive video programming service, including multichannel multipoint distribution service, instructional television fixed service, and local multipoint distribution service, and that is one meter or less in diameter, or (c) an antenna that is designed to receive television broadcast signals. Each Owner may maintain individual radio or television antennae systems if located entirely within such Owner's dwelling and if such system is not visible from other Lots or the Association Maintenance Areas, and provided that such system does not interfere with radio and television reception of other Owners within the Community.

8.2.10 Sports Equipment. No exterior roof mounted mechanical equipment, poles or masts shall be constructed on or attached to any residential dwelling or erected or maintained on any Residence, balcony, patio or yard area. No temporary or permanent basketball standard or backboard, or other sports apparatus shall be constructed, erected, installed or maintained on any Residence, balcony, patio or yard area, or on any Association Maintenance Areas in the Community.

8.2.11 Window Coverings. The use of aluminum foil, newspaper, paint, reflective tint or window covering, or any other material deemed unattractive by the Association in its Architectural Guidelines or Rules and Regulations, is prohibited. The Association has the power to permit temporary window coverings, such as white or pastel color sheets, for a limited period of time after the close of escrow and pending the installation of drapes, curtains, shutters or other appropriate interior window coverings. All window coverings shall be of a uniform neutral color harmonious with and not in conflict with the color scheme of the exterior wall surface of the Residence and the Community. Window tinting shall not be permitted. Window coverings shall be subject to the approval of the Architectural Committee.

8.2.12 Holiday Decorations. Outdoor holiday decorations, or indoor holiday decorations that are visible from outside, shall be limited to a reasonable period of time prior to the date of the holiday, as determined by the Association, and shall be removed within no more than seven (7) days after such holiday.

8.2.13 Water Softeners Prohibited. Installation and use of water softeners is prohibited within the Community.

8.2.14 Solid Waste Containers. All Owners and occupants of the Community shall roll their solid waste and trash containers out and place them on the public streets in the areas designated by the City of Roseville for trash collection, and shall not place them in the Alleys. Such solid waste containers shall be placed in such designated areas not earlier than 5:00 p.m. on the day prior to the day of collection and they shall be returned to the Lot of the Owner not later than 8:00 a.m. on the day following the day of collection.

8.2.15 Fences, Walls and Other Similar Improvements. No fences, awnings, ornamental screens, screen doors, sunshades or walls of any kind shall be erected or maintained on or around any portion of any structure or elsewhere within the Community except those that are installed in accordance with the original construction by Declarant, or as are authorized and approved in accordance with Article 7. In addition, all fences or walls installed on a Lot after the original construction of the Community by Declarant shall be constructed in accordance with the Architectural Guidelines.

8.2.16 Security. Owners and occupants of a Lot, and their respective guests and invitees, are responsible for their own personal safety and the security of their property within the Community. Neither the Association nor Declarant shall in any way be considered an insurer or guarantor of safety or security within the Community, nor shall such parties be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including any mechanism, gate, or other system for limiting access to the Community,

cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all occupants of its Lot that the Association, its Board and committees and Declarant are not insurers or guarantors of safety and security and that each person within the Community assumes all risks of personal injury and loss or damage to property, including Lot and the contents of Residences, resulting from acts of third parties.

8.2.17 Utility and Drainage Easements. Easements for surface water drainage and for installation and maintenance of utilities, sewer pipelines and facilities and drainage facilities over, under and across each of the Lots, and all pipelines and other facilities located and to be located in said easements, are reserved for the benefit of the Declarant, the Association, and the other Lots within the Community, where such facilities are installed and as may be shown on the recorded Maps of the Community. Within such easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of the flow of drainage channels, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or a utility is responsible. In addition, all sewer pipelines and other sewer facilities located or to be located within public roads, streets and highways abutting each of the Lots are reserved.

8.2.18 Preservation of Improvements. Each Owner of a Lot has the responsibility and duty to maintain the appearance and integrity of such Owner's Lot and of all slope areas and drainage devices located within such Owner's Lot, other than the Association Maintenance Areas which the Association is required to maintain. If an Owner should fail to maintain or make the necessary repairs or replacements which are the responsibility of such Owner, the Association shall have the right, but not the obligation, upon a vote of a majority of the Board of Directors, after not less than thirty (30) days' notice to the Owner and an opportunity to be heard, to enter the Lot and provide such maintenance or make such repairs or replacements as are necessary, the cost thereof to be added to the assessments chargeable to that Lot.

8.2.19 Access for Slope Maintenance. Each grantee of a Lot within the Community covenants for such Owner, such Owner's heirs, successors and assigns, that such Owner will permit free access by Owners of adjacent or adjoining Lots and by the Association, its agents and employees, to all slope areas or drainage ways located on such Owner's Lot, which affect said adjacent or adjoining Lots, which access is essential for the maintenance or permanent stabilization of said slopes, or maintenance of the drainage facilities for Lots other than the Lot on which the slope or drainage way is located.

8.2.20 Alteration of Slope Improvements Prohibited. Each grantee of a Lot within the Community covenants for such Owner, such Owner's heirs, successors and assigns, that such Owner will not in any way interfere with the established drainage patterns or create erosion or sliding problems over such Owner Lot from adjoining or other Lots within the Community, and that such Owner will make adequate provisions for proper drainage in the event it is necessary to change the established drainage over such Owner's Lot. For the purposes hereof, "established

"drainage" is defined as the drainage that occurred at the time the overall grading of the Community was completed by Declarant.

8.2.21 Obligation for Slope Maintenance. Each grantee of a Lot within the Community shall maintain the slopes within such Owner's Lot at the slope and pitch fixed by the finished grading thereof, including watering and planting of the slopes. Within slope areas no structure, planting, or other material shall be placed or permitted to remain or other activities undertaken which may damage or interfere with established slope ratios, create erosion or sliding problems, or which may change the direction of flow of drainage channels or obstruct or retard the flow of water through drainage channels. The slope areas of each Lot and all improvements thereto shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible. Declarant shall, for a period of one (1) year following sale and deed of any particular Lot have the right but not the obligation to enter upon the said Lot and alter or maintain the slope areas. An easement of reasonable access for said purpose is reserved to Declarant, and the purchaser, by the acceptance of a deed from Declarant, shall take title subject to such easement for said period of one (1) year.

8.2.22 Rights of Declarant. Conveyance of a substantial number of the Lots is essential to the establishment and welfare of said Community as a residential community. In order that all work necessary to complete the Community and establish a substantially occupied residential community be completed as rapidly as possible, no Owner shall and nothing in this Declaration shall be understood or construed to:

8.2.22.1. Prevent Declarant, its contractor or subcontractors, from doing work on said Community or any part thereof whenever it determines such work to be reasonably necessary or advisable in connection with the completion or marketing of the Community; or

8.2.22.2. Prevent Declarant, or its representatives from erecting, constructing and maintaining on any part or parts of said property owned or controlled by Declarant, its contractors, or subcontractors, such structures as may be reasonably necessary for the conduct of its business of completing said work and establishing the Community as a residential community and disposing of the same by sale, lease, or otherwise.

8.2.22.3. Declarant, in exercising its rights hereunder, shall not unreasonably interfere with the Members' use of the Association Maintenance Areas.

8.2.23 Standard of Maintenance. All structures and improvements within the Community shall at all times be maintained by their respective Owners in a clean, first-class and properly painted condition.

8.2.24 Solar Access. No Owner or the Association shall permit trees, shrubs, hedges or any other vegetation to shade, block or interfere with the solar access of any solar collector or other solar absorption device on any Lot, including the Lot on which the vegetation is also located.

ARTICLE 9
SCOPE OF ENFORCEMENT

Section 9.1. Enforcement. The Declarant, the Association and any Owner shall have the right, but not the obligation, to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants and reservations now or hereafter imposed by the provisions of this Declaration. Failure by Declarant, the Association or any Owner to enforce any covenants or restrictions herein contained shall, in no event, be deemed a waiver of the right to do so thereafter.

The limitations, restrictions, conditions and covenants set forth in this Declaration constitute a general scheme for (i) the maintenance, protection and enhancement of the value of the Community and (ii) the benefit of all Owners. Said limitations, restrictions, conditions and covenants are and shall be covenants running with the land or equitable servitudes, as the case may be. Each remedy provided for in this Declaration shall be cumulative and not exclusive. The result of or condition caused by any violation of any of the provisions of this Declaration is and shall be a nuisance, and every remedy in law or equity now or hereafter available against public or private nuisance may be exercised by any person affected thereby. Any of the foregoing to the contrary notwithstanding, no action to enforce this Declaration shall be instituted unless and until a written notice of such breach setting forth the facts of such breach has been delivered by certified mail to the Owner of such Lot. In the event the Association or any Owner(s), should commence litigation to enforce any of the provisions of this Declaration, the prevailing shall be entitled to have judgment against and recover from any defendant in such litigation, such attorneys' fees (other than nominal) as the court may adjudge reasonable and proper. Each Owner shall have a right of action against the Association for any failure of the Association to comply with the provisions of the Declaration, Articles of Incorporation, Bylaws, or Rules and Regulations of the Association.

Section 9.2. Limitation on Expenditures for Litigation. The Association may not incur litigation expenses, including, without limitation, attorneys' fees, or borrow money to fund litigation, whether the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings, unless the Association first obtains the approving vote or written consent of sixty-six and two-thirds percent (66-2/3%) of the Members (excluding the voting power of any Owner who would be a defendant in such proceedings), and, if applicable, complies with the requirements of Section 1363.5 of the California Civil Code. Such approval by Members shall not be required if such legal proceedings are initiated: (a) to enforce the use restrictions or easements contained in this Declaration, (b) to enforce the Rules and Regulations adopted by the Board, (c) to enforce the Architectural provisions of this Declaration, including any duly adopted Architectural Guidelines, (d) to collect any unpaid assessments, fines or penalties levied pursuant to this Declaration, (e) for a claim, the total value of which is less than Fifty Thousand Dollars (\$50,000.00), or (f) for a cross-complaint in litigation to which the Association is already a party.

ARTICLE 10
DAMAGE TO LOTS AND ASSOCIATION MAINTENANCE AREAS

Section 10.1. Repairs. In the event that an Owner fails to maintain or repair such Owner's Lot

or the improvements thereon or otherwise comply with the provisions of this Declaration, the Bylaws or the Rules and Regulations, the Association, or their agents or employees shall have the right, but not the obligation, to bring the Lot into compliance with the provisions of this Declaration and the cost incurred therefor shall be assessed to that Owner as a special assessment as set forth in this Declaration.

Section 10.2. Damage to Association Maintenance Areas. In the event the need for repair of the Association Maintenance Areas is caused through the willful or negligent acts of a Member or such Member's guests or invitees, the Association, or their agents or employees shall have the right, but not the obligation, to make such repairs and the cost of repair shall be assessed to that Member as a special assessment as set forth in this Declaration.

Section 10.3. Association Maintenance Obligations. Except as otherwise provided in this Declaration, from and after the date of conveyance of fee title or appropriate easements thereto to the Association, the Association will be responsible for the maintenance, repair, replacement, irrigation, brush clearance, landscaping and preservation of the appearance of the Association Maintenance Areas, including, without limitation, all the improvements, irrigation lines and improvements, drainage improvements, landscaping, trees, shrubbery, plants and grass, private streets, drives and walks, curb and gutter, street lighting, Community signage, utility lines and facilities, private sewer and private storm drain system, and other improvements within the Alleys and Passes, and the front yards of private Lots, within the Association Maintenance Areas, in strict compliance with the Maintenance Manual provided to the Board of Directors of the Association by Declarant ("Maintenance Manual"), and Best Management Practices, in accordance with all commonly accepted maintenance practices. To ensure compliance with the requirements of the Maintenance Manual, for a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community, Declarant shall have the right, but not the obligation, at its own cost and expense, to retain the services of appropriate consultant(s) to: (a) prepare, update and keep current, the Maintenance Manual for the Association, maintenance, repair and replacement of the Association Maintenance Areas, (b) conduct annual inspections of all elements of the Association Maintenance Areas covered by the Maintenance Manual, and (c) prepare a report covering the results of such inspections and deliver such report to Declarant and to the Association. Declarant hereby reserves non-exclusive easements on, over, under, across and through all Association Maintenance Areas within the Community, for the purpose of such inspections and activities related thereto. The Association shall provide Declarant's consultant(s) with copies of its maintenance log, and related records reasonably requested by such consultant(s), at least thirty (30) days prior to the date scheduled for the Declarant's annual inspection. Declarant shall provide any updates to the Maintenance Manual to the Association. The Association shall cause such Association Maintenance Areas to be regularly maintained, irrigated, painted, repaired, and/or replaced in accordance with the requirements and recommendations of the Maintenance Manual, as revised from time to time and shall perform all remedial maintenance in accordance with the recommendations of the annual inspection reports prepared by Declarant's consultant(s). The provisions of this Section shall not be amended without the prior written consent of Declarant.

Section 10.4. Maintenance Manual Compliance. The Association has the duty and obligation, along with the attendant rights and power to carry out the Declarant's and its consultant(s),

required maintenance of the Association Maintenance Areas, as set forth in the Maintenance Manual. The Board shall regularly determine whether the recommended inspections and maintenance activities have been followed, and, if any such recommendations have not been followed, what corrective steps need to be taken to assure proper inspections and maintenance of the Association Maintenance Areas. The Board shall keep a record of such determinations in the Board's minutes. The Board shall review the Maintenance Manual for any needed appropriate revisions at appropriate intervals, but in no event less frequently than annually, and shall make appropriate recommendations to Declarant and Declarant's consultant(s) for revisions to the Maintenance Manual within thirty (30) days of its determination that revisions to the Maintenance Manual should be recommended to Declarant.

Section 10.5. Association Inspections. If in any year Declarant elects not to perform an annual maintenance inspection as provided for in Section 10.4 above, the Board shall have the duty and obligation to cause an inspection and report to be made in accordance with the provisions hereof. The Board's annual inspections shall (i) determine whether the Association Maintenance Areas is being maintained adequately in accordance with the standards of maintenance established herein and by the Maintenance Manual, (ii) identify the condition of the Association Maintenance Areas, including the existence of any hazards or defects, and the need for performing additional maintenance, repair, refurbishing or replacement, and (iii) recommend preventative actions, which may be taken to reduce potential maintenance costs to be incurred in the future. The Association may employ such experts and consultants as necessary to perform such inspections. Within thirty (30) days after the Board's annual inspection, the Board shall have a report of the results of this inspection prepared, and such report shall include the following: (i) a description of the condition of the Association Maintenance Areas, including a list of items inspected and the status of maintenance, repair and need for replacement of all such items; (ii) a description of all maintenance, repair and replacement planned for the ensuing fiscal year and; (iii) if any maintenance, repair or replacement is to be deferred, an explanation must be given for such deferral; (iv) a summary of all reports of inspections performed by any expert or consultant employed by the Association to perform inspections; (v) a report of the status of compliance with the maintenance, replacement and repair needs set forth in all inspection reports from Declarant's consultant(s) and of its own inspection, for preceding years; and (vi) such other matters as the Board deems appropriate. The Board shall promptly cause a copy of each inspection report prepared in accordance with this Section to be delivered to Declarant. The Association's obligations under this Section shall continue until the expiration of the ten (10) year period following the close of escrow for the sale of the last Lot in the Community. The requirements of this Section are in addition to the Board's obligations to perform ongoing reserve studies as required by Section 6.2.4. The provisions of this Section shall not be amended without the prior written consent of Declarant.

Section 10.6. Maintenance of Drainage Improvements: Best Management Practices. The Association shall maintain all drainage devices located within the Association Maintenance Areas, in good and functional condition to safeguard the Owners and the adjoining properties from damage and pollution. The Association shall conduct inspections to insure that Best Management Practices ("BMP's") for control of stormwater runoff are maintained in accordance with applicable requirements of the City. No Owner whose Lot contains any stormwater management facilities or improvements shall permit interference with or damage to same, and no

Owner shall do any act which shall contribute to the introduction of pollutants into said storm drainage facilities, including, but are not limited to, soil, sand, sediment, oil, gasoline or other hydrocarbons, paint, fertilizers, pool chemicals, and other household chemicals. For example, Owners shall conduct all vehicle/equipment maintenance, repair, and washing away from storm drains. All major repairs are to be conducted off-site. Owners must use drip pans or drop clothes to catch drips and spills. Owners must place sandbags around soil and sod when installing landscaping, and take measures to prevent over-watering the landscaping, in order to prevent soil, fertilizer and lawn chemicals from running into the storm drains.

ARTICLE II INSURANCE

Section 11.1. Liability Insurance. A general public liability and property damage insurance policy covering the Common Area shall be purchased by the Board of Directors as promptly as possible following its election and shall be maintained in force at all times, the premium thereon to be paid out of the monies collected from the assessments. The minimum amount of coverage shall be Two Million Dollars (\$2,000,000) combined single limit liability for bodily injury to any one person, or property damage for any one occurrence. The policy shall name the Association and all Owners as insureds, including Declarant, during such time as Declarant shall remain the Owner of one or more Lots. The manager, if any, shall also be a named insured on such policy, during such time as such manager's agency shall continue. The insurance shall also contain a cross-liability endorsement to cover negligent injury by one Owner to another, if reasonably available. In addition, the Board of Directors shall purchase and maintain in force at all times insurance coverage for individual liability of directors and officers of the Association as required by Section 1365.7 of the California Civil Code, the premium thereon to be paid out of the monies collected from assessments. The Association shall prepare and distribute to all Members a summary of the Association's property, general liability, and earthquake and flood insurance policies, which shall be distributed within not less than thirty (30) nor more than ninety (90) days preceding the beginning of the Association's fiscal year, that includes all of the following information about each policy: (a) the name of the insurer, (b) the type of insurance, (c) the policy limits of the insurance, and (d) the amount of deductibles, if any. The Association shall, as soon as reasonably practical, notify the Members by first-class mail if any of the policies described in this paragraph have lapsed, been canceled, and are not immediately renewed, restored or replaced, or if there is a significant change, such as a reduction in coverage or limits or an increase in the deductible, for any of those policies. If the Association receives any notice of nonrenewal of a policy described in this paragraph, the Association shall immediately notify the Members if replacement coverage will not be in effect by the date the existing coverage will lapse. To the extent that any of the information required to be disclosed pursuant to this paragraph is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to all Members. The summary distributed pursuant to this paragraph shall contain in at least 10-point boldface type, the statement required by California Civil Code Section 1365(e)(4). For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community, the Association's obligations under this Section 11.1 to provide summaries of insurance, notices of significant changes in coverage and notice if a policy is not renewed to its Members shall also

extend to Declarant.

Section 11.2. Hazard Insurance. The Board of Directors shall purchase a "Special Form Causes of Loss" property insurance policy (commonly referred to as all-risk or special perils coverage) issued by a Qualified Insurer, as defined herein, providing coverage equal to one hundred percent (100%) of the current replacement cost of all Association Maintenance Areas improvements to the Community then subject to assessments under Article 5 of the Declaration (including all service and mechanical equipment in the Community). "Qualified Insurer" means any insurance company having a Best's Insurance Reports rating of (a) a B general policyholder's rating and a III financial size category, or (b) an A general policyholder's rating and a II financial size category, and licensed in the State of California. Said insurance policy may contain an earthquake damage endorsement if such coverage is available at a cost deemed by the Board to be in the best interests of the Members. Replacement cost may exclude land, foundations, excavation, and other items normally excluded from coverage. All hazard insurance required to be maintained by the Board hereunder shall be maintained strictly in accordance with the provisions contained in the FHLMC Seller/Service Guide. The premiums for said insurance policy shall be paid by the Board out of the monies collected from the assessments. The policy may also contain an agreed amount endorsement, a special form endorsement, and a clause to permit cash settlement covering the full value of the improvements in the event of partial destruction and a decision not to rebuild. The policy shall name as insureds all Owners and Declarant, so long as Declarant is the Owner of any Lot within the Community, and all Mortgagees of record, as their respective interests may appear. The proportionate interest of each Owner in any insurance proceeds in relation to the other Owners, shall be based upon a ratio of each Lot's "fair market value" to the "fair market value" of the entire Community. The "fair market value" in both instances, shall be determined by an independent appraiser. In the event that the insurer under said hazard insurance policy shall cease to be licensed in the State of California, or shall cease to be approved by the Federal Home Loan Mortgage Corporation (so long as insurers continue to be so approved), the Association shall exercise its best efforts to obtain from another Qualified Insurer, a replacement hazard policy comparable to the prior hazard policy, including all required endorsements.

11.2.1 Personal property of a Lot Owner and additional fixtures added by a Lot Owner should be insured separately by the Lot Owner.

Section 11.3. Individual Coverage. If available, underlying coverage for individual Lots shall be written as part of or in conjunction with, said master policy where necessary to protect individual lenders. If such coverage is not available, each Owner shall purchase, at such Owner's own expense, and maintain fire and hazard insurance coverage as may be required by such Owner's individual lender. Any such underlying coverage shall contain a replacement cost endorsement, and to the extent available, such other endorsements as may be a part of the master policy. Such insurance shall also contain a loss-payable endorsement to the Mortgagees of individual Lots, as their interests shall appear.

Section 11.4. Board as Trustee. All insurance proceeds payable pursuant to Section 11.2 of this Article and subject to the rights of Mortgagees under Section 11.7 hereof shall be paid to the lending institutions holding first Mortgages on Lots within the Community, to the extent of their interests therein, and shall be applied only to the repair and restoration of the damaged premises

or to the reduction of the aggregate principal amounts of the mortgage loans secured by such damaged or destroyed premises. Insurance proceeds shall be paid out in accordance with Article 12. In the event repair or reconstruction is authorized, the Board shall have the duty to contract for such work, as provided in Article 12 hereof.

Section 11.5. Other Insurance. The Board may purchase and maintain in force at all times, demolition insurance in adequate amounts to cover demolition in the event of destruction and a decision not to rebuild. The premium therefor shall be paid out of the monies collected from the assessments. Such policy, if purchased, shall contain a determinable demolition clause or similar clause, to allow for the coverage of the cost of demolition in the event of destruction and a decision not to rebuild. The Board of Directors shall also purchase and maintain Workers' Compensation Insurance to the extent that the same shall be required by law for employees of the Association. The Board of Directors may also purchase and maintain insurance on commonly owned personal property and such other insurance as it deems necessary, the premium thereof to be paid out of the monies collected from the assessments, including, but not limited to, umbrella or excess liability coverage.

Section 11.6. Owners' Other Insurance. An Owner may carry such additional personal liability and property damage insurance respecting individual Lots as such Owner may desire.

Section 11.7. Right of Mortgagee. With respect to insurance coverage under Sections 11.2 and 11.3 hereof, any Mortgagee of record shall have the option to apply insurance proceeds payable to it to reduce the obligation secured by the Mortgage.

Section 11.8. Annual Review. The Board shall review the insurance carried by the Association at least annually for the purpose of determining the amount of the casualty and property insurance referred to in Section 11.1 above. The Board shall obtain current appraisal of the full replacement value of the improvements in the Association Maintenance Areas, without deduction for depreciation, by a qualified independent insurance appraiser, prior to each such annual review.

ARTICLE 12 DESTRUCTION OF IMPROVEMENTS

Section 12.1. Proceeds Greater Than Eighty-Five Percent (85%) of Cost to Repair. In the event of total or partial destruction of the improvements in the Association Maintenance Areas and if the available proceeds of the insurance carried pursuant to Article 11 are sufficient to cover not less than eighty-five (85%) percent of the cost of repair or reconstruction thereof, the same shall be promptly repaired and rebuilt, unless, within ninety (90) days from the date of such destruction, seventy-five (75%) percent of each class of membership present and entitled to vote in person or by proxy, at a duly constituted meeting, determine that such reconstruction shall not take place. If reconstruction is to take place, the Board of Directors shall be required to execute, acknowledge, file and record, not later than one hundred twenty (120) days from the date of said destruction, a certificate declaring the intention of the Association to rebuild.

Section 12.2. Proceeds Less Than Eighty-Five Percent (85%) of Cost to Repair. If the proceeds of such insurance are less than eighty-five (85%) percent of the cost of reconstruction, such reconstruction may, nevertheless, take place, if within ninety (90) days from the date of said destruction, at least sixty-six and two-thirds percent (66-2/3%) of each class of membership elect to rebuild.

Section 12.3. Additional Contributions From Owner. If the Association determines to rebuild, pursuant to either Sections 12.1 or 12.2, each Owner shall be obligated to contribute such funds as shall be necessary to pay such Owner's proportionate share of the cost of reconstruction over and above the insurance proceeds, and the proportionate share of each Owner shall be based upon the ratio of the fair market value of such Owner's Lot to the fair market value of all the Lots. In the event of failure or refusal by any Owner to pay such Owner's proportionate share, after notice to such Owner, should such failure or refusal continue for a period of sixty (60) days, the Board of Directors may levy a special assessment against such Owner, which may be enforced under the lien provisions, hereinbefore contained.

Section 12.4. Association to Contract for Rebuilding. If the Owners determine to rebuild, the Board of Directors shall obtain bids from at least two (2) reputable contractors and shall award construction work to the lowest bidder. The Board of Directors shall have the authority to enter into a written contract with said contractor for such reconstruction and the insurance proceeds held by the Board shall be disbursed to said contractor according to the terms of the contract. It shall be the obligation of the Board to take all steps necessary to insure the commencement and completion of such reconstruction at the earliest possible date.

Section 12.5. Insufficient Vote to Rebuild. If the vote of the Owners shall be insufficient to authorize rebuilding, either pursuant to Sections 12.1 or 12.2 above, the following shall apply:

12.5.1 Any insurance proceeds available for such rebuilding shall be distributed among the Owners and their individual lenders by the Board, as their respective interests may appear. The proportionate interests of each Owner in said proceeds in relation to other Owners shall be based upon a ratio of each Lot's "fair market value," just prior to destruction. "Fair market value" shall be determined by an independent appraiser.

12.5.2 The Board shall have the duty, within one hundred twenty (120) days of the date of such loss, to execute, acknowledge and record a certificate setting forth the determination of the Association not to rebuild, and shall promptly cause to be prepared and filed, such revised maps and other documents as may be necessary to show the conversion of the Association Maintenance Areas to the status of unimproved land.

Section 12.6. Revival of Right to Partition. Upon recording of such certificate, referred to in Section 12.5.2, above, the right of any Owner to partition such Owner's Lot through legal action, shall forthwith revive.

Section 12.7. Arbitration. In the event of a dispute among the Owners, with respect to the provisions of this Article, any Owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to the members of the Board and all Owners as

promptly as possible after reference to arbitration is made, giving all Owners an opportunity to appear in such arbitration proceedings. The decision of such arbitrator in this matter shall be final and conclusive upon all Owners. The arbitrator may include in the decision an award for costs and/or attorneys' fees against any one or more of the parties to the arbitration.

ARTICLE 13 MORTGAGEE PROTECTION

Section 13.1. Mortgagee Protection. Notwithstanding any other provisions in this Declaration to the contrary, in order to induce lenders and investors to participate in the financing of the sale of Lots in the Community, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control):

13.1.1 No breach of any of the covenants, conditions and restrictions herein contained, nor the enforcement of any lien provisions herein, shall defeat or render invalid the lien of any first Mortgage (meaning a Mortgage with first priority over any other Mortgage) on any Lot made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

13.1.2 Each holder of a first Mortgage encumbering any Lot is entitled upon request to timely written notification from the Association of any default by the Mortgagor of such Lot in the performance of such Mortgagor's obligations under this Declaration, the Bylaws or Rules and Regulations of the Association which is not cured within sixty (60) days. Any Institutional Lender holding a first Mortgage on any Lot within the Community shall be entitled to prior written notice of certain proposed actions of the Association as hereinafter set forth in Sections 13.1.5.1 through 13.1.5.8, inclusive, provided that such Institutional Lender furnishes the Association with a written request for notice which request sets forth the particular Institutional Lender's mailing address and identifies the Lot on which it holds an encumbrance.

13.1.3 Each holder of a first Mortgage encumbering any Lot which obtains title to such Lot pursuant to: (a) remedies provided in such Mortgage, or (b) by accepting a deed (or assignment) in lieu of foreclosure in the event of default by a Mortgagor, shall be exempt from any "right of first refusal," if any, contained in the Declaration or the Bylaws of the Association. Further, any such "right of first refusal" shall not impair the rights of a first Mortgagee or interfere with a subsequent sale or lease of a Lot so acquired by the Mortgagee.

13.1.4 Each holder of a first Mortgage or third party foreclosure purchaser which obtains title to a Lot pursuant to foreclosure of the first Mortgage, shall take the Lot free of any claim for unpaid dues, assessments or charges against the Lot which accrue prior to the time such holder obtains title to such Lot (except for claims for a share of such assessments or charges resulting from a reallocation of such dues, assessments or charges among all Lots, including the mortgaged Lot). The lien assessments provided for herein shall be subordinate to the lien of any first Mortgage now or hereafter placed upon a Lot subject to assessment; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to

a sale or transfer of such Lot pursuant to a decree of foreclosure or trustee sale. Such sale or transfer shall not release such Lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

13.1.5 Unless at least two-thirds (2/3) of the Institutional Lenders holding a first Mortgage on a Lot within the Community (based upon one vote for each first Mortgage owned), and at least two-thirds (2/3) of the Owners (other than the Declarant) have given their prior written approval, the Association and its Members shall not be entitled to:

13.1.5.1. By act or omission, waive or abandon any scheme of regulations or enforcement thereof, pertaining to the architectural design or the exterior appearance of Lots, the exterior maintenance of Lots, the maintenance of the Association Maintenance Areas, party walls or common fences and driveways, or the upkeep of lawns and plantings in the Community;

13.1.5.2. Change the pro rata interest or obligations of any Lot for purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards;

13.1.5.3. Partition or subdivide any Lot;

13.1.5.4. By act or omission, seek to abandon, subdivide, encumber, sell or transfer the Association Maintenance Areas or partition the Association Maintenance Areas except as provided for herein. The granting of easements for public utilities or for other public purposes consistent with the intended uses of the Association Maintenance Areas and the Community shall not be deemed a transfer within the meaning of this clause;

13.1.5.5. Use hazard insurance proceeds for losses to any Association Maintenance Areas for other than repair, replacement or reconstruction of such Association Maintenance Areas, except as provided by statute in case of substantial damage to the Association Maintenance Areas of the Community;

13.1.5.6. Fail to maintain fire and extended coverage on insurable planned development common property within the Community 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);

13.1.5.7. Effectuate any decision of the Association to terminate professional management and assume self management of the Community; and

13.1.5.8. Amend any part of this Article 13.

13.1.6 First Mortgagees shall have the right to examine the books and records of the Association during normal business hours.

13.1.7 The annual assessments shall include an adequate reserve fund for maintenance, repair and replacement of the improvements to the Association Maintenance Areas and those portions thereof that must be replaced on a periodic basis, and shall be payable in annual assessments rather than by special assessments.

13.1.8 All taxes, assessments and charges which may become liens prior to the first Mortgage under local law shall relate only to individual Lots, and not to the Community as a whole.

13.1.9 In the event of substantial damage to or destruction of any Lot or any element of the Association Maintenance Areas or possible condemnation or eminent domain procedure, the Institutional Lender under any first Mortgage on a Lot is entitled to timely written notice of any such damage, destruction or proposed acquisition and no provision in the Bylaws, nor in this Declaration shall be interpreted to entitle any Owner or any other party to priority over any first Mortgagee with respect to the distribution to such Owner of any insurance proceeds or condemnation awards for losses to, or a taking of, Lots and/or Association Maintenance Areas.

13.1.10 Any agreement for professional management of the Community, or any other contract providing for services by the Declarant shall provide for termination by either party without cause or payment of a termination fee upon thirty (30) days' written notice, and that the term of any such contract shall not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods.

13.1.11 The Association shall, upon the request of any Institutional Lender under a first Mortgage on a Lot: (i) give written notice of all meetings of the Association and permit the Institutional Lender to designate a representative to attend all such meetings, and (ii) transmit to such Institutional Lender an annual audited financial statement of the Community within ninety (90) days following the end of any fiscal year of the Community.

13.1.12 No breach of any of the foregoing covenants shall cause any forfeiture of title or reversion or bestow any right of re-entry whatsoever, but in the event that any one or more of these covenants shall be violated, the Declarant, its successors and assigns, or the Association, or any Owner may commence a legal action in any court of competent jurisdiction to enjoin or abate said violation, and/or to recover damages; provided, that any such violation shall not defeat or render invalid the lien of any Mortgage made in good faith and for value as to said Lot or any part thereof. Said covenants shall be binding upon and effective against any Owner whose title is acquired by foreclosure, trustee's sale or otherwise.

13.1.13 First Mortgages of Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Association Maintenance Areas and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Association Maintenance Areas. First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. This provision shall constitute an agreement by the Association for the express benefit of all first Mortgagees and upon request of any first Mortgagee the Association shall execute and deliver to such first Mortgagee a separate written Agreement embodying this provision.

**ARTICLE 14
AMENDMENTS**

Section 14.1. Amendments. During the period of time prior to conversion of the Class B membership to Class A membership, this Declaration may be amended only by an affirmative vote of at least seventy-five percent (75%) of the voting power of each class of Members of the Association. After the conversion of Class B membership in the Association to Class A membership, the Declaration may be amended only by an affirmative vote of (i) at least seventy-five percent (75%) of the total voting power of the Association, and (ii) at least seventy-five percent (75%) of the voting power of the Association other than Declarant. In no event shall the percentage of the voting power necessary to amend a specific provision of this Declaration be less than the percentage of affirmative votes prescribed for action to be taken under said provision. An Amendment hereto shall be effective after (a) the approval of the percentage of Owners required in this Section has been given, (b) that fact has been certified in a writing executed and acknowledged by the officer designated by the Association for that purpose, or if no one is designated, by the president of the Association and (c) that writing has been recorded in the county in which the Community is located.

Any amendment of this Declaration which would defeat the obligation of the Association to maintain the Association Maintenance Areas and facilities as described in Article 4 hereof, or amend any other provision of the Declaration required by the City's Conditions of Approval for the Community, must receive the written approval of the City prior to the recordation thereof.

Notwithstanding any other provision of this Section, except for the requirements for consent by the City listed below, for so long as Declarant owns any portion of the Properties or the Annexable Property, Declarant may unilaterally amend this Declaration by recording an instrument in writing, signed by Declarant, without the consent of the Association or any other Owner, provided that such amendment is made to correct a typographical error or internal inconsistency herein, and such amendment does not adversely affect the interests of any Owner without such Owner's written consent, or in order to conform this Declaration to the requirements of the California Department of Real Estate, the United States Department of Veterans Affairs, FHA, FNMA, GNMA, FHLMC, or any other governmental entity.

14.1.1. Approval by the City of Roseville. The following provisions of this Declaration reflect Conditions of Approval provisions that are applicable to the Community and may only be amended, modified, and/or deleted with the prior written consent of the City: 1.1.1, 1.1.6, 1.1.21, 1.1.23, 1.1.27, 2.3 through 2.7, 4.1.1, 8.2.5, 8.2.13, 8.2.14, 10.3, 15.5 and this Section 14.1.1.

Section 14.2. Effectiveness of Amendment. From and after its effective date, each amendment made pursuant to the preceding paragraph shall be as effective as to all Lots within the Community, the Owners thereof and their successors in interest.

Section 14.3. Petition the Superior Court. Nothing in this Declaration shall restrict the ability of any Owner at any time to petition the Superior Court in the county in which the Community is located to amend this Declaration as provided under California Civil Code Section 1356.

**ARTICLE 15
ANNEXATION**

Section 15.1. Annexation of Additional Property by Declarant. All or portions of the Annexable Property described in Exhibit "B" hereto may be annexed into the Community by the Declarant without the consent of the Members of the Association, provided, however, that the real property and the total number of residential units proposed to be annexed were adequately identified.

Section 15.2. Annexation of Additional Property by Association. Upon approval in writing by the Association, pursuant to the vote of at least two-thirds (2/3) of the voting power of its Members or the written assent of such Members, excluding the voting power or written assent of Declarant, the Owner of any real property who desires to add such property to the scheme of this Declaration and to subject same to the jurisdiction of the Association, may file of record a Notice of Annexation which shall extend the scheme of this Declaration to such property.

Section 15.3. Annexation Procedure. The annexation of additional real property authorized under Sections 15.1 and 15.2 shall be made by filing of record a Notice of Annexation, or similar instrument, covering said additional real property, which Notice of Annexation shall expressly provide that the scheme of this Declaration shall extend to such additional real property. The Notice of Annexation may contain such complementary additions to and modifications of the covenants set forth in this Declaration as are necessary to reflect the different character, if any, of the annexed property and which are not inconsistent with the general scheme of this Declaration. Except as set forth in this Section, no Notice of Annexation shall add, delete, revoke, modify or otherwise alter the covenants set forth in this Declaration.

Section 15.4. Obligations of Annexed Property. The obligation of Owners in the annexed property to pay assessments levied by the Association and the right of such Owners to exercise voting rights in the Association in such annexed property shall not commence until the first day of the month following close of the first sale of a Lot by Declarant in that particular Phase of development.

Section 15.5. De-Annexation. Declarant hereby reserves the right to de-annex any Lot or Lots within the Community and to delete said Lot or Lots from the scheme of this Declaration and from the jurisdiction of the Association, provided and on condition that the de-annexation shall be made prior to the closing date of the sale of the first Lot in the annexed property within the Community, and shall be subject to the prior written consent of the City.

**ARTICLE 16
PARTY WALLS**

Section 16.1. Rights and Duties. The rights and duties of the Owners of Lots with respect to party walls shall be governed by the following:

16.1.1 Each wall that is constructed as a part of the original construction and located between separate Lots, shall constitute a party wall, and with respect to such wall, each of the

adjoining Owners shall jointly assume the burdens and share the cost of reasonable maintenance and repair in proportion to such use. Each Lot shall be subject to an easement for that portion of the party wall which is necessary for support, and each such Owner shall be liable for all property damage due to negligence or willful acts or omissions in connection with such wall.

16.1.2 If any such party wall is damaged or destroyed through the act of one of the adjoining Owners, any member of such Owner's family, a guest, agent (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Owner of the full use and enjoyment of such wall, the Owner responsible for the damage or destruction thereon shall be required to make any and all necessary repairs thereto, without cost to the adjoining Owner.

16.1.3 If any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining Owners, such Owner's agents, or family (including, but not limited to, earthquake damage), each adjoining Owner shall be required to make any and all necessary repairs thereto at their joint and equal expense.

16.1.4 Any Owner proposing to modify, make additions to, or rebuild such Owner's Lot in any manner which requires the extension or alteration of any party wall, shall be required to first obtain the written consent of the adjoining Owner. Such Owner must also comply with all dictates of this Declaration that may be relevant.

16.1.5 The right of any Owner to receive contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

16.1.6 In the event of a dispute between Owners with respect to the repair of a party wall or with respect to the sharing of the cost thereof, the matter shall be submitted to the Board for resolution upon the written request of either Owner. Any decision of the Board of Directors shall be final and conclusive upon the parties.

ARTICLE 17 GENERAL PROVISIONS

Section 17.1. Extension of Declaration. The provisions of this Declaration shall run with the land and bind the Community, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of forty (40) years from the date this Declaration is recorded, after which time the provisions of this Declaration shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by at least seventy-five percent (75%) of the then Owners of Lots, has been recorded within six (6) months of the anticipated termination date. The contents of such instrument shall contain the agreement to terminate this Declaration as it may be supplemented in whole or in part.

Section 17.2. Encroachment Easement. In the event any improvement to a Lot encroaches upon the Association Maintenance Areas as a result of the initial construction, or as the result of repair, shifting, settlement or movement of any portion thereof, an easement for the encroachment and for the maintenance of same, shall exist so long as the encroachment exists.

Further, each Owner within the Properties is hereby granted an easement over all adjoining Lots for the purpose of accommodating any minor encroachment, due to engineering errors, errors in original construction, settlement or shifting of the building, roof overhang, architectural or other appendants for so long as any such encroachment continues to exist.

Section 17.3. Ownership Interest. An ownership interest in a Lot within the Community may pass from the estate of a deceased person to more than one person; provided, however, that only one living individual shall be entitled to have membership privileges in the Association derived from such ownership.

Section 17.4. Severability. In the event any limitation, restriction, condition, covenant or provision contained in this Declaration is to be held invalid, void or unenforceable by any court of competent jurisdiction, the remaining portions of this Declaration shall, nevertheless, be and remain in full force and effect.

Section 17.5. Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community.

Section 17.6. Termination of Declarant's Obligations. In the event Declarant shall convey all of its right, title and interest in and to the Community to any partnership, individual or individuals, corporation or corporations, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant.

Section 17.7. Number, Gender. The singular shall include the plural and the plural the singular unless the context requires to the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.

Section 17.8. Non-Liability of Declarant. Each Owner, by acceptance of a deed, shall be deemed to have agreed that Declarant shall have no liability whatsoever resulting from any term or provision hereof having been held to be unenforceable in whole or in part.

Section 17.9. Grantees Subject to this Declaration. Each grantee of a conveyance or purchaser under a contract or agreement of sale, by accepting the deed or contract of sale or agreement of purchase, accepts the same subject to all of the limitations, restrictions, conditions and covenants, and agreements set forth in this Declaration, and agrees to be bound by the same.

Section 17.10. Declarant's Rights After Sale of all Lots in the Community. For a period of ten (10) years after the close of escrow for the sale of the last Lot in the Community, in addition to Declarant's rights as an Owner and a Member, Declarant shall have the following rights: (1) access to and the right to inspect the Association books and financial records, (2) access to and the right to inspect the Association's maintenance records; (3) access to and the right to inspect the Common Areas of the Community; (4) right to receive notice of, attend and speak at all regular and special meetings of the Board of Directors and meetings of the Members; and (5) right to receive copies of the minutes of the meetings of the Board of Directors and meetings of

the Members, upon request and payment of the actual costs to copy and distribute such records.

ARTICLE 18 DISPUTE MECHANISM

Section 18.1. Notice to Members Prior to Filing Civil Action. Not later than thirty (30) days prior to the filing of any civil action by the Association against the Declarant or other developer of the Community for alleged damage to the Association Maintenance Areas, alleged damage to the Lots that the Association is obligated to maintain, or repair, or alleged damage to the Lots that arises out of, or is integrally related, to damage to the Association Maintenance Areas or Lots that the Association is obligated to maintain or repair, the Board shall provide written notice to each Member who appears on the records of the Association at the time notice is given, specifying (a) that a meeting of Members will be held to discuss problems that may lead to the filing of a civil action, (b) the options, including civil actions, that are available to address the problems, and (c) the time and place of the meeting. If the Association has reason to believe that the applicable statute of limitations will expire before the association files the civil action, the Association may give the foregoing notice not later than thirty (30) days after the filing of the action.

Section 18.2. Dispute Resolution. Any disputes between all or any of the Association, Owner(s), the Declarant, or any director, officer, partner, employer, general contractor, subcontractor, material supplier, individual product manufacturer, design professional, consultant, or agent of the Declarant (collectively "*Declarant Parties*"), arising under this Declaration or relating to the Properties, shall be subject to the following provisions of this Section 19.2 and the following Sections 19.3, 19.4 and 19.5.

Section 18.3. Construction Defect Disputes.

18.3.1 Notice of Construction Claims Statute. California Civil Code Section 895 et seq, as hereafter amended ("*Construction Claims Statute*"), delineates standards for how various components of residential dwelling units should be constructed and function, limits the time frames for bringing various claims against the builder to anywhere from one (1) year to ten (10) years (as listed in the Construction Claims Statute) from the close of escrow for the residential dwelling unit, imposes an obligation on all Owner's and the Association to follow Declarant's maintenance recommendations and schedules, or other applicable maintenance guidelines, and establishes a non-adversarial claims resolution procedure that must be followed by an Owner and the Association before the Owner or the Association can initiate an adversarial claim and proceed to judicial reference or binding arbitration, as described in Section 19.5 below. THE CONSTRUCTION CLAIMS STATUTE AFFECTS EACH OWNER'S AND THE ASSOCIATION'S LEGAL RIGHTS. OWNERS, ON BEHALF OF THEMSELVES, AND AS MEMBERS OF THE ASSOCIATION, ARE ADVISED TO READ THE STATUTE CAREFULLY AND SEEK LEGAL ADVICE IF OWNER HAS ANY QUESTIONS REGARDING ITS AFFECT ON OWNER'S OR THE ASSOCIATION'S LEGAL RIGHTS. PURSUANT TO CALIFORNIA CIVIL CODE SECTION 914, DECLARANT IS PERMITTED TO ELECT TO USE ALTERNATE CONTRACTUAL NON-ADVERSARIAL PROCEDURES INSTEAD OF USING THE STATUTORY PRE-LITIGATION PROCEDURES PROVIDED IN

THE CONSTRUCTION CLAIMS STATUTE, AND DECLARANT HAS ELECTED TO USE ITS OWN CONTRACTUAL NON-ADVERSARIAL PROCEDURES AS PROVIDED BELOW.

18.3.1.1. Obligation to Follow Maintenance Recommendations and Schedules. All Owners and the Association are obligated by Section 907 of the California Construction Claims Statute to follow Declarant's maintenance recommendations and schedules, including the maintenance recommendations and schedules for manufactured products and appliances provided with such Owner's Lot or the Association Maintenance Areas, or any improvements thereon, as well as all commonly accepted maintenance practices (collectively, "Maintenance Recommendations"). Per Section 945.5 of the California Construction Claims Statute, failure to follow the Maintenance Recommendations may reduce or preclude Owner's and the Association's right to recover damages relating to such Lot or Association Maintenance Areas, which could have been prevented or mitigated had the Maintenance Recommendations been followed.

18.3.1.2. Obligation to Retain Documents and Provide Copies to Successors. All Owners, who originally purchased a Lot from Declarant were provided copies of certain documents in conjunction with the purchase of their Lot, including copies of this Declaration, maintenance recommendations from Declarant, maintenance recommendations for manufactured products or appliances included with the Lot, a limited warranty, claim forms, and other documentation relating to the Construction Claims Statute. All Owners are required by the Construction Claims Statute to retain these documents and provide copies of such documents to their successors in interest upon the sale or transfer of such Owner's Lot.

18.3.2 Owners' Construction Defect Claims. Prior to the commencement of any legal proceeding by any Owner against Declarant or any Declarant Party based upon a claim for defects in the design or construction of any Lot, Residence, Association Maintenance Areas, or any improvements thereon, the Owner must first comply with the provisions of this paragraph. If at any time during the ten (10) year period following the close of escrow for the original Owner's purchase of such Owner's Lot from Declarant, as such period may be extended by any applicable tolling statute or provision, or any shorter period as provided by applicable law, such Owner believes Declarant has violated any of the standards set forth in the Construction Claims Statute ("Claimed Defect"), which such Owner feels may be the responsibility of Declarant, such Owner shall promptly notify Declarant's agent for notice of construction defect claims on file with the Secretary of State, whose name and address are: Lennar Corporation, 700 NW 107 Avenue, 4th Floor, Miami, FL 33172, attention General Counsel, in writing, with a copy to Declarant at Declarant's address as an Owner listed in the records of the Association. Such notice shall be deemed a notice of intention to commence a legal proceeding and shall include: (a) a detailed description of the Claimed Defect, (b) the date upon which the Claimed Defect was first discovered, and (c) dates and times when Owner or Owner's agent will be available during ordinary business hours, so that service calls or inspections by Declarant can be scheduled. Declarant shall, in its sole discretion, be entitled to inspect the applicable property regarding the reported Claimed Defect and, within its sole discretion, shall be entitled to cure such Claimed Defect. Nothing contained in this Article shall obligate Declarant to perform any such inspection or repair, nor shall this Section be deemed to increase Declarant's legal obligations to Owner.

Owner's written notice delivered to Declarant shall be a condition precedent to Owner's right to institute any legal proceeding and to proceed to judicial reference or binding arbitration as set forth Section 19.5 below, and Owner shall not pursue any other remedies available to it, at law or otherwise, including without limitation the filing of any legal proceeding or action, until Declarant has had the reasonable opportunity to inspect and cure the Claimed Defect. During the term of any written Limited Warranty provided to the original Owner of the Lot by Declarant, any conflict between the provisions of this Section and the Limited Warranty shall be resolved in favor of the Limited Warranty. Declarant shall not be liable for any general, special or consequential damage, cost, diminution in value or other loss which Owner may suffer as a result of any Claimed Defect in the Lot, which reasonably might have been avoided had Owner given Declarant the notice and opportunity to cure as described above within a reasonable time of discovering the Claimed Defect. Except as otherwise provided in the written Limited Warranty, if any, provided to Owner, nothing contained herein shall establish any contractual duty or obligation on the part of Declarant to repair, replace or cure any Claimed Defect. If an Owner sells or otherwise transfers ownership of such Owner's Lot to any other person during such ten (10) year period, as such period may be extended by any applicable tolling statute or provision, Owner covenants and agrees to give such other person written notice of these procedures by personal delivery. Owner's continuing obligation under this covenant shall be binding upon Owner and Owner's successors and assigns.

18.3.3 Association's Construction Defect Claims. DECLARANT ELECTS TO USE THE ALTERNATE CONTRACTUAL NON-ADVERSARIAL PROCEDURES CONTAINED IN CALIFORNIA CIVIL CODE SECTION 1375, EXCEPT AS OTHERWISE PROVIDED HEREIN, RATHER THAN THE STATUTORY PRE-LITIGATION PROCEDURES OF THE CONSTRUCTION CLAIMS STATUTE, WITH RESPECT TO CLAIMS BY THE ASSOCIATION. Prior to the commencement of any legal proceeding by the Association against Declarant or any Declarant Party based upon a claim for defects in the design or construction of the Association Maintenance Areas, or any improvements thereon, or any other area within the Community which the Association has standing to make a claim for defects in the design or construction thereof, the Association must first comply with all of the applicable requirements of California Civil Code Section 1375, as the same may be amended from time to time, or any successor statute thereto. For purposes of claims under this Section, notice to "builder" under California Civil Code Section 1375 shall mean notice to Declarant's agent for notice of construction defect claims on file with the Secretary of State, with a copy to Declarant, as provided above. In addition to the requirements of said Section 1375, Declarant shall have an absolute right, but not an obligation, to repair any alleged defect or condition claimed by the Association to be in violation of the standards set forth in the Construction Claims Statute, within a reasonable period of time after completion of the inspection and testing provided for in such Section and prior to submission of builder's settlement offer under such Section. If the parties to such dispute are unable to resolve their dispute in accordance with the procedures established under California Civil Code Section 1375, as the same may be amended from time to time, or any successor statute, the dispute shall be resolved in accordance with the judicial reference or binding arbitration provisions of Section 19.5 below and the parties to the dispute shall each be responsible for their own attorneys' fees. The Association shall have the power to initiate claims against a Declarant Party for violations of Construction Claims Statute, as soon as the Association has one (1) Class A Member other than Declarant. Upon the written request of any

Class A Member to the Board of Directors, the Board shall establish a committee consisting exclusively of Class A Member(s) other than Declarant to investigate claimed violations of the standards of the Construction Claims Statute. Upon the committee's determination that cause exists to initiate a claim, the decision of whether to initiate a claim shall be made by a vote of the Class A Members other than Declarant. A majority of the votes cast shall be deemed to be the decision of the Association, which the board shall carry out by submitting the necessary claim to Declarant or the appropriate Declarant Party; provided, however, that the vote is either conducted at a properly convened meeting with the requisite quorum in accordance with the provisions of the Bylaws relating to meetings and voting, or the vote was conducted without a meeting in accordance with California Corporations Code Section 7513, as authorized by the Bylaws.

Section 18.4. Other Disputes. Any other disputes arising under this Declaration, or otherwise, between the Association or any Owner and Declarant or any Declarant Party (except for any action taken by the Association against Declarant for delinquent assessments, and any action involving enforcement of any completion bonds) shall be resolved in accordance with the alternate dispute resolution provisions of Section 19.5 below; provided, however, that with regard to disputes between the Association and an Owner where the alternative dispute resolution procedure is invoked by the Association, the Owner may elect not to participate in the procedure. The dispute resolution procedure in Section 19.5, as it applies solely to disputes under this Section 19.4, shall be deemed to satisfy the alternative dispute requirements of California Civil Code Sections 1363-810, 1369-510, and following, or any successor statute, as applicable.

Section 18.5. Alternate Dispute Resolution Procedures. The following procedures provide for resolution of disputes through general judicial reference or, in the alternative, binding arbitration. In either event, Declarant, the Association and each Owner of a Lot within the Community, expressly acknowledge and accept that, by invoking or electing to participate in the procedure, they are waiving their respective rights to a jury trial.

18.5.1 Judicial Reference. Subject to compliance with the provisions of Sections 19.2 through 19.4, to the extent applicable, it is the intention of Declarant that, except as otherwise expressly provided herein, any and all disputes, based upon which litigation is filed, shall be resolved by judicial reference under California law. Accordingly, except as otherwise expressly provided in this Declaration (such as the collection of delinquent assessments), any dispute, between the Association or any Owner(s) and the Declarant, or other developer of the Community, or between the Association and any Owner with respect to the interpretation of any of the provisions of this Declaration, or with respect to any alleged breach hereof, or with respect to any other claim related to a Lot or the Association Maintenance Areas, including, without limitation, any alleged latent or patent construction or design defect in the Community, any Lot or any part thereof, any alleged violation of the standards set forth in the Construction Claims Statute, any judicial determination to be made under California Civil Code Section 1375(h), or for alleged damage to the Association Maintenance Areas, alleged damage to the Lots that the Association is obligated to maintain or repair, or any alleged damage to Lots that arises out of, or is integrally related to the Association Maintenance Areas or Lots that the Association is obligated to maintain or repair, shall be heard by a referee pursuant to the provisions of

California Code of Civil Procedure Sections 638 through 645.2. Notwithstanding any other provision of this Declaration, this Article shall not be amended without the written consent of Declarant. In the event litigation is filed based upon any such dispute, the following shall apply:

18.5.1.1. The proceeding shall be brought and held in the County in which the Community is located, unless the parties agree to an alternative venue.

18.5.1.2. The parties shall use the procedures adopted by Judicial Arbitration and Mediation Services, Inc. ("JAMS") for judicial reference and selection of a referee (or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the parties).

18.5.1.3. The referee must be a retired judge or a licensed attorney with substantial experience in relevant real estate matters.

18.5.1.4. The parties to the litigation shall agree upon a single referee who shall have the power to try any and all of the issues raised, whether of fact or of law, which may be pertinent to the matters in dispute, and to issue a statement of decision thereon to the court. Any dispute regarding the selection of the referee shall be resolved by JAMS or the entity providing the reference services, or, if no entity is involved, by the court with appropriate jurisdiction in accordance with California Code of Civil Procedure Sections 638 through 642.

18.5.1.5. The referee shall be authorized to provide all remedies available in law or equity appropriate under the circumstances of the controversy.

18.5.1.6. The referee may require one or more pre-hearing conferences.

18.5.1.7. The parties shall be entitled to discovery, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

18.5.1.8. A stenographic record of the trial shall be made.

18.5.1.9. The referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable.

18.5.1.10. The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

18.5.1.11. The parties shall promptly and diligently cooperate with each other and the referee and perform such acts, as may be necessary for an expeditious resolution of the dispute.

18.5.1.12. The costs and fees of the referee and the costs and fees for the judicial reference proceeding shall be paid as agreed by the parties, or, if the parties cannot agree, then as provisionally determined by the referee, and the overall costs and fees of the proceeding shall be ultimately borne as determined by the referee at the conclusion of the proceeding. The referee may not award against the Association or any Owner any expenses in

excess of those that would be recoverable as costs if the dispute had been litigated to final judgment in court.

18.5.1.13. The statement of decision of the referee upon all of the issues considered by the referee shall be binding upon the parties, and upon filing of the statement of decision with the clerk of the court, or with the judge where there is no clerk, judgment may be entered thereon. The decision of the referee shall be appealable as if rendered by the court. This provision shall in no way be construed to limit any valid cause of action that may be brought by any of the parties.

18.5.2 Binding Arbitration. If for any reason the judicial reference procedures in Section 19.5.1 are legally unavailable or unenforceable at the time a dispute would otherwise be referred to judicial reference, then such dispute shall be submitted to binding arbitration under the rules and procedures in this Section 19.5.2. Any dispute submitted to binding arbitration shall be administered by the American Arbitration Association ("AAA") in accordance with the AAA's Construction Industry Arbitration Rules and AAA's Supplementary Procedures for Residential Construction Disputes in effect on the date of the submission. If such entity is not then in existence, then the dispute shall be submitted to JAMS, and administered in accordance with either the Streamlined Arbitration Rules and Procedures, or (if applicable) the Comprehensive Arbitration Rules of JAMS. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such dispute. If the claimed amount exceeds Two-Hundred Fifty Thousand Dollars (\$250,000.00) or includes a demand for punitive damages, the dispute shall be heard and determined by three arbitrators. Otherwise, unless mutually agreed to by the parties, there shall be one arbitrator. Arbitrators shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved. All decisions concerning the arbitrability of any dispute shall be decided by the arbitrator(s). At the request of any party, the award of the arbitrator(s) shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither party nor the arbitrator(s) may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

18.5.3 Applicability of Federal Arbitration Act. The binding arbitration procedures contained in Sections 19.5.2 are implemented for the Community in accordance with the philosophy and intent of the Federal Arbitration Act (9 U.S.C. Section 1 et seq.) ("FAA"), which is designed to encourage the use of alternative methods of dispute resolution and avoid costly and potentially lengthy traditional court proceedings. The binding arbitration procedures in said Section are to be interpreted and enforced as authorized by the FAA. Parties interpreting this Section shall follow the federal court rulings, which provide among other things that: (1) the FAA is a congressional declaration of liberal federal policy favoring alternate dispute resolution notwithstanding substantive or procedural state policies or laws to the contrary, (2) alternate dispute resolution agreements are to be rigorously enforced by state courts; and (3) the scope of issues subject to alternate dispute resolution are to be interpreted in favor of alternate dispute resolution.

Section 18.6. Use of Damage Award Amounts. Any and all amounts awarded to a claimant on account of a claimed construction or design defect in the Community, or damage suffered as a

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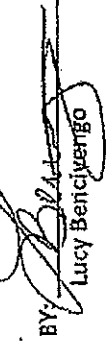
Attached is the document you (or someone on your behalf) requested. As required by Section 12956.1(b)(1) of the California Government Code, please take note of the following:

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

The undersigned Title Company hereby certifies that the within instrument is a true and complete copy of the original thereof, which was recorded in the official records of the County of Placer on 7/2/2013 under Record's Series No: 2013-0045797

RECORDING REQUESTED BY:
NAC 12296250-18
AND WHEN RECORDED MAIL TO:

Mr. Don Bamett
Lennar Homes of California, Inc.
1420 Rocky Ridge Dr., Ste. 320
Roseville, CA 95661

North American Title Company
BY: 
Lucy Bencivergo

Lots 85 - 131, Phase 1 _____ *SPACE ABOVE THIS LINE FOR RECORDER'S USE*

**NOTICE OF PROCEDURES FOR CONSTRUCTION CLAIMS
PURSUANT TO CALIFORNIA CIVIL CODE SECTION 912(f)
("Builder's Election")**

This Notice of Procedures for Construction Claims Pursuant to California Civil Code Section 912(f) ("Notice"), is made by LENNAR HOMES OF CALIFORNIA, INC., a California corporation ("Builder").

RECITALS

- A. Builder is the owner of that certain real property located in the City of Roseville, County of Placer, California being developed by Builder as a residential community, commonly known as CHATEAU AT DIAMOND CREEK ("Community").
- B. Builder intends to sell and convey certain real property within the Community which may consist of one or both of the following: (1) individual residential dwelling units; and/or (2) certain common area improvements to be owned and maintained by the Homeowners Association for the Community ("Association"), as applicable.
- C. This Notice is intended to affect the real property in the Community more particularly described in the legal description attached hereto as Exhibit "A" ("Property").
- D. Builder is required pursuant to California Civil Code Section 912(f) (as enacted by Cal. Stats. 2002, ch.722), to record a notice of existence of non-adversarial procedures for the resolution of construction defect claims contained in California Civil Code Sections 910 through 938 ("Statutory Pre-Litigation Procedures").
- E. Pursuant to California Civil Code Section 914, Builder is permitted to elect to utilize alternate contractual non-adversarial procedures ("Contractual Pre-Litigation Procedures").
- F. Builder desires to provide notice to the buyers of the individual dwelling units, on behalf of themselves and as members of the Association, and the Association, as applicable, including their respective successors and assigns (collectively "Owners") that Builder has elected to use Contractual Pre-Litigation Procedures in lieu of the Statutory Pre-litigation Procedures.

G. Builder has bound the original Owners of the Property to follow Builder's Contractual Pre-Litigation Procedures via their respective purchase agreements with Builder and all Owners are bound to follow Builder's Contractual Pre-Litigation Procedures by the Declaration of Covenants, Conditions and Restrictions recorded for the Community ("CC&Rs").

H. Builder also desires to provide notice to the Owners of their obligations to provide copies of certain purchase documents to their successor Owners and to follow Builder's maintenance and preventative maintenance recommendations and schedules and other reasonable maintenance and preventative maintenance recommendations and schedules.

NOTICE

1. **Incorporation of Recitals.** The above recitals are hereby incorporated herein as if fully set forth at this point.

2. **Covenant Running With the Land.** This Notice and the Contractual Pre-Litigation Procedures referenced herein, benefit and burden the Property, and are covenants running with the land established in accordance with Section 1468 of the California Civil Code for the benefit of and to bind Builder and all Owners of the Property.

3. **Election to Use Contractual Non-Adversarial Procedures.** Notice is hereby given to Owners that Builder has elected to use the Contractual Pre-Litigation Procedures contained in Buyers' respective purchase agreements and, if applicable, the CC&Rs for the Community, in lieu of the Statutory Pre-Litigation Procedures contained in California Civil Code Sections 910 through 938. Each Owner is advised to review the applicable provisions in the Owner's purchase agreement and the CC&Rs and all Owners must follow the procedures contained therein prior to initiating any legal proceeding against Builder or any director, officer, partner, employer, contractor, design professional, consultant, subcontractor or agent of Builder, relating to alleged construction deficiencies or any alleged violation of the provisions of California Civil Code Section 895, *et seq.* ("**Construction Claims**")

4. **Obligation to Provide Notice to Builder.** The applicable Contractual Non-Adversarial Procedures require Owners to give notice of Construction Claims, prior to initiating any legal proceeding against Builder or Builder Parties, to Builder's agent for notice of construction defect claims on file with the Secretary of State, which is currently Lemnar Corporation, 700 NW 107 Avenue, 4th Floor, Miami, FL 33172, attention General Counsel, in writing, with a copy thereof to Builder at 25 Enterprise, Aliso Viejo, CA 92656, attention Litigation Counsel.

5. **Obligation to Retain Maintenance Documents.** All Owners shall maintain full and complete copies of all documents received from Builder relating to maintenance and any warranties, including, but not limited to (a) a Maintenance Manual or other maintenance or preventative maintenance information, (b) manufactured products' maintenance and limited warranty information, and (c) a fit and finish warranty or other contractual warranties (collectively, "**Documents**") and all Owners are required by law to provide copies of the Documents to their successors' in interest.

6. **Obligation to Follow Maintenance Recommendations.** All Owners are obligated by Section 907 of the California Civil Code to follow Builder's maintenance recommendations and schedules, including the maintenance and preventative maintenance recommendations and schedules for manufactured products and appliances provided with the Property, as well as all commonly accepted maintenance practices (collectively, "**Maintenance Recommendations**"). Per Section 945.5 of the California Civil Code, failure to follow the Maintenance Recommendations may reduce or preclude Owner's right to recover damages relating to such Owner's Property, which could have been prevented or mitigated had the Maintenance Recommendations been followed.

7. **Mortgage Protection.** Nothing in this Notice shall be construed to invalidate or impair the rights of any mortgagee or beneficiary under an otherwise valid mortgage or deed of trust securing the obligations of an Owner.

IN WITNESS WHEREOF, Builder has executed this Notice as of 10/28
2013.

LENNAR HOMES OF CALIFORNIA, INC.,
A California corporation

By: Monique Reynolds
Name: Laura Sackelmaier
Its: Vice President

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF Placer)

On June 28, 2013, before me, Monique Reynolds, a Notary Public for the State of California, personally appeared Laura Sackelmaier who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature Monique Reynolds (Seal)

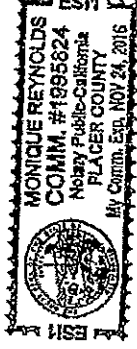


EXHIBIT "A"

LEGAL DESCRIPTION

In the City of Roseville, County of Placer, California:

Lots 85 through 131, inclusive, as shown on the Final Map of Diamond Creek 31B, Village 1, Subdivision No. 000050, in the City of Roseville, County of Placer, State of California, as per Map filed on December 14, 2012, in Book CC, Page 37, of Maps, in the Office of the County Recorder of said County

COVER PAGE

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

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

RECORDING REQUESTED BY:

NORTH AMERICAN TITLE COMPANY

The undersigned title company hereby certifies that the
within instrument is a true and complete copy of the original
thereof, which was recorded in the official records of the
County of Placer on 6/17/2013 under
Recorder's Series No: 2013-0059613

WHEN RECORDED, MAIL TO:

Lennar Homes of California, Inc.

Attn: Jeanette Adams

8171 Bollinger Canyon Rd. Ste. 550

San Ramon, CA 94583

North American Title Company

BY

Lucy Bernierigo

1632/Chateau at Diamond Creek, Lots 98, 98 and 106, Parcel 37B, Village 1 (Space Above for Recorder's Use)

**DECLARATION OF SOLAR ENERGY COVENANTS, CONDITIONS
AND RESTRICTIONS**

FOR

CHATEAU AT DIAMOND CREEK

**DECLARATION OF SOLAR ENERGY COVENANTS, CONDITIONS
AND RESTRICTIONS
FOR
CHATEAU AT DIAMOND CREEK**

This Declaration of Solar Energy Covenants, Conditions and Restrictions for Chateau at Diamond Creek, Parcel 31B, Village 1 _____ (the "*Solar Energy Declaration*") is made by Lennox Homes of California, Inc., a California corporation ("*Declarant*").

RECITALS

A. Declarant owns the real property ("*Covered Lots*") in Placer County, California, described as follows:

Lots 96, 98 and 106, as shown on that certain map entitled "Diamond Creek Parcel 31B, Village 1", filed in the Office of the County Recorder of Placer County, California on December 14, 2012, in Book CC of Maps, at Page 37.

B. The Covered Lots are a part of the Chateau at Diamond Creek residential development ("*Community*") being constructed by Declarant. As used in this Solar Energy Declaration, "*Owner*" refers to the individuals or entities to whom Declarant sells and conveys title to a Covered Lot improved with a completed residence.

C. Declarant now desires to record this Solar Energy Declaration to impose against the Covered Lots mutually beneficial restrictions to protect the operational effectiveness of any roof-mounted residential solar energy systems that may be installed on some or all of the Covered Lots, pursuant to a general plan to enhance the value of the Covered Lots and the Community by accommodating the installation and use of residential solar energy systems, and to comply with California and federal public policies that encourage alternative energy resources.

THEREFORE, Declarant declares as follows:

1. Solar Energy Systems.

1.1. *System Described*. Some or all of the homes constructed within the Covered Lots may be improved with roof-mounted residential solar energy systems (each, including any modifications or replacements, a "*System*"). Each System may include some or all of the following components:

- (a) roof-mounted frames and brackets;
- (b) roof-integrated photovoltaic roof tiles, roof-mounted solar panels, or other roof-mounted devices or structures or part of a device or structure used to collect and transform solar energy into thermal, chemical or electrical energy for any or all of (i) water heating, (ii) space heating or cooling, and (iii) power generation, (each a "Solar Array");
- (c) electrical wiring;
- (d) an inverter that converts DC electricity generated by the Solar Array to AC electricity for home use;
- (e) a bi-directional electric meter compatible with solar energy generation; and
- (f) a web-based solar energy monitoring system.

1.2. *Other System Requirements.* To be subject to the provisions of this Solar Energy Declaration, a Solar Array must be roof-mounted, comply with the building codes and other applicable regulations of the local governmental agencies having jurisdiction over the Covered Lots, and must be no less than ten (10) feet above the surface of the ground that is nearest the Solar Array. The components of a System may change in the future with the availability of newer technology. A System that is installed on a Covered Lot may be purchased and owned by the Owner of the Covered Lot, or it may be operated under the terms of a written lease or power purchase agreement between the Owner and a third-party entity.

2. *Solar Array Shading Restriction.* A System generates energy by exposure to the sun, and the generation of energy will be reduced or even eliminated if trees, tall landscaping, structures or other improvements on any Covered Lot are allowed to cause shading of the System's Solar Array. Solar Array shading restrictions are established to protect the reliable and beneficial production of solar energy from Systems.

2.1. *Prohibited Shading Defined.* "Prohibited Shading" as used in this Solar Energy Declaration means any shadow cast over more than ten percent (10%) of the solar absorption area on the surface of any Solar Array at any one time between the hours of 10 a.m. and 2 p.m., local standard time.

2.2. *Prohibited Shading Restriction.* No Owner of a Covered Lot may permit any trees, other landscaping, structures or other improvements to be installed or maintained on such Covered Lot that cause Prohibited Shading of a Solar Array, whether that Solar Array is located on the Owner's Covered Lot or on a neighboring lot. Further, no Owner of a Covered Lot may permit the planting of any tree or other landscaping on the Covered Lot that, at its generally-accepted mature height, will likely cause such Prohibited Shading.

2.3. *Application of Restriction.* Every Owner of a Covered Lot must consider the height at maturity and the location of trees planted on the Owner's Covered Lot, and the height and location of other improvements installed on the Owner's Covered Lot, in order to prevent Prohibited Shading of any Solar Array. This Prohibited Shading restriction will apply to

any Solar Array installed in the future, unless Prohibited Shading of such Solar Array exists at the time the Solar Array is installed or will occur at any time during the remainder of the annual solar cycle after installation as a result of pre-existing shading conditions. This Prohibited Shading restriction also applies regardless of the fact that an applicable local governmental agency or homeowners association, if any, may have issued an approval or permit for the subject tree, other landscaping, structures or other improvements causing the Prohibited Shading, and regardless of compliance with the Horizontal Distance Table or Minimal Shading Criterion, below. This Prohibited Shading restriction further applies to any Solar Array regardless of the fact that such Solar Array may be located on a lot that is not subject to this Solar Energy Declaration. This Prohibited Shading restriction does not apply to shading caused by the residential structures constructed by Declarant within the Community.

3. Design and Approval of Improvements. To prevent Prohibited Shading of Solar Arrays by improvements installed by Owners of Covered Lots or persons in control of such Covered Lots (and except for Declarant-installed trees as provided below), the distance of planted trees and other improvements from the lowest point of a nearby Solar Array must be carefully planned. Mature trees are generally categorized by height as being small (up to 20 feet), medium (up to 35 feet) or large (up to 50 feet). As an example, a Solar Array on a one-story residence means that even a small tree, if planted too close to the residence, can cause shading of the Solar Array when the tree matures. Determining the height and distance of mature trees and other improvements is very important when improvements to a Covered Lot are planned by Owners.

3.1. Height and Distance Guidelines. The following table ("*Horizontal Distance Table*") is based on the horizontal distance guidelines established by the California Energy Commission to minimize the shading of Solar Arrays (Committee Guidebook, New Solar Homes Partnership, Third Edition, California Energy Commission ("*CEC*"), January 2010). This Horizontal Distance Table, as may be modified by the CEC and then-currently in effect, is a guide to the planting of trees or installation of other tall improvements on a Covered Lot. The table describes the closest horizontal distance that trees (as measured from the vertical prolongation of the tree trunk at grade) or other improvements of various heights, may be located from the lowest point of a nearby Solar Array on the roof of a one-, two- or three-story residence. The criterion used to determine these height and distance guidelines (the "*Minimal Shading Criterion*") is as follows: No obstruction can be closer than a distance of twice the height the obstruction extends above the lowest point of the Solar Array.

Solar Array Location	Small Tree Distance (up to 20 feet tall)	Medium Tree Distance (up to 35 feet tall)	Large Tree Distance (up to 50 feet tall)
1 story residence (lowest point of Solar Array is 12 ft above grade)	16 feet (minimum distance from nearest point on Solar Array)	46 feet (minimum distance from nearest point on Solar Array)	76 feet (minimum distance from nearest point on Solar Array)
2 story residence (lowest point of Solar Array is 22 ft.	Any distance	26 feet (minimum distance from nearest point on	56 feet (minimum distance from nearest point on

Solar Array Location	Small Tree Distance (up to 20 feet tall)	Medium Tree Distance (up to 35 feet tall)	Large Tree Distance (up to 50 feet tall)
above grade)		Solar Array)	Solar Array)
3 story residence (lowest point of Solar Array is 32 ft above grade)	Any distance	6 feet (minimum distance from nearest point on Solar Array)	36 feet (minimum distance from nearest point on Solar Array)

3.2. *Application of Guidelines.* The Minimal Shading Criterion and the guidelines established in the Horizontal Distance Table apply to the distance of trees, landscaping, structures and other tall improvements on a Covered Lot from any Solar Array, whether the Solar Array is located on the Covered Lot or on a neighboring lot. When planning to plant a tree or install any tall improvements, the Minimal Shading Criterion and Horizontal Distance Table must be used to determine the areas of maximum height at minimum distance from the lowest point or points on the Solar Array. For example, using the Minimum Shading Criterion, a tree having a mature height of 40 feet should be planted at a distance not less than 56 feet from the nearest point on a Solar Array on the roof of a one-story home. The Horizontal Distance Table and the Minimal Shading Criterion do not apply to the location of trees planted on a Covered Lot by Declarant in substantial conformance with a landscape plan approved by the applicable local governmental agency, although the Prohibited Shading restriction will apply to the mature or maturing height of such trees.

3.3. *Diagrams.* Diagrams that show typical maximum height and minimum distance guidelines, based on the above Horizontal Distance Table, are attached as Exhibit A. Diagrams that show specific minimum distance guidelines applicable to each Covered Lot, based on the above Horizontal Distance Table, are attached as Exhibit C. However, the attached diagrams do not apply to the location of trees planted on a Covered Lot by Declarant in substantial conformance with a landscape plan approved by the applicable local governmental agency.

3.4. *Tree Selection.* Once the planned height and distance of planted trees has been determined, a tree variety must be selected that has the appropriate mature height characteristics. To select a tree variety with an appropriate mature height (small, medium or large) for the proposed location on a Covered Lot, refer to the tree recommendations applicable to the Community and attached as Exhibit B or, if none attached, refer to the most current edition of an approved tree list or Design Guidelines, if available for the Covered Lots, or if not available, refer to the current edition of Sunset Western Garden Book.

3.5. *Improvement Plan Approval.* If the Covered Lots are subject to the jurisdiction of an architectural or design review committee of an applicable homeowners association, an Owner may not permit the planting of any tree or the installation of other tall improvements on the Owner's Covered Lot without first submitting a plan of the improvement to such committee and obtaining written approval of the plan by such committee. If applicable, the improvement plan submitted must describe, in a scaled drawing, the height and distance from the Solar Array of the proposed improvements, including the type of planned trees, their mature

heights and other details of the proposed improvements, and must comply with other submission procedures, if any.

4. **Maintenance Requirements.** Each Owner must maintain the height of trees and other landscaping planted on the Owner's Covered Lot to prevent Prohibited Shading of any Solar Array. This same obligation will apply, alternatively, to a homeowners association, if any, that has the stated obligation to maintain such trees and landscaping on a Covered Lot under any applicable governing documents. The height and distance standards in the Horizontal Distance Table and the Minimal Shading Criterion establish the maximum height of trees and other landscaping that should be maintained to minimize the shading of Solar Arrays. For example, for a Solar Array on the roof of a one-story home, existing trees and landscaping should be maintained so that they do not exceed: 20 feet in height at a distance of 16 feet from the nearest point on the Solar Array; 35 feet in height at a distance of 46 feet from the nearest point on the Solar Array; and 50 feet at a distance of 76 feet from the nearest point on the Solar Array. A depiction of the current height and distance guidelines also applicable to maintenance of trees and landscaping is shown on Exhibit A. However, regardless of these guidelines, the height of trees and landscaping must be continuously maintained at whatever height is necessary to prevent Prohibited Shading of Solar Arrays, and the Prohibited Shading restriction applies whether the Solar Array is located on the same Covered Lot as the tree, other landscaping or other improvement, or the Solar Array is located on a neighboring lot.

5. Impact of Shading Restriction.

5.1. **Limitation on Height of Improvements.** The restriction against Prohibited Shading of Solar Arrays by trees and other improvements, and the height and distance guidelines set forth in the Horizontal Distance Table and the Minimal Shading Criterion, mean that the dimensions of some Covered Lots may restrict or entirely prohibit (a) the planting of trees, or the planting of medium or large trees, in the yard area of the Covered Lot, (b) the installation of upper-floor additions, roof-mounted structures or other tall improvements within the Covered Lot, and (c) the growth of trees to mature heights.

5.2. **No Restriction on Adjacent Lots.** In some cases the Covered Lots may be adjacent to other lots that are not encumbered by either this Solar Energy Declaration, similar prohibited shading covenants, or similar prohibitions against shading imposed by law. In such cases, adjacent lots might not be restricted from causing Prohibited Shading of roof-mounted Solar Arrays installed on one or more of the Covered Lots.

6. Resolution of Solar Shading Disputes.

6.1. **Solar Dispute.** Any dispute between Owners arising over alleged or prospective Prohibited Shading of a Solar Array under this Solar Energy Declaration, or over the breach, enforcement, interpretation or validity of this Solar Declaration, including a dispute as to the scope or applicability of the provisions of this Section 6, is a "*Solar Dispute*". Notwithstanding other dispute resolution provisions set forth in the Declaration of Establishment of Covenants, Conditions and Restrictions and Reservation of Easements for Chateau at Diamond Creek recorded as Document No. 2013-0059612 in Official Records, the following provisions shall apply to all Solar Disputes.

6.2. *Negotiation; Small Claims Court.* If a Solar Dispute arises, the Owners of Covered Lots affected by the Solar Dispute (each a "Party", collectively, the "Parties") must first engage in communication about the issue in an attempt to resolve the Solar Dispute by good-faith negotiation, regardless of who may have originally planted or installed the subject obstructions. If such Parties are not able to resolve the Solar Dispute by communication and negotiation between themselves within a reasonable period of time, the Parties may pursue resolution of the Solar Dispute in the local small claims court, to the extent the Solar Dispute is within the jurisdiction of the small claims court.

6.3. *Binding Arbitration.* If a Solar Dispute remains unresolved after the Parties attempt to negotiate a resolution, and small claims court adjudication was not sought or was not available, the Solar Dispute must be determined by binding arbitration in the County in which the Covered Lots are located, or such other location as the Parties may agree upon. At the option of the first Party to initiate arbitration, the arbitration will be administered either by JAMS (Judicial Arbitration and Mediation Services) pursuant to its Streamlined Arbitration Rules and Procedures, or by the American Arbitration Association pursuant to its Commercial Arbitration Rules. The selected arbitration administrator is referred to herein as the "Arbitration Service".

(a) *Initiation.* The arbitration will be initiated by delivery by one Party to the other Party or Parties of a written notice for arbitration, which notice must describe the initiating Party's claims, the issues to be submitted to arbitration and the relief sought.

(b) *Fees and Costs.* The fees necessary to initiate arbitration must be advanced by the Party making the written demand for arbitration, unless the Parties agree to each pay the applicable fees. The ultimate allocation between the Parties of such initiation fees and the overall costs and arbitrator's fees of the proceeding, is to be made according to agreement of the Parties or, if they cannot agree, by a determination of the arbitrator in the final award. The arbitrator may also award the reasonable attorneys' fees of the prevailing party.

(c) *Selection of Arbitrator.* The arbitration will be conducted by one impartial arbitrator selected jointly by the Parties, within fifteen (15) days following delivery of the written notice for arbitration, from the list of available arbitrators of the Arbitration Service who are attorneys or retired judges of California or federal courts, and who have expertise in the interpretation and enforcement of covenants running with the land and any other areas of dispute. If the Parties fail to agree upon an arbitrator within such period, the Arbitration Service will make the selection of such arbitrator.

(d) *Conduct.* The arbitration will commence in a prompt and timely manner on the date established (i) in accordance with the rules of the Arbitration Service, or if the Arbitration Service's rules do not specify a date by which the arbitration must commence, then (ii) by agreement of the Parties, or if they cannot agree, then (iii) by the arbitrator. The arbitration will be conducted by the arbitrator to obtain a prompt and timely conclusion of the matter. Parties each have the right to be represented by counsel.

(e) *Discovery.* The Parties may conduct discovery as if the matter were pending before a California court and the arbitrator will have the power to issue and

enforce subpoenas and to award sanctions; provided, however, the Parties may apply to either the arbitrator or the courts of California for protective orders with respect to such discovery.

(f) Final Award. The arbitrator is authorized to provide any remedies or relief in law or in equity, which the courts of California could issue, for any cause of action that is the basis of the arbitration. The arbitrator must follow the standards for issuing such relief as defined under California law and the arbitrator must follow the California Rules of Evidence and the Judicial Canons of Ethics. The arbitrator's judgment will be final and binding upon the parties, and may be entered in any court of California having appropriate jurisdiction.

(g) Enforcement. In any enforcement action to compel participation in an arbitration of a Solar Dispute initiated pursuant to this Section, the prevailing Party in that enforcement action is entitled to an award of its reasonable attorneys' fees incurred in such action.

7. Amendment or Termination. So long as Declarant owns any Covered Lot in the Community, and except for the effect of applicable laws as described below, the provisions of this Solar Energy Declaration may not be amended or terminated without the prior written approval of Declarant. Further, so long as Declarant owns any Covered Lot in the Community, Declarant may unilaterally amend or terminate any or all provisions of this Solar Energy Declaration to (i) conform with the rules, regulations or requirements of VA, FHA, DRE, Fannie Mae, Ginnie Mae, Freddie Mac or other lender requirements, (ii) amend or replace any exhibit to correct typographical or engineering errors or to conform to as-built conditions, (iii) include any exhibit that was inadvertently omitted at the time of recording, (iv) comply with any City, County, State or federal laws or regulations, and (v) correct typographical errors.

8. Annexation.

8.1. By Declarant. Declarant may unilaterally add lots within the Community to the real property subject to this Solar Energy Declaration, as long as Declarant owns any portion of the Community. Declarant may effect such addition by recording a Supplemental Declaration of Solar Energy Covenants, Conditions and Restrictions ("Supplemental Solar Declaration"). When recorded, the Supplemental Solar Declaration will make all provisions in this Solar Energy Declaration applicable to the real property (the "Additional Covered Lots") described in such Supplemental Solar Declaration in the same manner as if the described Additional Covered Lots were originally covered by this Solar Energy Declaration. The Supplemental Solar Declaration must (a) reference by instrument number this Solar Energy Declaration and the date of its recording, (b) describe with specificity the Additional Covered Lots, (c) state that this Solar Energy Declaration applies to the Additional Covered Lots, and (d) contain such additional or modified provisions and exhibits as may be appropriate to the character of the Additional Covered Lots and the Systems to be installed on the Additional Covered Lots. The Supplemental Solar Declaration must be signed by Declarant.

8.2. De-Annexation. Declarant may delete all or a portion of the Covered Lots or Additional Covered Lots from the coverage of this Solar Energy Declaration, thereby terminating this Solar Declaration as to such Covered Lots, so long as (a) Declarant is the owner of all of such Covered Lots to be deleted and (b) an Amendment of Solar Declaration and

Deletion of Covered Lots is recorded by Declarant in a manner similar to the recording of a Supplemental Solar Declaration.

9. **Effect of Applicable Laws.** The provisions of this Solar Energy Declaration are in addition to, do not replace or supercede, and may be more or less restrictive than, other restrictions (for example, height, setback, landscaping and architectural design restrictions) that may also apply to the height, location and maintenance of trees and other improvements installed on a Lot, whether such other restrictions are imposed by (a) law, (b) declarations of covenants, easements or other matters of record, or (c) rules, guidelines or other governing documents of an applicable homeowners association, if any. The provisions of this Solar Energy Declaration are intended to be compatible with applicable federal, state and local solar energy laws, including without limitation California Civil Code Section 714 of the California Solar Rights Act of 1978, California Public Resources Code Sections 25980 through 25986 of the Solar Shade Control Act, and the solar regulations and guidelines of the CEC. All modifications, restatements and binding interpretations of the laws applicable to the use of a System or shading of a Solar Array are to be interpreted to modify, restate or interpret the solar shading restrictions of this Solar Energy Declaration, as applicable.

10. **Run With the Land; Assignment.** All provisions of this Solar Energy Declaration are imposed as equitable servitudes on the Covered Lots. All covenants, conditions and restrictions in this Solar Energy Declaration shall (a) run with and burden the Covered Lots, and (b) be binding on and for the benefit of all of the Covered Lots and all persons acquiring any interest in the Covered Lots. Each of the rights and exemptions of Declarant under this Solar Energy Declaration may be assigned by Declarant by an express written assignment.

11. **Mortgagees.** This Solar Energy Declaration and the rights, obligations, covenants, conditions, restrictions and easements hereunder are superior and senior to any lien placed upon any Covered Lot after the recording of this Solar Energy Declaration, including the lien of any mortgage or deed of trust. No breach of this Solar Energy Declaration will defeat, render invalid, diminish or impair the lien of any mortgage or deed of trust made in good faith and for value, but the covenants, conditions, restrictions and easements hereunder are binding upon and effective against any person (including any mortgagee or beneficiary under a deed of trust) who acquires title to any Covered Lot, or interest therein, by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise.

12. **No Waiver.** No waiver of any default of any obligation by any Owner of a Covered Lot shall be implied from any omission by any other Owner to take any action with respect to such default.

13. **Governing Law.** The laws of California govern the interpretation, validity, performance and enforcement of this Solar Energy Declaration.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE TO DECLARATION OF SOLAR ENERGY COVENANTS,
CONDITIONS AND RESTRICTIONS FOR Chateau at Diamond Creek

This Solar Energy Declaration is dated for identification purposes June 14, 2013.

"Declarant"

LENNAR HOMES OF CALIFORNIA, INC.,
a California corporation

By: Laura Sticheleman
Name: Laura Sticheleman
Title: Vice President

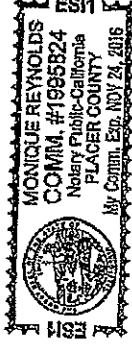
STATE OF CALIFORNIA
COUNTY OF Placer

On June 14, 2013, before me, Monique Reynolds Notary Public,
personally appeared Laura Sticheleman
who proved to me on the basis of satisfactory evidence to be the person whose name is
subscribed to the within instrument and acknowledged to me that he/she executed the same in
his/her authorized capacity, and that by his/her signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: Monique Reynolds



(SEAL)

EXHIBIT A

TO SOLAR ENERGY DECLARATION

TYPICAL SHADING HEIGHT AND DISTANCE GUIDELINES

EXHIBIT NOTES: These notes apply to the typical depictions of height and distance guidelines attached to this Exhibit A of the Solar Energy Declaration.

1. Any height and distance restrictions shown are to be interpreted as guidelines for the prevention of Prohibited Shading. Compliance with these height and distance guidelines does not permit or excuse Prohibited Shading.
2. The actual (as-built) dimensions and location of any Solar Arrays control in the application of the height and distance guidelines shown.
3. The diagrams shown are not to scale and any dimensions are approximate.
4. The height, location and maintenance of trees and other improvements installed on a Lot may be affected by their Prohibited Shading of Solar Arrays on a neighboring lot, whether or not the neighboring Solar Array currently exists or the neighboring lot is subject to the Solar Energy Declaration. Neighboring lots and the improvements thereon may not be subject to the Solar Energy Declaration or other restrictions prohibiting the shading of Solar Arrays on a Covered Lot.
5. Other restrictions (for example, height, setback, landscaping and architectural design restrictions) may also apply to the height, location and maintenance of trees and other improvements installed on a Covered Lot, whether or not such other restrictions are imposed by (a) law, (b) covenants, easements or other matters of record, or (c) rules, guidelines or other governing documents of a homeowners association, if any.

EXHIBIT C
TO SOLAR ENERGY DECLARATION

SPECIFIC SHADING MINIMUM DISTANCE GUIDELINES

EXHIBIT NOTES: These notes apply to the specific depictions of height and distance guidelines attached to this Exhibit C of the Solar Energy Declaration.

1. Refer to the Horizontal Distance Table in the Solar Energy Declaration for the applicable minimum distance of the tree shading perimeters shown, from the nearest point on the Solar Array.
2. Any height and distance restrictions shown are to be interpreted as guidelines for the prevention of Prohibited Shading. Compliance with these height and distance guidelines does not permit or excuse Prohibited Shading.
3. The actual (as-built) dimensions and location of any Solar Arrays control in the application of the height and distance guidelines shown.
4. The diagrams shown are not to scale and any dimensions are approximate.
5. The height, location and maintenance of trees and other improvements installed on a Lot may be affected by their Prohibited Shading of Solar Arrays on a neighboring lot, whether or not the neighboring Solar Array currently exists or the neighboring lot is subject to the Solar Energy Declaration. Neighboring lots and the improvements thereon may not be subject to the Solar Energy Declaration or other restrictions prohibiting the shading of Solar Arrays on a Covered Lot.
6. Other restrictions (for example, height, setback, landscaping and architectural design restrictions) may also apply to the height, location and maintenance of trees and other improvements installed on a Covered Lot, whether or not such other restrictions are imposed by (a) law, (b) covenants, easements or other matters of record, or (c) rules, guidelines or other governing documents of a homeowners association, if any.

COVER PAGE

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

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

RECORDING REQUESTED BY:
NO. A.M.C. TITLE CO.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Diamond Creek Partners Ltd.
c/o Shaffer Management Company
191 Diamond Oaks Blvd.
Rooseville, GA 30661

156337

94-075608

Rec Fee 73.00
Check 73.00

Recorded
Official Records
County of
Placer
Jim McCauley
Recorder
3:48pm 27-Oct-94

\$0 23

Space Above This Line for Recorder's Use

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

DIAMOND CREEK



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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

(Diamond Creek)

This Declaration of Covenants, Conditions and Restrictions ("Declaration") is made and entered into this 28th day of October, 1974, by DIAMOND CREEK PARTNERS, LTD., a California limited partnership, hereinafter referred to as "Declarant."

Recitals

A. Declarant is the owner of certain real property ("Property") situated in the City of Roseville ("City"), County of Placer ("County") State of California ("State"), as more particularly described in Exhibit A attached hereto.

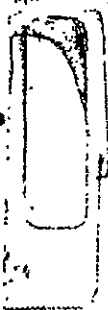
B. The Property consists of two (2) separate legal parcels, one consisting of approximately forty-eight and fifty-seven one hundredths (48.57) acres of land ("Eskaton Parcel"), which is more particularly described in Exhibit B attached hereto, and the remaining parcel ("Remainder Parcel"), consisting of approximately three hundred eleven and forty-three one hundredths (311.43) acres of land, which is also more particularly described in Exhibit C attached hereto.

C. Declarant intends the Remainder Parcel, at some point in the future, to be further divided into segregate legal parcels, which parcels shall be used for residential and/or commercial uses.

D. Immediately following the recordation of this Declaration in the Official Records of the County, Declarant intends to convey the Eskaton Parcel to Eskaton Properties, Incorporated, a California not for profit, public benefit corporation ("Eskaton"), pursuant to separate documentation ("Eskaton Purchase Agreement") entered into between Declarant, as seller, and Eskaton, as buyer.

E. In accordance with the provisions of the Eskaton Purchase Agreement, Eskaton and Declarant have agreed to restrict the use of and to provide for certain rights benefiting and burdening the Eskaton Parcel and the Remainder Parcel in accordance with the provision set forth in this Declaration.

F. Declarant desires to enhance the value, desirability and attractiveness of the Property and to create, establish and impose certain mutual, beneficial restrictions, covenants, conditions, limitations, and agreements on and against the Property, and parcels and lots thereof pursuant to the provisions of this Declaration.



Declaration

Declarant hereby declares that the Property and all legal parcels contained therein are held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied, improved and held upon and subject to the limitations, restrictions, covenants, conditions and agreements, set forth herein below, all of which are declared and agreed to be established for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Property. All of the limitations, restrictions, covenants, conditions and agreements shall run with the land, shall be for the benefit of the owners of the Property, and any portions thereof, shall be binding on the Developers and Owners of lots and/or parcels within the Property and each of their heirs, personal representatives, successors and assigns, and on all parties having or acquiring any right, title, or interest in the Property, or any portion thereof, and shall be enforceable by the Declarant, a Developer or any Owner.

NOW, THEREFORE, the Declarant does hereby fix and establish for the mutual benefit of all of the successors and assigns of the Declarant, the following conditions, covenants and restrictions, to wit:

ARTICLE 1.
DEFINITIONS

Section 1.1. "Committee" shall mean the Architectural Control Committee formed pursuant to the provisions hereof to perform the functions hereinafter set forth.

Section 1.2. "Declarant" shall mean Diamond Creek Partners, Ltd., a California limited partnership, or its successor or assign. "Declarant's Address" shall be 191 Diamond Oaks Boulevard, Roseville, California 95661, or other such address as Declarant may specify in a duly recorded instrument.

Section 1.3. "Developer" shall mean the purchaser of a Parcel, who acquires such Parcel(s) with the intent to subdivide and/or develop it for residential or commercial purposes, or the purchaser of a lot or lots, who acquires such Lot(s) with the intent to develop it/them and/or construct a structure or structures upon it/them for residential or commercial purposes.

Section 1.4. "Established drainage" shall mean the drainage pattern existing at the time of the completion of the grading of the land within said Parcel (as evidenced by maps or plans thereof approved by the appropriate public agency) and such plantings or vegetations as may have been made by the Declarant or Developer.

Section 1.5. "Improvement" or "Improvements" means and includes, but is not limited to, buildings, outbuildings,

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lighting, roads, driveways, parking areas, fences, screening walls and barriers, retaining walls, stairs, decks, waterlines, irrigation, sewers, electrical, cable and gas distribution facilities, hedges, plantings, planted trees and shrubs, poles, signs, and all other structures and landscaping of every type and kind.

Section 1.6. "Lot" shall mean the whole of the real property, and any Improvements situated thereon, which legal parcel is created by the subsequent subdivision of a Parcel.

Section 1.7. "Mortgage" means any mortgage or deed of trust encumbering a Lot, parcel, or any interest thereon, including, but not limited to, any Improvements thereon.

Section 1.8. "Owner" shall mean a person or entity holding a record ownership interest in a Lot or Parcel, including Declarant. Owner shall not include persons or entities who hold an interest in a Lot or Parcel merely as security for the performance of an obligation.

Section 1.9. "Parcel" shall, unless otherwise specified, mean and refer to either the Eskaton Parcel, the Remainder Parcel, and the further subdivision thereof. "Residential Parcel" is defined as a Parcel for which residential uses are permitted under the applicable provisions of the Zoning Code of the City, as such provisions may be amended from time to time. "Commercial Parcel" is defined as a Parcel for which commercial or industrial uses are permitted under the applicable provisions of said Zoning Code, as may be amended from time to time.

Section 1.10. "Project" shall mean and refer to the development of any Parcel(s) and/or Lot(s) subject to this Declaration and/or construction of Improvements thereon by a Developer, which development and/or construction has been approved by the Committee pursuant to the provisions of this Declaration.

Section 1.11. "Senior citizens, Residential Facility" is hereby defined as any development of residential housing in which at least one of the owners or residents of a residential unit is required to be fifty-five (55) years or older, including but not limited to the sale or lease of individual residential units, and the sale of memberships entitling members to the use of such residential units, which units may include independent senior living, congregate living, assisted living and skilled nursing care.

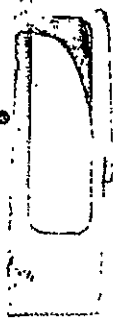
ARTICLE 2.
PERMITTED USES

The uses within any Lot or Parcel, including, but not limited to, the type of use (residential or commercial) and the density thereof, shall be as set forth in the Zoning Code of the City, as may be amended from time to time, to the extent such

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uses are allowed by law and not otherwise in conflict with or prohibited by the provisions of the Declaration.

**ARTICLE 3.
USE RESTRICTIONS**

Section 3.1. Convenience Store. Provided that and for so long that (i) all or at least twenty-five percent (25%) of the total gross acreage of the Eskaton Parcel is used for a Senior Citizens Residential Facility, (ii) a Commercial Parcel(s) is located within one thousand (1,000) feet from the Eskaton Parcel, which Parcel(s) is referred to as the "Restricted Commercial Parcel," (iii) the Restricted Commercial Parcel is one (1) acre of land or less, and (iv) the building improvements on the Restricted Commercial Parcel contains less than two thousand (2,000) square feet of operating premises, the Restricted Commercial Parcel shall not be used for the operation of a twenty-four (24) hour convenience store, which, for example purposes only, is similar to a 7-11 store, or Circle K store. In the event that any one or more of the criteria set forth in Subsections (i) through (iv), inclusive, above are not applicable, the provisions of this Section 3.1 shall be of no force or effect; provided, however, at any time that all such criteria becoming applicable, the provisions of this Section 3.1 shall become effective.

Section 3.2. Pornographic Store. Provided that and for so long that all or any portion of the Eskaton Parcel is used for a Senior Citizen Residential Facility, no portion of the Remainder Parcel shall (i) be used for the sale of any pornographic materials not customarily sold in national-chain bookstores and/or supermarkets (the intent of this Subsection (i) is to prevent the operation of "adult-only" facilities, such as bookstores or video stores), or (ii) be used for the operation of any business which involves pornographic acts and/or live nude dancing, without the prior written consent of the then Owners representing at least fifty-one percent (51%) of the total gross acreage of the Eskaton Parcel, which consent may be withheld in the sole discretion of said Owners of the Eskaton Parcel.

Section 3.3. Sale of Alcoholic Beverages. Provided that and for so long that all or at least twenty-five percent (25%) of the total gross acreage of the Eskaton Parcel is used for a Senior Citizen Residential Facility, no portion of the Restricted Commercial Parcel shall be used as a free-standing bar which primarily serves alcoholic beverages and which does not have a sit down, full menu restaurant facility.

Section 3.4. Eskaton Parcel.

A. Restriction. For a period of seven (7) years following the recording of this Declaration in the Official Records of the County, the Eskaton Parcel may only be used for a Senior Citizen Residential Facility, and for no other purpose

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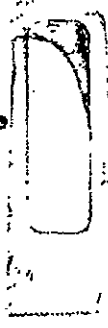


without the prior written consent of Declarant, which consent may be withheld in Declarant's sole discretion. Following the expiration of such seven (7) Year period, the Eskaton Parcel, and any portion thereof, may be used for any purpose subject to the provisions of this Declaration.

B. Exclusive Use. For a period of ten (10) Years following the re-creation of this Declaration in the Official Records of the County, no portion of the Remainder Parcel may be used for a Senior Citizens, Residential Facility without the prior written consent of the then Owners representing at least fifty-one percent (51%) of the total gross acreage of the Eskaton Parcel, which consent may be withheld in the sole discretion of said Owners of the Eskaton Parcel. Following the expiration of such ten (10) year period, the Remainder Parcel, and any portion thereof, may be used for any purpose subject to the provisions of this Declaration.

ARTICLE 4. ARCHITECTURAL CONTROL COMMITTEE

The Committee shall initially be composed of three (3) persons, two (2) of whom shall be appointed by Declarant and the third shall be appointed by Eskaton. Said members shall serve until death, resignation, or their removal as hereinafter provided. Upon death, resignation or removal of a member appointed by Declarant, the Declarant shall have the authority to designate a successor; if the Declarant fails to designate a successor within thirty (30) days of such vacancy, the remaining members of the Committee shall have the authority to designate a successor. Upon the death, resignation or removal of the member appointed by Eskaton, Eskaton shall have the authority to designate a successor; if Eskaton fails to designate a successor within thirty (30) days of such vacancy, the remaining members of the Committee shall have the authority to designate a successor. Declarant shall have the right at any time in which Declarant owns at least five (5) acres of land within the Property to expand the number of the members on the Architectural Control Committee from three (3) members up to seven (7) members. Declarant shall have the authority to appoint the new, additional members. The first additional member shall be an owner, other than Declarant, who owns thirty (30) or more acres of the Remainder Parcel. Concurrent with the appointment, Declarant shall have the authority to appoint an additional representative of Declarant as a member, so as to maintain Declarant's control of the Architectural Control Committee. The Declarant shall maintain and make available at Declarant's address to a Developer or Owner a list of the members of the Committee and the addresses thereof. No member of the Committee shall be liable to any Owner or any member of the public for performance of the functions required to be performed hereunder in good faith. Members of the Committee shall serve without compensation.



ARTICLE 5.
PHAN REVIEW AND ALTERATIONS

Section 5.1. Plan Review. Prior to the development of a parcel or Lot(s), the Developer shall submit Preliminary Plans and Final Plans (as defined below) for its proposed development to the Committee for its review and approval, which approval shall not be unreasonably withheld.

A. Preliminary Plans. The Developer of the Parcel or Lot(s) shall submit to the Committee, prior to submission to the City for the City's review and approval, the preliminary plans and specifications (hereinafter referred to as the "Preliminary Plans"), prepared by an architect licensed to practice architecture in the State of California. The Preliminary Plans shall be in such form and contain such information as is required by any applicable governmental entity and as may reasonably be required by the Committee, but shall in any event include the following:

(i) A site development plan showing generally the location and dimensions of all proposed buildings, driveways, parking areas, walkways, landscape areas, loading areas, storage and refuse areas, and walls;

(ii) A site grading plan, utility plan and landscape plan; and

(iii) Construction drawings, elevations and samples of proposed materials.

B. Final Plans. After the Committee and the City have approved the Preliminary Plans and prior to the submission of Developer's Final Plans to the City to obtain building permits and individual use permits for each Lot or Parcel, the Developer shall submit in duplicate to the Committee complete and detailed final architectural plans, specifications, and working drawings (the "Final Plans") for the proposed development. The Final Plans shall be in the form as may then be required by the City. To the extent the Final Plans contain any material changes from the Preliminary Plans approved by the Committee, said material changes shall be submitted for the Committee's review and approval and shall contain such additional information as may be reasonably required by the Committee. The Committee's approval shall not be unreasonably withheld.

Section 5.2. Alterations. No alterations or modifications of the exterior of any structure shall be made, placed, erected or permitted to remain on any Lot or Parcel unless and until plans therefor are submitted to and approved in writing by the Committee which approval shall not be unreasonably withheld. Any such submission shall be made prior to submission to the City for the City's review and approval, shall be prepared by an architect licensed to practice architecture in the State of California, and shall be in such form and contain such information as may



reasonably be required by the Committee, but shall in any event include the following:

(i) A site plan showing generally the location and dimensions of all proposed alterations and/or modifications and their orientation to existing structures on the lot or Parcel;

(ii) Construction drawings, elevations and samples of proposed materials; and

(iii) A letter from the architect certifying that he has read and understands the provisions of this Declaration and that the proposed alterations and/or modifications comply therewith.

Material changes in approved plans must similarly be submitted to and approved by the Committee prior to any development based thereon, which approval shall not be unreasonably withheld.

Section 5.3. Approval. The Committee's approval or disapproval of proposed alterations and/or modifications to Improvements, Preliminary Plans and Final Plans, and material changes thereof, shall be given in writing. In the event the Committee fails to approve any such plans within thirty (30) days after a complete submittal has been delivered or mailed to its members at their respective addresses, such submittal shall be deemed to be approved. However, in any event, if no suit to enjoin or require removal of work of construction, alteration or improvement has been commenced within one hundred eighty (180) days after the completion thereof, no approval shall be required and the work of construction, alteration or improvement so completed shall be conclusively deemed to comply with the terms hereof.

Section 5.4. Consultant. The Committee may retain an architect and/or other consultant, who need not be a member of the Committee, to review plans and specifications submitted.

ARTICLE 6. MAINTENANCE AND REPAIR

Section 6.1. Maintenance Generally. Each Owner shall at all times keep, maintain, repair, and restore his lot or Parcel, and the Improvements, landscaping, and paving thereon in a sound, safe, clean and attractive condition. Each Owner shall also keep, maintain, repair, and restore his lot or Parcel and the Improvements, landscaping, and paving thereon in compliance with all valid laws, ordinances, and regulations of any governmental entity. All construction related trash, cardboard, refuse, paper, etc., shall be removed from any owner's construction site on a weekly basis.

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Section 6.2. Slope/Drainage. Each Owner shall maintain the slopes upon his Lot or Parcel at the slope and pitch fixed by the finish grading thereof, including watering and maintenance of the slopes. Each Owner of a Lot or Parcel in the Property agrees that he will not in any way interfere with the Established Drainage over his Lot or Parcel from adjoining or other Lots or Parcels in the Property, or that he will make adequate provisions for proper drainage in the event it is necessary to change the Established drainage over his Lot or Parcel.

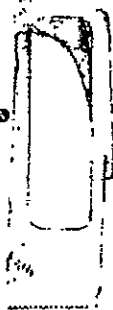
Section 6.3. Failure to Maintain and Repair. If any Owner fails to maintain and repair his Lot or Parcel according to the above Sections, Declarant or the Committee may notify said Owner of the work required to comply herewith and request that it be done within a reasonable time, but not more than sixty (60) days from the giving of such notice, or in the case of weed control, not more than ten (10) days from the giving of such notice. If the Owner fails to carry out such maintenance or repair within that period, or, if the Owner has failed to commence and diligently pursue the required work within that period, Declarant or the Committee shall have the right, but not the obligation, to perform or cause such work to be done. If Declarant or the Committee elects not to perform or cause to be performed such work, Declarant or the Committee may bring an action at law or equity to enforce the provisions of this Article 6. Declarant and/or the Committee shall be entitled to recover in any such action an award which shall include the costs for performing or causing such work to be done and/or bringing an action at law or equity to enforce these provisions, including attorneys' fees and costs. Notwithstanding the foregoing, an Owner shall have the right following a major destruction of the improvements located on said Owner's Lot to elect not to restore said Improvements, so long as the Lot and the Improvements thereon are not left in an unsafe or unsightly condition.

Section 6.4. Right to Enter. Declarant, the Committee or their agents, and only Declarant, the Committee or their agents, may enter upon any Lot when necessary in connection with the performance of or causing to be performed the maintenance or repair work on said Lot provided by Section 6.3.

ARTICLE 7. DURATION, MODIFICATION AND TERMINATION

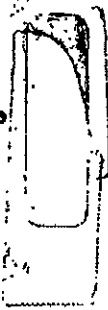
Section 7.1. Duration. The covenants, conditions, restrictions and reservations and all other terms and provisions contained in this Declaration shall run with and bind the Property and any portion thereof, and shall inure to the benefit of and be enforceable as provided herein by the Owners of any lot(s) or Parcel(s) subject to this Declaration, and their respective legal representatives, heirs, successors and assigns, provided that nothing herein shall obligate the Owner, Developer, Declarant or other such owner(s) to enforce any of the terms of this Declaration. said terms and provisions are imposed upon the

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Property as a servitude in favor of each and every Lot and Parcel therein as a dominant tenement, for a term of thirty (30) years from the date of this Declaration, after which time said covenants, conditions, restrictions, easements, reservations, liens, and charges shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners representing fifty-one percent (51%) of the total gross acreage of the lots and/or Parcels within the Property, has been recorded with the County Recorder of the County agreeing to cancel said covenants, conditions and restrictions in whole or in part. All of the provisions of this Declaration shall be enforceable as equitable servitudes and constitute covenants running with the land pursuant to applicable law, including, but not limited to, Section 1468 of the Civil Code of the State. In the event a Lot or Parcel is owned by more than one owner, any one of the co-owners may sign such instrument in writing on behalf of all co-owners.

Section 7.2. Amendment. During the first ten (10) years of the initial term of this Declaration, excepting Sections 3.1, 3.2, 3.3, 3.4 and Article 4, Declarant may, by a duly recorded instrument, modify, amend, revoke or terminate this Declaration or any provision thereof, provided such modification, amendment, revocation or termination is not objected to by the then owners of the Property representing fifty-one percent (51%) of the total gross acreage of the Property. During such period, any modification, amendment, revocation or termination recommended by a Developer or a majority of the Owners shall require the written consent of Declarant to be effective, which consent shall not be unreasonably withheld. In reviewing any such recommendation, Declarant may consider the potential effect of the recommendation, modification on Declarant's plans for the Remainder Parcel. After such ten (10) year period, this Declaration or any provision thereof may be modified, amended, revoked or terminated by the then record owners representing fifty-one percent (51%) of the Property; provided, however, any such modification within require the written consent of the Declarant, which consent shall not be unreasonably withheld, so long as Declarant owns at least (5) acres within the Property, but in no event shall such consent of Declarant be required after fifteen (15) years from the date of this Declaration. No modification, amendment, revocation, termination or extension allowed hereunder shall be effective until a proper instrument in writing describing such modification, amendment, revocation, termination or extension has been properly executed, makes appropriate reference to this Declaration and any amendments thereto, and is acknowledged and recorded in the Office of the County Recorder of Placer County. Notwithstanding the foregoing, any modification to Sections 3.1, 3.2, 3.3, 3.4 and/or Article 4 shall require the prior written consent of the then Owners representing fifty-one percent (51%) of the total gross acreage of the Estaton Parcel and Declarant.



ARTICLE 8.
COVENANTS, CONDITIONS AND RESTRICTIONS
AFFECTING THE PROPERTY

Excepting the Declarant, no Owner or Developer of any lot and/or Parcel shall record in the Official Records of the County any form or type of covenants, conditions and restrictions, or similar document, which by its terms effects, in any manner, the use, development and/or operation of any Lot and/or Parcel (collectively, "CC&R's") without the prior written consent of Declarant, which consent may not be unreasonably withheld by Declarant. Any Owner or Developer desiring to encumber a Lot and/or Parcel with CC&R's shall first deliver three (3) sets of the CC&R's to Declarant for such approval. Declarant shall have a period of thirty (30) days following its receipt of the CC&R's to approve or disapprove such document, which determination shall be delivered in writing prior to the expiration of such thirty (30) day period. The failure of Declarant to deliver such written notice within such thirty (30) day period shall be deemed Declarant's approval of the CC&R's. If Declarant disapproves the CC&R's as provided herein, the Owner or Developer, as applicable, shall use its good faith efforts to modify the CC&R's to the satisfaction of Declarant. Any modification to CC&R's shall be subject to the review procedure set forth in this Section. Any CC&R's approved by Declarant shall provide that such CC&R's are subject to the terms and conditions of this Declaration.

ARTICLE 9.
NOT A PUBLIC DEDICATION

Nothing herein contained shall be deemed to be a gift of dedication of any portion of the Property to the general public or for the general public or for any public purposes whatsoever, it being the intention of Declarant that this Declaration shall be strictly limited to and for the purposes herein expressed. The right of the public or any person to make any use whatsoever of the Property or any portion thereof (other than any use expressly allowed by a written or recorded map, Declaration, deed or dedication) is by permission, and subject to control of the applicable Owner.

ARTICLE 10.
GENERAL PROVISIONS

Section 10.1. Enforcement of Declaration. Violation of any condition, covenant, or restriction of this Declaration shall give to Declarant and the Committee, or either of them, the right, not the obligation, to bring proceedings in law or equity against the party or parties violating or attempting to violate any of said covenants, conditions or restrictions, to enjoin them from so doing, to cause any such violation to be remedied, or to recover damages resulting from such violation. Any Owner shall also have the right to bring such proceedings, but only after

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such Owner has given written notice to Declarant and the Committee of the alleged violation and the Declarant and/or the Committee fail or refuse, within sixty (60) days of receipt of such notice, to initiate proceedings in relation to such alleged violation. In the event the Declarant and/or the Committee initiate any such proceedings, no Owner may bring any action related thereto unless and until the Declarant and/or Committee either dismiss or settle the action brought by them or obtain a final judgment thereon; the Declarant and/or the Committee shall have absolute discretion in the handling of any proceeding brought by them and the provisions of Section 10.6 hereof shall apply to any such prosecution of an action to enforce the provisions of this Declaration.

In addition, violations of any such covenants, conditions, restrictions and reservations shall give to the Committee the right, but not the obligation, upon thirty (30) days prior written notice to the Owner, to enter upon the Owner's Lot or parcel and abate any condition, or remove any improvement, vehicle, or thing at the expense of the Owner that may be or exist thereon contrary to the provisions hereof. No such entry shall be deemed a trespass, and no person authorized to enter hereunder or his agent shall be liable to the Owner, tenant or occupant of such Lot for such entry or for any action taken to remedy or remove a violation hereof.

The cost of any abatement, remedy or removal hereunder together with interest thereon at the lesser of the rate of fifteen percent (15%) per annum or the maximum rate permitted by law from the date of the expenditure of such sum hereunder, shall be a binding personal obligation of any Owner, tenant or occupant in violation of any provision of this Declaration.

In any action brought by Declarant, the Committee, or an Owner to enforce the provisions of this Declaration, the prevailing party shall be entitled to recover its attorneys' fees and costs.

Section 10.2. Non-Waiver. The failure by any person to pursue any remedy available for the breach or attempt to breach any of the covenants, conditions, restrictions and/or reservations herein contained, shall not be deemed a waiver thereof, nor shall the express or implied waiver thereof constitute a breach or attempt to breach.

Section 10.3. Obligations of Declarant. Provided that Declarant owns at least five (5) acres of land within the Property, Declarant shall not be subject to the provisions of Article 4 and 5 of this Declaration.

Section 10.4. Severability. All of the covenants, conditions, restrictions and reservations herein contained are hereby declared to be severable and a finding by any court of competent jurisdiction that any of them or any clause or phrase thereof, is void, unlawful or unenforceable shall not affect the



validity or enforceability of any other covenants, conditions, restrictions, reservations, or clause or phrase thereof.

Section 10.5. Construction by Developer. Nothing in this Declaration shall limit the right of a Developer, its contractors, subcontractors or designees to enter over and upon its Parcel or Lot(s) for the purposes of:

(i) completing improvements of its Project, provided such Project has been approved by the Committee;

(ii) making repairs and remodeling construction defects;

(iii) erecting, constructing, and maintaining on any part or parts of its Project, such model homes, temporary sales office and other structures as may be reasonably necessary for the conduct of a Developer's business of completing said work and establishing said Project as a residential community or commercial/business development and disposing of the Lots by sale, lease or otherwise, provided such model homes and other structures have been approved by the Committee; and

(iv) erecting and maintaining such sign or signs on any portion of its Project as may be reasonably necessary for the improvement, development, sale, lease or disposition thereof, provided the design and location thereof shall be subject to the review and approval of the Committee.

Section 10.6. Entry. During reasonable hours and upon reasonable notice, or at any time in event of emergency, Declarant, any member of the Committee, or any person designated by any of them, shall have the right to enter upon and inspect the lots and/or Parcel and the Improvements thereon, for the purpose of ascertaining whether or not the provisions of this Declaration have been complied with, and any such person shall not be deemed a trespasser by reason of such entry.

Section 10.7. Waiver of Liability. Neither the Declarant, the Committee, nor the employees or agents thereof, shall be liable to any Owner, lessee, licensee or occupant of real property subject to this Declaration by reason of any mistake in judgment, nonfeasance, action or inaction, or for the enforcement, or failure to enforce any provision of this Declaration, provided such person or entity acted in good faith without wilful or intentional misconduct. Every Owner, lessee, licensee or occupant of such real property by acquiring his interest therein agrees not to bring any action or suit against Declarant, the Committee, or the employees or agents thereof, to recover damages from or to seek equitable relief by reason of the foregoing, and each and every Owner, lessee, licensee or occupant hereby waives any right to do so.

Section 10.8. Mortgage Protection Clause. No breach of any of the covenants, conditions and restrictions herein

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contained, nor the enforcement of any provisions hereof, shall render invalid the lien of any first or second Mortgage (meaning a Mortgage with first priority over any other mortgage) on any lot made in good faith and for value, but all of said covenants, conditions, restrictions limitations and agreements shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

All lenders that have filed with the Committee a request for notice of any proposed change in this Declaration shall be entitled to receive written notice from the Committee thirty (30) days prior to the effective date of any change therein.

All lenders that have filed with the Committee a request for notice of default shall be entitled to receive written notice from the Committee of any default by the trustor of any deed of trust on a Lot (the beneficial interest in which is held by said lender) in the performance of such trustor's obligations under the Declaration, which is not cured within thirty (30) days.

The Committee shall discharge its obligation to notify lenders by sending written notices required herein to the lender or lenders requesting notice, at the address given on the current request for notice, in the manner prescribed by this section.

Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any first or second Mortgage that encumbers all or any portion of the Property, Lot or Parcel, 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 Mortgage.

Section 10.9. Termination of Declarant's Responsibility.
In the event Declarant shall convey all of its right, title and interest in and to the Property to any partnership, individual or individuals, corporation or corporations, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and said person or entity shall be obligated to perform all such duties and obligations of the Declarant. Such successor to Declarant shall be included in the definition of "Declarant".

Section 10.10. Owner's Compliance. Each Owner, tenant or occupant of a Lot or Parcel, and Developer shall comply with the provisions of this Declaration, and to the extent they are not in conflict with the Declaration, the decisions and resolutions of the Committee, or its duly authorized representatives, as amended from time to time, and failure to comply with any such provisions, decisions, or resolutions shall be grounds for an action to recover sums due, for damage for injunctive relief or for other relief as may be appropriate. Each Owner, tenant or occupant of a Lot or Parcel, and Developer shall also comply with all applicable laws, statutes, ordinances and regulations, and shall defend, indemnify and hold harmless Declarant or the Committee, or both, as the case may be, from any loss, claim,

liability or expense, including attorneys' fees, arising out of or in connection with its failure to comply therewith or with the provisions of this Declaration.

All agreements and determinations made by the Committee in accordance with the procedures established in this Declaration, shall be deemed to be binding on all Owners, Developers, and their successors and assigns.

Section 10.11. Attorneys' Fees. In the event of any controversy, claim, or dispute arising out of or relating to this Declaration or the interpretation or breach thereof, the prevailing party shall be entitled to recover from the other party reasonable expenses, attorneys' fees, and costs, as determined by the court.

Section 10.12. Notices. Any notice permitted or required herein may be delivered either personally or by mail. If delivery is by mail, it shall be deposited in the United States mail, postage prepaid, certified, return receipt requested addressed to each person at the address given by such person to Declarant or addressed to the lot of such person if no address has been given to Declarant. Notices shall be deemed delivered only upon receipt.

Section 10.13. Exhibits. All exhibits attached to this Declaration are incorporated herein by this reference.

IN WITNESS WHEREOF, Declarant has executed this document on the date first written above.


DECLARANT

DIAMOND CREEK PARTNERS, LTD.,
a California limited partnership,

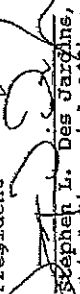
By: DIAMOND EQUITIES 360,
a California limited
partnership,
Its: General Partner

By: DIAMOND EQUITIES, INC.,
a California corporation,
Its: General Partner

Date: October 25, 1994

By: 
Glenn E. Shaffer, Jr.,
Its: President

Date: October 26, 1994

By: 
Stephen L. Des Jardino,
Its: Chief Financial Officer

*TWC249.CS2:sir/pd

(Acknowledgements Attached)

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Exhibit "A"

Property

[Legal Description]

Parcel 1 and the remainder parcel as shown on the map entitled "Diamond Creek Parcel Map, a division Parcel 1-20 PM 126, P.C.R. portion of Section 17, T. 11 N., R. 6 E., M.D.M.", recorded in the office of the County Recorder of Placer County on October 26, 1994 in Book 28 of Parcel Maps, at page 35.

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Exhibit "B"

Exhibit Parcel

[Legal Description]

Parcel 1, as shown on the map entitled "Diamond Creek Parcel Map, a division Parcel 1-20 PM 126, P.C.R. portion of Section 17, T. 11 N., R. 6 E., M.D.M.," recorded in the office of the County Recorder of Placer County on October 26, 1994 in Book 28 of Parcel Maps, at page 35.

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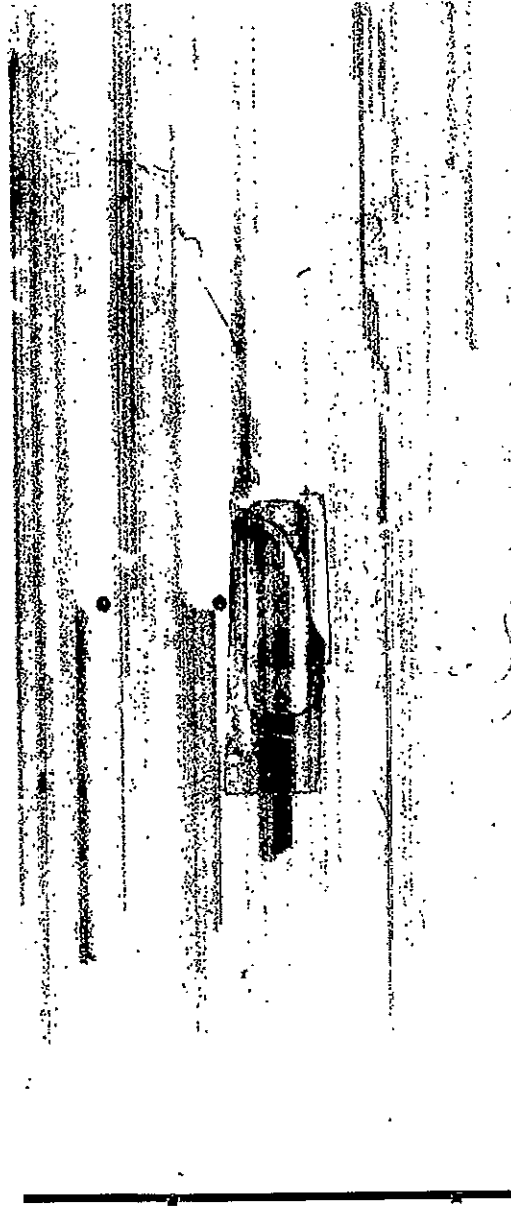


Exhibit "C"
Remaining Parcel
[Legal Description]

The remainder parcel as shown on the map entitled "Diamond Creek Parcel Map, a Division Parcel I-20 PM 126, F.C.R. portion of Section 17, T. 11 N., R. 6 E., M.D.M." recorded in the office of the County Recorder of Placer County on October 26, 1994 in Book 28 of Parcel Maps, at page 35.

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

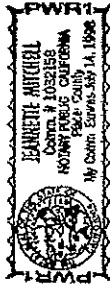
STATE OF CALIFORNIA

COUNTY OF SACRAMENTO Placolith

On October 26, 1994 before me, Jeanette Mitchell Notary Public, personally appeared
STEPHEN L. DES JARDINS.

personally known to me - OR -

proved to me on the basis of satisfactory evidence to be the
person(s) whose name(s) is/are subscribed to the within instrument
and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon
behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

(SIGNATURE OF NOTARY)

A handwritten signature in cursive script, appearing to read "Jeanette Mitchell".

SUPPLEMENTAL
DECLARATION OF SOLAR ENERGY COVENANTS, CONDITIONS
AND RESTRICTIONS
FOR
CHATEAU AT DIAMOND CREEK

This Supplemental Declaration of Solar Energy Covenants, Conditions and Restrictions for Chateau at Diamond Creek, Parcel 31B, Village 1 ("*Supplemental Solar Declaration*") is made by Lemar Homes of California, Inc., a California Corporation ("*Declarant*").

RECITALS

A. Declarant owns the real property ("*Additional Covered Lots*") in Placer County, California, described as follows:

Lots 85 through 95, inclusive, 97, 99 through 105, inclusive, and 107 through 131, inclusive, as shown on that certain map entitled "Diamond Creek Parcel 31B, Village 1", filed in the Office of the County Recorder of Placer County, California on December 14, 2012, in Book CC of Maps, at Page 37.

The Additional Covered Lots are a part of the Chateau at Diamond Creek residential development ("*Community*") being constructed by Declarant.

B. On June 17, 2013, Declarant recorded that certain Declaration of Solar Energy Covenants, Conditions and Restrictions for Chateau at Diamond Creek (the "*Solar Energy Declaration*") as Instrument No. 2013-0059613, in the Official Records of Placer County, California. The Solar Energy Declaration encumbers a portion of the Community that is described in the Solar Energy Declaration as the "Covered Lots". Unless otherwise defined herein, the capitalized terms used in this Supplemental Solar Declaration have the same meanings given them in the Solar Energy Declaration.

C. Declarant is the "Declarant" under the Solar Energy Declaration. Pursuant to Section 8.1 of the Solar Energy Declaration, Declarant has the right to make additional real property subject to the Solar Energy Declaration by annexing such real property to the Covered Lots.

D. In furtherance of the general plan to enhance the value of the Community by accommodating the installation and use of residential solar energy systems, Declarant now desires to add the Additional Covered Lots to the Covered Lots that are subject to the Solar Energy Declaration.

THEREFORE, Declarant declares as follows:

1. ANNEXATION OF ADDITIONAL COVERED LOTS.

1.1. **General Plan.** This Supplemental Solar Declaration is established in furtherance of the general plan for the installation, use and protection of roof-mounted solar energy systems and for the purpose of enhancing the value of the Additional Covered Lots.

1.2. **Annexation.** The Additional Covered Lots are made a part of the Covered Lots subject to the Solar Energy Declaration. The Additional Covered Lots are to be held, used, improved and transferred in whole or in part, subject to this Supplemental Solar Declaration and the Solar Energy Declaration.

1.3. **Equitable Servitudes.** The covenants, conditions and restrictions of this Supplemental Solar Declaration and the Solar Energy Declaration are imposed as equitable servitudes upon the Additional Covered Lots, as a servient tenement, for the benefit of each and every Lot within the Community, as the dominant tenement.

1.4. **Covenants Appurtenant.** The covenants, conditions and restrictions of this Supplemental Solar Declaration and the Solar Energy Declaration (i) run with, inure to the benefit of and are binding on all of the Covered Lots, and (ii) inure to the benefit of and are binding on all persons or entities having or acquiring any right, title or interest in all or any portion of the Covered Lots, and their successive owners and assigns.

1.5. **Governing Documents.** This Supplemental Solar Declaration is recorded pursuant to Section 8.1 of the Solar Energy Declaration. Each of the provisions of this Supplemental Solar Declaration may be enforced as provided for the enforcement of other provisions of the Solar Energy Declaration.

2. DESIGN OF IMPROVEMENTS.

2.1. **Design Guideline Exhibits.** Diagrams that show typical maximum height and minimum distance guidelines applicable to the Additional Covered Lots, based on the Horizontal Distance Table and Minimal Shading Criterion described in the Solar Energy Declaration, are attached as Exhibit A to the Solar Energy Declaration. Recommended tree varieties for the Additional Covered Lots, with identified mature heights, may be found (i) attached as Exhibit B to the Solar Energy Declaration or to this Supplemental Solar Declaration, or (ii) in the most current edition of an approved tree list or Design Guidelines, if any, for the Additional Covered Lots. If tree variety and mature height recommendations are not otherwise available in (i) or (ii), then refer to the current edition of Sunset Western Garden Book for such tree recommendations. However, the attached diagrams do not apply to the location of trees planted on an Additional Covered Lot by Declarant in substantial conformance with a landscape plan approved by the applicable local governmental agency.

3. MISCELLANEOUS PROVISIONS.

3.1. **Amendment, Deannexation and Duration.** This Supplemental Solar Declaration may be amended or terminated only by complying with the requirements of

Section 7 of the Solar Energy Declaration. The Additional Covered Lots may be deannexed from the Covered Lots and this Supplemental Solar Declaration, in whole or in part, only by complying with the same procedure for deannexing property from coverage of the Solar Energy Declaration, as set forth in Section 8.2 of the Solar Energy Declaration. Notwithstanding the foregoing, for so long as Declarant owns any portion of the Covered Lots or the Additional Covered Lots, Declarant may unilaterally amend this Supplemental Solar Declaration by recording a written instrument signed by Declarant to (i) conform with the rules, regulations or requirements of VA, FHA, DRE, Fannie Mae, Freddie Mac or other lender requirements, (ii) amend or replace any exhibit to correct typographical or engineering errors or to conform to as-built conditions, (iii) include any exhibit that was inadvertently omitted or unavailable at the time of recording, (iv) comply with any City, County, State or federal laws or regulations, and (v) correct typographical errors. Unless amended or terminated as provided herein, the provisions of this Supplemental Solar Declaration will continue and remain in full force and effect for so long as the Solar Energy Declaration remains in effect.

3.2. **Non Waiver.** Reference is made to the provisions of Section 12 of the Solar Energy Declaration describing the absence of an implied waiver, which Section is incorporated in this Supplemental Solar Declaration by such reference as though set forth herein.

3.3. **Restrictions Construed Together.** All of the provisions of this Supplemental Solar Declaration are to be liberally construed together with the Solar Energy Declaration to promote the operational effectiveness of roof-mounted solar energy systems, as set forth in the Master Declaration.

3.4. **Restrictions Severable.** Notwithstanding the provisions of the immediately preceding Paragraph, each of the provisions of this Supplemental Solar Declaration are to be deemed independent and severable, and the invalidity or partial invalidity of any provisions or portion thereof will not affect the validity or enforceability of any other provisions hereof.

3.5. **Captions.** All captions or titles used in this Supplemental Solar Declaration are intended solely for convenience of reference and do not affect the interpretation of any of the terms or provisions of this Supplemental Solar Declaration.

[SIGNATURES ON FOLLOWING PAGE]

[SIGNATURE PAGE TO SUPPLEMENTAL DECLARATION OF SOLAR ENERGY COVENANTS,
CONDITIONS AND RESTRICTIONS FOR CHATEAU AT DIAMOND CREEK]

This Supplemental Solar Declaration is dated for identification purposes 9/23/13

"Declarant"

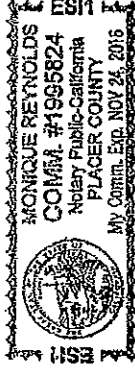
By: Laura Sichelman
Name: Laura Sichelman
Title: Vice President

STATE OF CALIFORNIA
COUNTY OF Placer

On Sept 24 2013, before me, Monique Reynolds Notary Public,
personally appeared Laura Sichelman who proved to me on the basis of
satisfactory evidence to be the person whose name is subscribed to the within instrument and
acknowledged to me that ~~he~~/she executed the same in ~~his~~/her authorized capacity, and that by
~~his~~/her signature on the instrument the person, or the entity upon behalf of which the person
acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature: Monique Reynolds

(SEAL)

**EXHIBITS
TO
SUPPLEMENTAL SOLAR DECLARATION**

EXHIBIT A

[Intentionally left blank]

**EXHIBIT B
RECOMMENDED TREE VARIETIES BY HEIGHT**

[If not attached, see Exhibit B to Solar Energy Declaration, approved tree list or Design Guidelines, if any, or current edition of Sunset Western Garden Book.]

SOLAR TREE LIST

CHATEAU AT DIAMOND CREEK

BOTANICAL NAME	COMMON NAME	PLANTED SIZE	MATURE SIZE	HEIGHT X WIDTH	WATER USE
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MAGNOLIA GRANDIFLORA 'MONLIA'	SOUTHERN MAGNOLIA	24" BOX	30' X 15'		MED
LAGERSTROEMIA I. PURPLE TOWER	PURPLE TOWER GRAPE MYRTLE	15 G	20' X 15'		LOW
LAGERSTROEMIA X ZUNI	ZUNI GRAPE MYRTLE	15 G	9' X 8'		LOW
FEUJA SELLOWIANA	PINEAPPLE GUAVA	15 G	12' X 12'		LOW
ACER PALMATUM 'SHISHIGASHIRA'	SHISHIGASHIRA JAPANESE MAPLE	15 G	15' X 8'		MED
PRUNUS X CERASIFERA CRIPPOZAM	CRIMSON POINTE FLOWERING PLUM	15 G	20' X 6'		MED
EXISTING ELM		NA	30' X 30'		MED