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AMENDED AND RESTATED MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS,
AND RESERVATION OF BASEMENTS FOR
TREELAKE VILLAGE

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AMENDED AND RESTATED MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS,
AND RESERVATION OF EASEMENTS FOR
TRELAKE VILLAGE

This Amended and Restated Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements (the "Declaration") is made by TRELAKE PARTNERS, a General Partnership, and DCK, a Limited Partnership (both of which are referred to hereinafter collectively as "Declarant"). This Declaration entirely supersedes and replaces that certain Master Declaration of Covenants, Conditions and Restrictions of Treelake Village which was recorded on February 24, 1988 in Book 3088, at Page 121 in the Official Records of Placer County, California.

RECITALS:

A. Treelake Partners is the Owner of certain real property located in Placer and Sacramento Counties, California, more particularly described and shown on Exhibit "A" attached hereto and incorporated herein by this reference. Said real property shall be referred to hereinafter as "Treelake Village."

B. DCK and Treelake Partners are co-owners of certain real property, located adjacent to Treelake Village, and more particularly described and shown on Exhibit "B" attached hereto and incorporated herein by this reference. Said real property shall be referred to hereinafter as "Wexford." Both Treelake Village and Wexford shall be referred to hereinafter collectively as the "Project."

C. The Property to be covered initially by this Declaration is described as follows:

Residential Lots 1 through 87, inclusive; Lots 84 through 74, inclusive; Lots 76 through 84, inclusive; Lots 148 through 169, inclusive; and Lots 212 through 217, inclusive, as shown on that certain map entitled "Treelake Village Unit No. 2-A" filed in the Office of the Placer County Recorder on February 24, 1988, in Book P of Maps, at Pages 52 et. seq.

It is the intent of Declarant to annex the balance of the Project in phases pursuant to the manner set forth for annexation provided in this Declaration.

D. Each Owner of a fee interest within the Project shall receive a Membership in the Treelake Village Master Association ("Association"), a nonexclusive easement for ingress, egress, use and enjoyment over the Common Area, and such other interests as are provided herein or set forth in the Owner's deed.

E. By this Declaration, Declarant intends to ensure the water quality and to provide for the maintenance of all of the lakes, streams and waterways within the Project.

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

ARTICLE I

DEFINITIONS

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

Section 1.01 - Annexable Property: "Annexable Property" shall mean the Project, excluding the Property (including all Improvements thereon) which is subject to annexation to the Property by Declarant in Phases as provided in Article XIII of this Declaration.

Section 1.02 - Articles: "Articles" shall mean the Articles of Incorporation of the Association, as such Articles may be amended from time to time.

Section 1.03 - Assessments: "Assessments" shall mean the combination of each of the following described charges:

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

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

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

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

Section 1.04 - Association: "Association" shall mean TREELAKE VILLAGE MASTER ASSOCIATION, a California nonprofit mutual benefit corporation (formed pursuant to the Nonprofit Mutual Benefit Corporation Law of the State of California), its successors and assigns.

Section 1.05 - Beneficiary: "Beneficiary" shall mean a Mortgagee under a Mortgage or a Beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgagee or Beneficiary.

Section 1.06 - Board or Board of Directors: "Board or Board of Directors" shall mean the Board of Directors of the Association, elected in accordance with the Bylaws.

Section 1.07 - Budget: "Budget" shall mean a written itemized estimate of the income and Common Expenses of the Association in performing its functions under this Declaration, prepared as provided in the Bylaws.

Section 1.08 - Bylaws: "Bylaws" shall mean the Bylaws of the Master Association, as such Bylaws may be amended from time to time.

Section 1.09 - Close of Escrow: "Close of Escrow" shall mean the date on which a deed is recorded which conveys a Lot and/or Residence through a transaction requiring the issuance of a Public Report.

Section 1.10 - Common Area: "Common Area" shall mean those areas and Improvements to be maintained by the Association, including, but not limited to, the lakes, waterways and streams within the Project. Common Area may be annexed to the Property pursuant to the provisions of Article XIII hereof.

Section 1.11 - Common Expenses: "Common Expenses" shall mean actual and estimated costs of (a) maintenance, management, operation, repair and replacement of the Common Area; (b) unpaid Capital Improvement, Reconstruction and Special Assessments; (c) any commonly metered charges for the Project; (d) management,

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

Section 1.12 - Condominium: "Condominium" shall mean any condominium (as defined in Section 1351 of the California Civil Code) within the Project established pursuant to Section 1350 et. seq. of the California Civil Code, or any similar statute hereinafter enacted.

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

Section 1.14 - CSA: "CSA" shall mean the Placer County Community Service Area No. 28, Zone 89, established pursuant to an agreement between Placer County and Moss Land Company, Leona M. Pastor and DCK, a California General Partnership, to provide for the maintenance of certain public facilities throughout the entire Treelake Village development.

Section 1.15 - Declarant: "Declarant" shall mean TREELAKE PARTNERS, a General Partnership, and DCK, a Limited Partnership, and their respective successors and assigns by merger, consolidation or purchase of all or substantially all of their respective assets and any Person to which each assigns any of its rights hereunder as hereinafter provided by an express written and Recorded assignment. Any such assignment may include only certain specific rights of Declarant and may be subject to such conditions as Declarant may impose in its sole discretion.

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

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

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

Section 1.19 - Dwelling: "Dwelling" shall mean (a) any structure and related improvements located on a lot which are designed for use and occupancy as a single-family residence, or (b) in the case of a Condominium, all elements of a "unit" conveyed to the Owner (as "unit" is defined in the condominium plan recorded for such Condominium).

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

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

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

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

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

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

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

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

Section 1.28 - Maintenance Funds: "Maintenance Funds" shall mean the accounts created for receipts and disbursements under Article III, Section 3.01 hereof.

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

Section 1.30 - Map: "Map" or "Final Map" shall mean any recorded subdivision map affecting any phase of the Project.

Section 1.31 - Master Waterways Management Plan: "Master Waterways Management Plan" shall mean that plan which provides for lakes, streams, canals and waterways management and protection in accordance with the conditions set forth by Placer County's Conditions of Approval for the Project.

Section 1.32 - Member: "Member" shall mean any Person holding a membership in the Association as provided in this Declaration. The term Member shall be synonymous with the term Owner herein.

Section 1.33 - Membership: "Membership" shall mean the property voting and other rights and privileges of the members as provided herein, together with their corresponding duties and obligations.

Section 1.34 - Mortgage: "Mortgage" shall mean any recorded Mortgage or Deed of Trust or other conveyance of a Lot and/or Residence or other portion of the Project to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance. The term "Deed of Trust" when used herein shall be synonymous with the term "Mortgage."

Section 1.35 - Mortgagee: "Mortgagee" shall mean a Person to whom a Mortgage is made and shall include the Beneficiary of a Deed of Trust.

Section 1.36 - Mortgagor: "Mortgagor" shall mean a Person who mortgages his Lot and/or Residence to another (i.e., the maker of a Mortgage), and shall include the Trustor of a Deed of Trust.

Section 1.37 - Notice and Hearing: "Notice and Hearing" shall mean written notice and a public hearing before a forum appointed by the Board, at which the Owner concerned shall have an opportunity to be heard in person, or by counsel at the Owner's expense, in the manner further specified in the Bylaws.

Section 1.38 - Notice of Annexation: "Notice of Annexation" shall mean any instrument recorded under Article XIII hereof to annex all or any portion of the Annexable Property to the Property.

Section 1.39 - Owner: "Owner" shall mean the Person or Persons holding a fee simple interest in any Lot or Condominium in the Project, including sellers under executory contracts of sale, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.40 - Person: "Person" shall mean a natural individual, a trustee, a partnership, a corporation or any other entity with the legal right to own real property.

Section 1.41 - Phase: "Phase" shall mean any portion of the Project for which a Public Report has been issued by the DRE.

Section 1.42 - Project: "Project" shall collectively mean Treelake Village and Wexford.

Section 1.43 - Project Documents: "Project Documents" shall mean the combination of the Articles, Bylaws, this Declaration and the Rules and Regulations for the Project established by the Board from time to time, as the governing instruments of the Project and the Master Waterways Management Plan.

Section 1.44 - Property: "Property" shall mean that certain real property described in Paragraph C of the Recitals, located in Placer County, California.

Section 1.45 - Public Report: "Public Report" shall mean the final subdivision public report issued by the DRE for any Phase of the Project.

Section 1.46 - Record, File, Recordation: "Record," "File" or "Recordation" shall mean, concerning any document, the recordation or filing of that document in the Office of the County Recorder of the County.

Section 1.47 - Residence: "Residence" shall mean (a) the combination of a Lot and all Improvements (including a Dwelling) intended for residential use thereon, or (b) a Condominium.

Section 1.48 - Restrictions: "Restrictions" shall mean the covenants, conditions, restrictions, easements, equitable servitudes, liens and charges created by, and described in, this Declaration.

Section 1.49 - Rules and Regulations: "Rules and Regulations" shall mean the rules and regulations adopted by the Board, from time to time, in the manner specified in the Bylaws and this Declaration.

Section 1.50 - VA: "VA" shall mean the Veterans Administration of the United States of America and any department or agency of the United States government which succeeds to VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

Section 1.01 - VA Administrator: "VA Administrator" shall mean the Administrator of Veterans Affairs, an Officer of the United States of America.

ARTICLE II

ASSOCIATION

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

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

(a) Maintain, or provide for the maintenance of, the Common Area (including all improvements thereon) in the condition and manner specified in Article VI, Section 6.02;

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

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

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

(e) Subject to the limitations specified in the Project Documents, elect, in its discretion, to (1) employ or contract with a professional Manager to perform all or part of the Association's duties, and/or (2) delegate its powers to committees, officers and employees;

(f) Subject to the limitations specified in the Project Documents, contract for any materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations or

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insurance, or to pay any taxes or assessments which, in the Board's opinion, is necessary or proper for the operation of the Association or for the enforcement of this Declaration;

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

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

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

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

(k) Grant licenses, easements and rights-of-way over the Common Area for private streets and utilities lines and facilities where necessary or appropriate for the orderly maintenance, preservation and enjoyment of the Project or for the preservation of the health, safety, convenience and welfare of the Owners.

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

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

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

Class B: The Class B Members shall be Treelake Partners and DCK, and each shall be entitled to three (3) votes for each Lot each owns in the Project and subject to Assessment. The Class B Memberships shall cease in each Phase of the Project and be converted to Class A Memberships on the happening of any of the following events, whichever occurs earliest:

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

(2) The fourth anniversary of the original issuance of the Final Public Report for the first Phase in the Project.

Section 2.05 - Required Percentages: All voting rights shall be subject to the provisions of the Project Documents. Except as provided in Article III, Sections 3.04(c) and 3.06, and Article X, Section 10.02 of this Declaration, and Article IV, Section 4.08 of the Bylaws: (a) as long as there exists any Class B Membership, any provision of the Project Documents which expressly requires the vote or written consent of a specified percentage of the voting power of the Association before action may be undertaken (i.e., other than actions requiring merely the vote or written consent of a majority of a quorum) shall require the vote or written consent of such specified percentage of the voting power of each class of Membership, and (b) when the Class B Membership has terminated, any provision of the Project Documents which expressly requires the vote or written consent of Owners representing a specified percentage of the voting power of the Association before action may be undertaken shall then require the vote or written consent of Owners representing such specified percentage of both the total voting power of the Association and the voting power of the Association residing in Owners other than Declarant.

Section 2.06 - Membership and Voting Rights for Co-Owners: As provided above, Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one Person holds such interest or interests in any Lot, all such Co-Owners shall be Members and may

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

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

Section 2.08 - Transfer: No Membership in the Association shall be transferred, pledged or alienated in any way, except upon the sale or encumbrance of the Lot to which that Membership is appurtenant and then only to the purchaser or Mortgagee of that Lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. A Class A Member who has sold his Lot to a contract purchaser under an agreement to purchase shall be entitled to delegate his Membership rights to such contract purchaser. Such delegation shall be in writing and shall be delivered to the Board before the contract purchaser may vote; however, the contract seller shall remain liable for all charges and Assessments attributable to his Lot until fee title thereto is transferred. If the Owner of any Lot fails or refuses to transfer the Membership registered in his name to the purchaser of his Lot upon transfer of fee title thereto, the Board shall have the right to record the transfer upon the books of the Association. The Association may levy a reasonable transfer fee against a new Owner and his Lot (which fee shall be added to the Annual Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the membership to the new Owner on the records of the Association provided such fee does not exceed the Association's actual cost involved in changing its records of ownership.

Section 2.09 - Use of Manager: The Board, acting on behalf of the Association, may contract with a Manager for the performance of such portion or portions of the Association's duties as the Board deems necessary or appropriate. The term of such contract, or any contract with Declarant for the furnishing of

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

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

ARTICLE III

ASSESSMENTS AND ASSOCIATION MAINTENANCE FUNDS

Section 3.01 - Creation of the Lien and Personal Obligation of Assessments: Declarant, for each Lot it owns, hereby covenants and agrees to pay, and each Owner of a Lot, by acceptance of a deed therefor whether or not it is expressed in that deed, is deemed to covenant and agree to pay to the Association all Annual Assessments for Common Expenses and all applicable Special Assessments, Reconstruction Assessments and Capital Improvement Assessments. Except as otherwise provided in this Declaration, all such Assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and continuing lien on the Lot against which it is made as well as the personal obligation of the Person who was the Owner of the Lot against which it is made at the time when it fell due. This personal obligation cannot be avoided by abandonment of the Lot or by an offer to waive use and enjoyment of any Common Area. The personal obligation for delinquent Assessments shall not pass to any new Owner unless expressly assumed by the new Owner.

Section 3.02 - Maintenance Funds: The Board shall establish no fewer than two (2) separate accounts (the "Maintenance Funds"), into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under this Declaration. The Maintenance Funds may be established as trust accounts at a banking or savings institution. The Maintenance Funds shall include: (a) an Operating

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Fund for payment of current Common Expenses of the Association, (b) a Reserve Fund to be used solely for payment of expenses for capital Improvements, replacements, painting and repairs of the Common Area (which cannot normally be expected to occur on an annual or more frequent basis), and (c) any other funds which the Board may establish to the extent necessary under the provisions of this Declaration. Nothing contained herein shall limit, preclude or impair the establishment of additional Maintenance Funds by the Association, so long as the amounts assessed to, deposited into, and disbursed from any such Fund are earmarked for specified purposes authorized by this Declaration.

Section 3.03 - Purpose of Assessments: The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners, for the operation, replacement, improvement and maintenance of the Project, and to discharge any other obligations of the Association under this Declaration.

Section 3.04 - Annual Assessments:

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

(b) Commencement and Due Dates: The Annual Assessments for all of the Lots in each Phase of the Project shall commence on the first day of the month after the Close of Escrow for the first Lot in that Phase. Annual Assessments shall be paid and collected in installments in such amounts at such frequency as the Board shall establish; provided, however, that no such installments may be levied or collected more frequently than monthly. Annual Assessments for fractions of any month shall be prorated. No notice of the due date of any installment shall be required other than the annual notice [described in Section 3.04(c) below] specifying the amount thereof.

(c) Amount and Limitation on Increase: Until the end of the Association's Fiscal Year immediately following the Close of Escrow for the first Lot in the Project, the Annual Assessment shall be that amount shown on the Project Budget approved by the DRE, which amount shall be prorated based upon the number of months remaining in that Fiscal Year. Thereafter, the Board shall determine and fix the amount of the Annual Assessment and shall give written notice of any change in the amount thereof to every Owner not less than forty-five (45) days nor more than sixty (60) days before the effective date of such change. Notwithstanding the preceding sentence, however, the Annual Assessment shall not, except as otherwise expressly permitted in Section 3.07, be increased by more than twenty percent (20%) over

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the Annual Assessment for the Association's prior Fiscal Year without the vote or written assent of a majority of Members, constituting a quorum, at a meeting or election of the Association. For the purposes of this Article III, "quorum" means more than fifty percent (50%) of the Members of the Association. The Annual Assessments shall also be subject to adjustment as provided in Article XIII, Section 13.04 after the annexation of any Phase of the Annexable Property as provided in Article XIII.

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

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

Section 3.05 - Special Assessments: Any maintenance, repair or replacement performed by the Association within the Project which is required to bring a Member and his Lot and/or Residence into compliance with the Project Documents shall be done at the Owner's expense or, after Notice and Hearing, a Special Assessment therefor shall be made by the Board against his Lot. Notwithstanding anything to the contrary in this Section or elsewhere in the Project Documents, however, no Special Assessment shall be made unless all of the requirements of the Bylaws concerning the discipline of Members have been satisfied.

Section 3.06 - Capital Improvement Assessments: In addition to the Annual Assessments authorized above, the Board may levy, in any Fiscal Year, a Capital Improvement Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, repair or replacement of a capital improvement or other such addition upon the Common Area, including fixtures and personal property related thereof; provided that, except as expressly permitted in Section 3.07, no Capital Improvement Assessment in the aggregate exceeding five

percent (8%) of the Association's budgeted gross expenses for that Fiscal Year shall be levied without the vote or written assent of a majority of Members, constituting a quorum, at a meeting or election of the Association. This Section shall not be construed as creating an affirmative obligation on the part of the Association to undertake or perform any Improvements upon the Common Area.

Section 3.07 - Alternate Limits on Certain Assessments:

(a) Emergency Situations: Annual Assessment and Capital Improvement Assessment increases necessary for addressing an "Emergency Situation" shall not be limited as provided in Sections 3.04 and 3.06. For purposes of this Section, "Emergency Situation" is any one of the following:

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

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

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

(b) Compliance With California Law and DRE Requirements: The provisions of this Section 3.07 are intended to satisfy the requirements of Section 1366 of the California Civil Code. If there is any conflict between this Section 3.07 and those other legal requirements, the latter shall prevail and control over the former.

Section 3.08 - Uniform Rate of Assessment: All Assessments provided for in this Article must be fixed at a uniform rate for all Lots within the Project.

Section 3.09 - Certificate Verifying Payment: The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the Assessments on a specified Lot have been paid. The Association shall furnish the requested certificate within ten (10) days of mailing or receipt of said request.

Section 3.10 - No Offsets: All Assessments shall be payable in the amount levied by the Association. No offsets against any Assessment shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties of maintenance or enforcement.

Section 3.11 - Limited Exemptions:

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

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

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ARTICLE IV

EFFECT OF NONPAYMENT OF ASSESSMENTS.
REMEDIES OF THE ASSOCIATION

Section 4.01 - Delinquency and Acceleration:

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

(b) Interest and Late Charges: The Board may adopt a system under which any installment of any Assessments not paid within thirty (30) days after the due date shall bear interest from the due date until paid at the rate of up to twelve percent

(12%) per annum, but in no event more than the maximum rate permitted by law. Additionally, the Board may require the delinquent Owner to pay a late charge not to exceed ten percent (10%) of the delinquent Assessment or Ten Dollars (\$10.00), whichever is greater to compensate the Association for increased bookkeeping, billing and other administrative costs; provided, however, that no such late charge shall exceed the maximum amount permitted by law.

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

Section 4.02 - Creation and Release of Lien:

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

(b) Notice of Lien: An Assessment lien shall become effective upon Recordation by the Board or its authorized agent of a notice of lien (the "Notice of Lien") securing the payment of any Annual, Capital Improvement or Reconstruction Assessment or installment thereof, levied by the Association against any Owner as provided herein. The Notice of Lien shall state (1) the amount of the Assessment or installment, as the case may be, and other authorized charges and interest, including the costs of preparing and recording the Notice of Lien, (2) the expenses of collection (including, without limitation, any attorneys' fees), (3) a sufficient description of the Lot against which the same has been assessed, (4) the name and address of the Association, (5) the name of the Owner of the Lot in question, and (6) in order for the lien to be enforced by non-judicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Lien shall be signed by the President or Vice President and Secretary

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or Assistant Secretary of the Association or the Association's authorized agent or attorney. The lien shall relate only to the individual Lot against which the Assessment was levied and not to the Property as a whole.

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

Section 4.03 - Enforcement of Liens: The Board shall enforce the collection of any amounts due under this Declaration by one (1) or more of the alternative means of relief authorized herein. The Assessment lien on a Lot may be enforced by sale of the Lot and/or Residence by the Association, the Association's attorneys, any title insurance company authorized to do business in California, or other persons authorized to conduct the sale as a trustee, after failure of the Owner to pay any Annual, Capital Improvement or Reconstruction Assessment, or installment thereof, as provided herein. The sale shall be conducted in accordance with the provisions of the California Civil Code applicable to the exercise of power of sale in Mortgages and Deeds of Trust, or in a manner permitted by law. An action may be brought to foreclose the Association's lien by the Board, or by any Owner if the Board fails or refuses to act, after (a) at least thirty (30) days have expired since the date on which the Notice of Lien was Recorded, and (b) at least ten (10) days have expired since a copy of the Notice of Lien was mailed to the Owner affected thereby. Such action shall also be subject to the provisions of Section 4.01, if the Board accelerates the due date of any Assessment installments. The Association, through its agents, shall have the power to bid on the Lot and/or Residence at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, an unlawful detainer action may be brought by the Association on behalf of the purchaser at the sale in order to secure occupancy of the defaulting Owner's Residence, and the defaulting Owner shall be required to pay the reasonable rental value of such Residence during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. Suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing or waiving any lien securing the same, but neither this provision or the institution of any suit to recover a money judgment shall constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated under this Section may include reasonable attorneys' fees as fixed by the court.

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Section 4.04 - Priority of Assessment Liens: The lien of the Assessments, including interest and costs of collection (including attorneys' fees) provided for herein, shall be subordinate to the lien of any first purchase money Mortgage upon any Lot and/or Residence. Sale or transfer of any Lot and/or Residence shall not affect the Assessment lien; however, the sale or transfer of any Lot and/or Residence pursuant to judicial or non-judicial foreclosure of a first purchase money Mortgage shall extinguish the Assessment lien as to payments that became due before such sale or transfer. No sale or transfer shall relieve such Lot and/or Residence from any Assessments thereafter becoming due. Where the Mortgagee of a first purchase money Mortgage of record or other purchaser of a Lot and/or Residence obtains title, such acquirer of title, his successors and assigns, shall not be liable for the Assessments chargeable to such Lot and/or Residence which became due before the acquisition of title to such Lot and/or Residence. Such unpaid Assessments shall be deemed to be Common Expenses collectable from all of the Owners of the Lots in the Property including such acquirer, his successors and assigns. This specification of priority concerning a first purchase money Mortgage is not intended to derogate the priority of any other Mortgage which may be determined by general legal principles.

Section 4.05 - Limitation on Remedies: Notwithstanding anything to the contrary in this Article or elsewhere in this Declaration:

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

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

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

enforceable by a sale of his Lot under Sections 2924, 2924(b) and 2924(c) of the California Civil Code. The provisions of this Section 4.08(c) do not apply to charges imposed against the accused Owner which consist of reasonable late payment penalties for delinquent Assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent Assessments.

Section 4.06 - Capital Contributions to the Association: Upon the acquisition of record title to a Lot from Declarant, each Owner of a Lot in Phase 1 shall contribute to the capital of the Association, an amount equal to one-sixth (1/6) of the amount of the then Annual Assessment for that Lot as determined by the Board. This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed therefrom to the Association.

ARTICLE V

EASEMENTS AND OTHER PROPERTY RIGHTS

Section 5.01 - Encroachments: The Owner of each Lot shall have an easement over all adjoining Lots and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of structures or any other cause as long as the encroachment remains. In no event, however, shall any Owner have a valid easement for any encroachment caused by his willful misconduct. If any Improvement on a Lot is partially or totally destroyed, and then repaired or rebuilt, the Owner of such Lot shall have an easement over the adjoining Lots and Common Area to accommodate any minor encroachments created by such repair or reconstruction.

Section 5.02 - Rights of Entry: The Board shall have a limited right of entry in and upon the Common Area and all Lots in the Project (excluding the interior of any Dwellings thereon) for the purpose of inspection, and taking whatever corrective action that the Board deems necessary or proper, consistent with the provisions of this Declaration. However, any such entry upon a Lot shall be made, except to effect emergency repairs or other emergency measures, only after three (3) days' prior written notice to the Owner thereof and after authorization of two-thirds (2/3) of the Board. Nothing herein shall be construed to impose any obligation upon the Association to maintain or repair any portion of the Project or any Improvements required to be maintained or repaired by the Owners or Declarant.

Section 5.03 - Damage by Member: To the extent permitted by California law, each Member shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance if the damage is caused by the

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

Section 6.04 - Waiver of Use: No Owner may exempt himself from any personal liability for Assessments duly levied by the Association, or release his Lot or other property owned by him from the liens and charges thereof, by waiver of the use and enjoyment of the Common Area and the facilities, if any, thereon or by abandonment of his Lot or any other property in the Project.

ARTICLE VI

MAINTENANCE AND REPAIR OBLIGATIONS

Section 6.01 - Maintenance Obligations of Owners: Except for those areas on certain Lots, if any, to be maintained by the Association as provided in Section 6.02 below, each Owner shall, at his expense and subject to the provisions of this Declaration (including, without limitation, those pertaining to ARC approvals), maintain, repair, replace and restore all areas subject to his exclusive control, in a neat, sanitary, workable and attractive condition. Areas subject to an Owner's exclusive control shall be deemed to include, without limitation, the Owner's Lot, the Dwelling and other Improvements thereon. If any Owner permits any such area to fall into disrepair, become dangerous, obstructed, unsafe, unsightly or unattractive or otherwise violate this Declaration, the Board shall have the right to pursue any of its legal remedies in addition to the right (but not the duty), after Notice and Hearing, to enter upon such Owner's Lot to make the appropriate repairs or to perform the appropriate maintenance, and the cost thereof shall be charged to the Owner as a Special Assessment.

Section 6.02 - Maintenance Obligations of Association:
Subject to Article VIII concerning destruction of Improvements and Article IX concerning eminent domain, the Association shall maintain, repair, replace and restore the Common Area in a neat, sanitary, workable and attractive condition. The Common Area to be maintained under this Section includes the following:

(a) The lakes, streams and waterways as provided in Article XVI hereinbelow;

(b) The entry monument located at or near the northeast corner of the Project, more particularly described on Exhibit "C" attached hereto and by this reference made a part hereof; and

(c) All landscaping within the Common Area Lots referenced in subparagraphs (a) and (b) hereinabove, and all mechanical, electrical and irrigation equipment within or serving it.

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

Section 6.03 - Placer County Service Area Maintenance:

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

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

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

(3) The maintenance, repair and replacement of all street lighting;

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

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

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

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

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

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

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

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

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

ARTICLE VI

INSURANCE

Section 7.01 - Coverage Obtained by Board:

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

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

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

(3) Such other insurance as the Board, in its discretion, deems necessary, including, but not limited to, fidelity bonds, errors and omissions, directors, officers and agents liability insurance, medical payments, malicious mischief, liquor liability and vandalism and workers' compensation insurance, and insurance covering such other risks as is customarily covered in connection with planned residential projects similar to the Project in construction, location and use.

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

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

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

Section 7.02 - Waiver of Claim Against Association: As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said Persons.

Section 7.03 - Right and Duty of Owner to Insure: Each Owner is responsible for providing insurance on his Lot and/or Residence and upon all other property therein. Nothing herein shall preclude any Owner from carrying any public liability insurance as he deems desirable to cover his individual liability for damage to person or property occurring inside his Residence or elsewhere in the Project. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association occurs and the proceeds payable thereunder shall be reduced by reason of Owners insurance coverage, that Owner shall assign the proceeds of such insurance to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 7.04 - Notice of Expiration Requirements: If available, each of the policies of insurance maintained by the Association shall contain a provision that said policy shall not be cancelled, terminated, materially modified or allowed to expire by its terms, without ten (10) days' prior written notice to the Board and Declarant, and to each Owner and Beneficiary, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice and every other Person in interest who requests such notice of the insurer. In addition, fidelity bonds shall provide that they may not be cancelled or substantially modified without ten (10) days prior written notice to any insurance trustee named pursuant to Section 7.06 and to each FNMA servicer who has filed a written request with the carrier for such notice.

Section 7.05 - Insurance Premiums: Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included in the Annual Assessments levied by the Association.

Section 7.06 - Trustee for Policies: The Association, acting through the Board, is hereby appointed and shall serve as the trustee of the interests of all named insureds under all Association maintained insurance policies. All insurance proceeds shall be paid to the Board as trustee and the Board shall have full power to receive such funds and to deal with them as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article VIII of this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the Association's insurance carriers. Any two (2) officers of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds, with the exception of the VA Administrator. Notwithstanding the foregoing, there may be named as an insured, a representative chosen by the Board, including a trustee with whom the Association may enter into an insurance trust agreement or any successor to that trustee who shall have exclusive authority to negotiate losses under any Association insurance policy and to perform such other functions necessary to accomplish this purpose.

Section 7.07 - Actions as Trustee: Except as otherwise specified in this Declaration, the Board, acting on behalf of the Association and the Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to Beneficiaries of seventy-five percent (75%) of the first Mortgagees who have filed requests under Article VIII, Section 8.03. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Association and of all renewals thereof, together with proof of payment and premiums, shall be delivered by the Association to all Owners and Mortgagees who have requested the same in writing.

Section 7.08 - Review of Coverage: The Board shall annually determine whether the amounts and type of insurance coverage that it has obtained under this Article provides adequate coverage, based upon then current construction costs, insurance practices in the area which may indicate that either additional insurance coverage or increased coverage under existing policies is necessary or desirable to protect the interest of the Association, the Owners and their respective Mortgagees. If the

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Board determines that increased coverage of additional insurance is appropriate, it shall obtain the same. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements within the Common Area, without deduction for depreciation, from a qualified independent insurance appraiser, prior to each such annual review.

Section 7.09 - Required Waiver: All policies of physical damage insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

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

(b) Any defense based upon co-insurance;

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

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

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

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

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

ARTICLE VIII

DAMAGE OR DESTRUCTION

Section 8.01 - To the Common Area:

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

(75%) of the total voting power of each class of Owners present and entitled to vote, in person or by proxy, at a duly constituted meeting, determine that repair and reconstruction shall not take place. If such a meeting is called, the Association shall solicit and obtain bids from at least two reputable contractors to repair and reconstruct the Improvements in accordance with the original plans and shall present this information to the Owners at the meeting. If repair and reconstruction is to take place, the Association shall, not later than one hundred twenty (120) days after the date of the destruction, execute, acknowledge and Record a certificate declaring the Owners' intention to rebuild.

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

(c) Apportionment of Reconstruction Costs: If the Improvements are to be rebuilt pursuant to Section 8.01(a) or 8.01(b) above, the Owners of all Lots shall be obligated to contribute such funds as shall be necessary to pay their proportionate share of the cost of rebuilding or reconstruction, over and above the available insurance proceeds. The proportionate share of each such Owner shall be equal for each Lot. If any Owner fails to pay his proportionate share, the Association may levy a Reconstruction Assessment against that Owner and his Lot, which may be enforced under the lien provisions in this Declaration or in any other manner provided herein.

(d) Rebuilding Contract: If rebuilding is authorized, the Association or its authorized representative shall, after having obtained bids from at least two reputable contractors as required by Section 8.01(a) or 8.01(b) above, award the repair and reconstruction work to the lowest bidder that otherwise meets the requirements set forth by the Association in soliciting bids. The Association shall have the authority to enter into a written contract with the contractor for the repair and reconstruction, and the insurance proceeds held by the trustee shall be disbursed to the contractor according to the terms of the contract. The

Association shall take all steps reasonably necessary to assure the commencement and completion of authorized rebuilding at the earliest possible date.

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

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

Section 8.02 - To a Lot: If all or any portion of the Improvements on any Lot are damaged or destroyed, the Owner of that Lot shall repair and restore those Improvements at his expense. Such repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the ARC as provided herein.

Section 8.03 - Notice to Owners and Listed Mortgagees: The Board, upon receiving notice of any damage or destruction affecting a material portion of the Common Area, shall promptly notify all Owners and Beneficiaries, insurers and guarantors of first Mortgages on Lots and/or Residences in the Project who have filed a written request for such notice with the Board. The Board, upon receiving notice of any damage or destruction affecting a Lot and/or Residence, shall promptly notify any Beneficiary, insurer or guarantor of any Mortgage encumbering such Lot and/or Residence who has filed a written request for such notice with the Board.

ARTICLE IX

MORTGAGEE PROTECTION

Section 9.01 - Mortgagee Protection: Notwithstanding any other provision of this Declaration, to the contrary, to induce the FHLBC, FNMA, GNMA, VA, FHA and other lenders and investors to participate in the financing of the sale of Lots and/or Residences in the Project, the following provisions contained within this Article are added hereto and to the extent these

added provisions, conflict with any other provisions in this Declaration, these added provisions shall control. The Project Documents are sometimes hereafter in this Article collectively called the "constituent documents".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Fidelity Bond: The Board shall secure and cause to be maintained in force at all times a fidelity bond for Persons handling funds of the Association as provided in Article VII, Section 7.01(a)(4).

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

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

(l) Further Assurances: In addition to the foregoing, the Board may enter into such contracts or agreement on behalf of the Association as are required in order to satisfy the guidelines of the VA, FHA, FHLMC, FNMA or GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Lots and/or

Residences. Each Owner hereby agrees that it will benefit the Association and the Membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their Lots and/or Residences, if such agencies approve the Property as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time.

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

(n) Encroachments: If any portion of the Common Area encroaches upon any Lot or any Lot encroaches upon the Common Area or another Lot as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the Improvements, an easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

Section 9.02 - Breach or Amendment Does Not Defeat Lien: Notwithstanding any other provision of this Declaration, no breach or amendment of this Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any Mortgage or Deed of Trust upon a Lot and/or Residence made in good faith and for value; provided, however, that after foreclosure of such Mortgage or Deed of Trust such Lot and/or Residence shall remain subject to this Declaration and all amendments thereto.

Section 9.03 - Status of Loan to Facilitate Resale: Any first Mortgage given to Secure a loan to facilitate the resale of a Lot and/or Residence after acquisition by foreclosure or by a deed in lieu of foreclosure or by an assignment in lieu of foreclosure shall be deemed to be a loan made in good faith and for value and entitled to all of the rights and protections of Mortgages under this Declaration.

Section 9.04 - FHA Regulatory Agreement: To induce FHA to insure mortgages on Lots and/or Residences in the Project, the Association may enter into an agreement with FHA concerning the financial and maintenance affairs of the Association, which agreement may be executed on FHA form No. 3278. If the Association enters into such an agreement, its provisions shall control in the event of a conflict with the provisions of any of the Project Documents, so long as FHA is insuring loans secured by mortgages on Lots and/or Residences in the Project.

Section 9.05 - VA and FHA Approval: So long as a Class B Membership exists, the prior approval of VA and FHA shall be

required as a condition to (a) Annexation of a Phase, (b) mergers and consolidations, (c) Special Assessments, and (d) any amendments to this Declaration.

ARTICLE X

DURATION AND AMENDMENT

Section 10.01 - Duration: This Declaration shall continue in full force for a term of fifty (50) years from the date of Recordation hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless within the expiration period of the initial 50-year term or any extension thereof, a Declaration of Termination is Recorded, meeting the requirements of an amendment to this Declaration as set forth in Section 10.02 below. There shall be no severance by sale, conveyance, encumbrance, hypothecation or otherwise of an interest in any Lot and/or Residence from the Association Membership appurtenant thereto as long as this Declaration is in effect. The provisions of this Article are subject to the provisions of Article VIII of this Declaration.

Section 10.02 - Amendment: Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which that proposed amendment is to be considered. A resolution adopting the proposed amendment may be proposed by any Owner at that Association meeting. To be adopted, the resolution must be approved by vote, in person or by proxy, or written consent of Members representing not less than (a) sixty-seven percent (67%) of the voting power of the Association, and (b) sixty-seven percent (67%) of the voting power of the Association residing in Members other than Declarant; provided, however, that the specified percentage of the voting power of the Association necessary to amend a specified section or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that section or provision. So long as a Class B Membership exists, the prior approval of VA and FHA shall be required for any amendment of this Declaration. A draft of this Declaration shall be submitted to the VA and FHA for each agency's approval before that amendment is Recorded. A copy of each amendment shall be certified by at least two (2) officers of the Association and the amendment shall be effective when the certificate of amendment is Recorded.

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

(a) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers or guarantors of first Mortgages as provided in Articles III, VII, VIII, IX, X and XIV hereof;

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

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

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

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

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

(g) Any amendment concerning:

(1) Voting rights;

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

(3) Boundaries of any Lots;

(4) Leasing of Residences;

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

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

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

(8) Owners interest in the Common Area; or

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

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

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

Section 10.03 - Protection of Declarant: Until the seventh (7th) anniversary of the first Close of Escrow for the sale of a Lot in the Project, the prior written approval of Declarant, as developer of the Property, will be required before any amendment which would impair or diminish the rights of Declarant to complete the Project or sell or lease Lots and/or Residences therein in accordance with this Declaration shall become effective. Notwithstanding any other provisions of the Restrictions, until such time as (a) Declarant is no longer entitled to add Annexable Property to the Property without the consent of the Association pursuant to Article XIII, Section 13.01, or (b) Declarant no longer owns any Lots in the Project, whichever occurs last, the following actions, before being undertaken by the Association, must first be approved in writing by Declarant:

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

(b) The annexation to the Property of real property other than the Annexable Property pursuant to Article XIII, Section 13.01;

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

(d) Subject to Article III, Section 3.04, regarding limitations on Annual Assessment increases, any significant increase of Association maintenance or other service requirements.

ARTICLE XI

ENFORCEMENT OF CERTAIN BONDED OBLIGATIONS

Section 11.01 - Consideration by Board of Directors: If (a) the Improvements to be located on the Common Area are not completed before the issuance of a Public Report for the sale of Lots in the Project, and (b) the Association is obligee under a bond or other arrangement (the "Bond") to secure performance of the commitment of Declarant to complete such Improvements, the Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any Improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that Improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Improvement on the Common Area, the Board shall consider and vote on the aforesaid question (if a Notice of Completion has not been filed), within thirty (30) days after the expiration of the extension.

Section 11.02 - Consideration by the Members: A special meeting of Members, for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question, shall be held no fewer than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such a meeting signed by Members representing five percent (5%) of the total voting power of the Association residing in Members other than Declarant. A vote at such meeting to take action to enforce the obligations under the Bond by Members representing a majority of the total voting power of the Association residing in Members other than Declarant shall be deemed to be the decision of the Association, and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE XII

GENERAL PROVISIONS

Section 12.01 - Enforcement:

(a) Declarant (so long as Declarant is an Owner), the Association or the Owner of any Lot in the Project, shall have the right to enforce, by proceedings at law or in equity, all of the Restrictions and other provisions now or hereafter imposed by the Project Documents, including without limitation, the right to prosecute a proceeding at law or in equity against the person or persons who have violated or are attempting to violate any of

these Restrictions and other provisions, to enjoin or prevent them from doing so, to cause the violation to be remedied, and/or to recover damages for the violation.

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

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

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

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

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

Section 12.02 - Attorneys' Fees: If any Owner defaults in making a payment of Assessments or in the performance or observance of any provision of this Declaration, and the Association has retained the services of an attorney in connection therewith, the Owner agrees to pay to the Association any costs or fees incurred, including reasonable attorneys' fees, regardless of whether legal proceedings are instituted. If a suit is instituted, the prevailing party shall recover the cost of the suit, in addition to the aforesaid costs and fees.

Section 12.03 - Severability: The provisions hereof shall be deemed independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent jurisdiction

shall not affect the validity or enforceability of any other provisions hereof.

Section 12.04 - Interpretation: The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the creation and operation of a planned residential development and for the maintenance of a Common Area, and any violation of this Declaration shall be deemed to be a nuisance. The article and section headings, titles and captions have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. As used herein, the singular shall include the plural and the masculine, feminine and neuter shall each include the other, unless the context dictates otherwise.

Section 12.05 - Mergers or Consolidations: Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association and a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Declaration governing the Property, together with the covenants and restrictions established upon any other property, as one (1) plan.

Section 12.06 - No Public Right or Dedication: Nothing herein shall be deemed to be a gift or dedication of all or any part of the Project to the public, or for any public use.

Section 12.07 - No Representations or Warranties: No representations or warranties of any kind, express or implied, other than the standard warranty required by VA and FHA, have been given or made by Declarant, or its agent or employees in connection with the Property, or any portion thereof, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned residential development, except as specifically and expressly set forth in this Declaration and except as may be filed by Declarant from time to time with the DRE.

Section 12.08 - Non-Liability and Indemnification: Except as specifically provided in the Restrictions or as required by law, no right, power or responsibility conferred on the Board or the Architectural Committee by this Declaration, the Articles or the Bylaws shall be construed as a duty, obligation or disability charged upon the Board, the Architectural Committee, any member of the Board or the Architectural Committee, or any other officer, employee or agent of the Association. No such Person

shall be liable to any party (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's acts or omissions if reasonably believed by such persons to be within the scope of his Association duties ("Official Acts"), except to the extent that such injuries or damage result from such Person's willful or malicious misconduct. No such Person shall be liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct.

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

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

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

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

Any determination of the Board required under this Section 12.08 must be approved by a majority vote of a quorum consisting of Directors who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, such determination may be made by the vote or written consent of a majority of a quorum of the Members of the Association, provided that the Person to be indemnified shall not be entitled to vote.

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

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

Section 12.09 - Notices: Except as otherwise provided in this Declaration, in each instance in which notice is to be given to an Owner, it shall be in writing. Any such notice may be delivered personally to the Owner, in the case of personal delivery to one (1) or more Co-Owners of a Lot or to any general partner of a partnership owning a Lot such delivery shall be deemed to have been made to all Co-Owners or to the partnership, as the case may be. Personal delivery of such notice to any officer or agent for the service of process on a corporation shall be deemed delivery to the corporation. In lieu of the foregoing, a notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association or, if no such address shall have been furnished, to the street address of such Owner's Residence. A mailed notice shall be deemed delivered three (3) business days after the time of the mailing, except that in the case of notice of a meeting of Members of the Board of Directors, the notice provisions of the Bylaws of the Association shall control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as shall be fixed from time to time and circulated to all Owners.

Section 12.10 - Priorities and Inconsistencies: If there are conflicts or inconsistencies between this Declaration and either the Articles or the Bylaws, the terms and provisions of this Declaration shall prevail.

Section 12.11 - Constructive Notice and Acceptance: Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Lot and/or Residence or other portion of the Project does and shall be conclusively deemed to have consented and agreed to every Restriction contained herein, whether or not any reference to these Restrictions is contained in the instrument by which such Person acquired his interest in the Project.

ARTICLE XIII

ANNEXATION

Section 13.01 - Additions by Declarant: Additional property may be annexed to the Project by either of the methods described in this Section.

(a) Annexable Property Within Treelake Village: Treelake Partners shall have the sole right to annex any one or more Phases of the Annexable Property within Treelake Village to the Project without the assent of DCK, the Association or its Members being required on the condition that:

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

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

(3) Treelake Village Records the appropriate Notice of Annexation; and

(4) Declarant or Treelake Village satisfies the requirements of Section 13.03 below, if applicable.

(b) Annexable Property Within Wexford:

(1) With respect to Phases within Wexford containing Lots owned by both Treelake Partners and DCK, Declarant shall have the right to annex any one or more of said Phases of the Annexable Property to the Project without the assent of the Association or its Members being required on the condition that:

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

(1i) The development of the annexed Phase is in accordance with the General Plan that Declarant submits to VA and FHA in connection with obtaining its approval of the Project;

(1ii) Declarant Records the appropriate Notice of Annexation; and

(1v) Declarant satisfies the requirements of Section 13.03 below, if applicable.

(2) With respect to Phases within Wexford containing Lots owned solely by DCK, DCK shall have the sole right to annex said Phases of the Annexable Property to the Project without the assent of Treelake Partners, the Association or its Members being required on the condition that:

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

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

(iii) DCK Records the appropriate Notice of Annexation; and

(iv) Declarant or DCK satisfies the requirements of Section 13.03 below, if applicable.

(3) With respect to Phases within Wexford containing Lots owned solely by Treelake Partners, Treelake Partners shall have the sole right to annex said Phases of the Annexable Property to the Project without the assent of DCK, the Association or its Members being required on the condition that:

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

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

(iii) Treelake Partners Records the appropriate Notice of Annexation; and

(iv) Declarant or Treelake Partners satisfies the requirements of Section 13.03 below, if applicable.

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

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

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

(3) The appropriate Notice of Annexation is Recorded.

Section 13.02 - Notice of Annexation: The annexation of any Phase of the Annexable Property or any other property shall be implemented by Recording an appropriate Notice of Annexation. Each such Notice of Annexation shall (a) specifically describe the property being annexed, and (b) incorporate this Declaration by reference. Any Notice of Annexation may also contain such complementary additions to and modifications of the restrictions

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set forth in this Declaration as are necessary to reflect the different character, if any, of the annexed property, so long as such additions or modifications are not inconsistent with the general theme of this Declaration.

Section 13.03 - Reserves and Deferred Maintenance: If the Residences in the Phase of the Annexable Property to be annexed under Section 13.02(a) above, have been occupied and used under a rental program conducted by Treelake Partners or DCK for a period of not less than one (1) year before the date of Close of Escrow for the first sale of any such Residence, Treelake Partners or DCK shall, as a condition to the exercise of its annexation power over that Phase, give the Association a written commitment to pay the Association, concurrently with the Close of Escrow for such first sale, the appropriate amounts for reserves for replacement or deferred maintenance of the Common Area annexed Phase.

Section 13.04 - Commencement of Assessments: After annexation of any Phase of the Annexable Property, Annual Assessments chargeable to the Lots and/or Residences within that Phase shall commence on the first day of the month after the month in which the conveyance to an Owner of the first Lot and/or Residence within that Phase occurs. At the time of commencement of the Annual Assessments, (a) the anticipated authorized Common Expenses of the Association shall be adjusted to reflect the Common Expenses arising from such annexation and (b) the Annual Assessment upon each Lot within the Project then subject to Annual Assessment shall be accordingly adjusted so as to apportion all of the Common Expenses equally among such Lots and/or Residences; provided, however, that any adjustment shall be in accordance with the plan for phased development approved by the DRE in conjunction with its approval of the Public Report for Phase 1.

Section 13.05 - Voting: After annexation and before the commencement of the Annual Assessment of the Lots and/or Residences within the property annexed, no vote shall be attributable thereto. Upon commencement of the Annual Assessment, the record Owner, including the Declarant, of each such Lot and/or Residence shall be entitled to the voting rights set forth in this Declaration and in the L₂ Laws.

Section 13.06 - No Amendment of This Article: No amendment, revocation, or rescission of this Article may be made before the Close of Escrow for the sale of the last Lot and/or Residence in the Project without the (a) written consent of the Declarant, and (b) Recording of such consent.

Section 13.07 - Deannexation: Any Phase of the Annexable Property annexed to the Project the annexing authority as provided in this Article may be deannexed by the annexing authority and deleted from the jurisdiction of the Association and this Declaration on the condition that:

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

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

(c) A draft of the notice of deannexation has been submitted to VA and VA has determined that the deannexation is acceptable and in accordance with the revised General Plan and has so advised Declarant.

Section 13.08 - Public Report Required: Nothing in this Article shall be construed to permit (expressly or by implication) Declarant to sell Lots in the annexed increments without first having obtained a Public Report thereon.

ARTICLE XIV

CONDEMNATION

Section 14.01 - Sale by Consent: If an action for condemnation of all or a portion of the Common Area is proposed or threatened by any governmental agency having the right of eminent domain, then, after approval by vote or written consent of at least fifty-one percent (51%) of all of the Owners and with the prior written consent of seventy-five percent (75%) of all first Mortgagees, the Common Area, or a portion of it, may be sold and conveyed to the condemning authority by the Association or its designees acting as the attorney-in-fact of all Owners (except the VA Administrator) under an irrevocable power of attorney, which each owner (except the VA Administrator) by accepting a deed to a Lot in the Project grants to the Board and which shall be coupled with the interest of all other Owners. Any such sale shall be made for a price deemed fair and equitable by the Board.

Section 14.02 - Distribution of Proceeds of Sale: On a sale occurring under Section 14.01, the proceeds shall be distributed equally to each Owner and their Mortgagees as their respective interests may appear.

Section 14.03 - Distribution of Condemnation Award: If the Common Area, or a portion of it, is not sold but is instead taken, the award shall be apportioned among the Owners and their respective Mortgagees by the terms of the judgment of condemnation, and if not so apportioned, then the award shall be distributed equally to each Owner and their Mortgagees as their respective interests may appear.

Section 14.04 - Notice to Owners and Listed Mortgagees: The Board, upon receiving notice of any condemnation affecting a

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material portion of the Common Area, or any threat thereof, shall promptly notify all Owners and those Beneficiaries, insurers and guarantors of first Mortgages on Lots in the Project who have filed a written request for such notice with the Board. The Board, upon receiving notice of any condemnation affecting a Lot, or any threat thereof, shall promptly notify any Beneficiary, insurer or guarantor of a Mortgage encumbering such Lot and/or Residence who has filed a written request for such notice with the Board.

ARTICLE XV

RESTRICTIONS ON PARTITION

Section 15.01 - General Prohibition: Except as provided in this Article, the Common Area shall remain undivided, and there shall be no judicial partition thereof. Nothing in this Article, however, shall prohibit partition of a co-tenancy in a Lot.

Section 15.02 - Permitted Exceptions: The Owner of a Lot may maintain a partition action as to the entire Project as if the Owners of all Lot in the Project were tenants in common in the entire Project in the same proportion as their interests in the Common Area. The court shall order partition under this Section only upon a showing that all of the following conditions have been satisfied:

(a) One of the following must have occurred:

(1) The Association must have Recorded a certificate as provided in Section 8.01(e) declaring the intention of the Association not to rebuild the Improvements on the Common Area after material damage or destruction thereof; or

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

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

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

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ARTICLE XVI

MANAGEMENT AND MAINTENANCE OF
LAKE, STREAMS AND WATERWAYS

Section 16.01 - Master Waterways Management: The Association shall have primary responsibility for the maintenance, protection of the water quality and environmental security of the Project lakes, streams, waterways and adjacent landscaping (except that the Association shall not be responsible for maintaining such adjacent landscaping in Wexford). All Members shall be obligated to abide by such rules and regulations adopted by the Association as are necessary to protect and maintain said lakes, streams, waterways and adjacent landscaping in conformance with the spirit as well as the letter of the Treelake Village Master Waterways Management Plan. The Association has the authority to contract with qualified subcontractors or agencies to implement the Master Waterways Management Plan. In addition, the Association may, from time to time, take whatever actions it deems necessary to periodically dredge the lakes and streams within the Project to prevent clogging due to siltation.

Section 16.02 - Indemnification of Declarant: Declarant and the Board of the Association are charged with implementing the Master Waterways Management Plan approved by Placer County. Neither Declarant the members of the Board shall be personally responsible for the correctness or completeness of the Master Waterways Management Plan.

Section 16.03 - Master Waterways Management Plan; Easements; Management and Maintenance Costs: The "Treelake Village Master Waterways Plan" developed by Declarant has been approved by Placer County and provides for special protection of the lakes, streams and waterways which meander throughout the entire Project. The subject Plan also provides for the stocking of the fish and habitat therein, especially the gambusia minnows, and a drainage plan which reflects Placer County's and Declarant's desire to provide an aesthetically pleasing and environmentally sound plan for the flow of waterways and recirculation of waste water throughout the Project.

All Members hereby grant to the Association such easements for ingress and egress over the applicable lakes, streams and waterways as are necessary to perform the Association's obligations. Each Member agrees to pay his equitable share of the costs incurred by the Association in performing its duties.

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THIS DECLARATION is dated for identification purposes
March 7, 19 89.

DECLARANT:

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

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

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

AND

DCK,
a Limited Partnership

By: George Dunsore
George Dunsore, Partner

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

By: Kelvin Moss
Kelvin Moss, President

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STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS.

On March 9, 1989 before me, the undersigned, a Notary Public in and for said State, personally appeared Richard T. Deihl and Frank J. Gootrad, personally known to me or proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument as the Vice President, and Assistant Secretary of The Lusk Company, a California corporation, the corporation that executed the within instrument on behalf of TREELAKE PARTNERS, a General Partnership, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

Vicki L. Johnson
Signature



STATE OF CALIFORNIA)
COUNTY OF PLACER) SS.

On MARCH 31, 1989 before me, the undersigned, a Notary Public in and for said State, personally appeared GEORGE DUNMORE, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as one of the partners of DCK, a Limited Partnership, the partnership that executed the within instrument and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

Chrisand M. Ballard
Signature



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STATE OF CALIFORNIA)
COUNTY OF PLACER) SS.

On MARCH 17, 1989 before me, the undersigned, a Notary Public in and for said State, personally appeared KELVIN MOSS, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the President of Kahem, Inc., a California corporation, the corporation that executed the within instrument on behalf of DCE, a Limited Partnership, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

Chrisand M. Ballard
Signature



BK3604 PG055

EXHIBIT A

TREELAKE VILLAGE

All that portion of the West one-half of Section 15 and the East one-half of Section 16, Township 10 North, Range 7 East, M.D.M. in the County of Placer and the County of Sacramento, State of California, described as follows:

Beginning at the North one-quarter corner of said Section 16 as shown on the Plat of Tract No. 644, Treelake Unit No. 2-A, filed in Book P of Maps at Page 52, Placer County Records; thence along the North line of said Section 16, North 88°52'26" East 2645.75 feet to the Northeast corner of said Section 16; thence along the North line of said Section 15, South 89°53'42" East 1323.71 feet; thence, leaving said Section line, South 1°16'05" East 987.16 feet; thence South 89°53'43" East 820.38 feet; thence South 1°20'15" East 828.60 feet; thence Westerly along the arc of a 820.00 foot radius curve, concave to the North, having a central angle of 28°19'46", an arc length of 405.44', and subtended by a chord bearing South 80°53'47" West a chord length of 401.32 feet; thence South 4°41'00" West 212.28 feet; thence North 74°58'43" West 95.23 feet; thence North 79°44'30" West 273.88 feet; thence North 85°03'30" West 90.00 feet; thence South 81°31'45" West 85.01 feet; thence South 76°58'30" West 225.01 feet; thence South 33°52'27" West 114.39 feet; thence South 21°07'30" West 515.00 feet; thence North 85° 23'30" West 245.00 feet; thence South 16°27'45" West 110.00 feet; thence North 70°38'00" West 194.47 feet; thence North 89°55'14" West 95.00 feet; thence South 35°44'30" West 262.92 feet to the East line of said Section 16; thence along the East line of said Section 16, South 1°13'09" East 2000.11 feet; thence leaving said Section line, North 85°13'49" West 841.19 feet; thence South 2°38'50" East 506.80 feet to the South line of said Section 16; thence, along said South line, North 88°25'44" West 1835.56 feet to the South one-quarter corner of said Section 16 as shown on said plat; thence along the North-South mid-section line of said Section 16 North 1°03'36" West 5324.95 feet to the point of beginning.

Containing 408.2 acres more or less.

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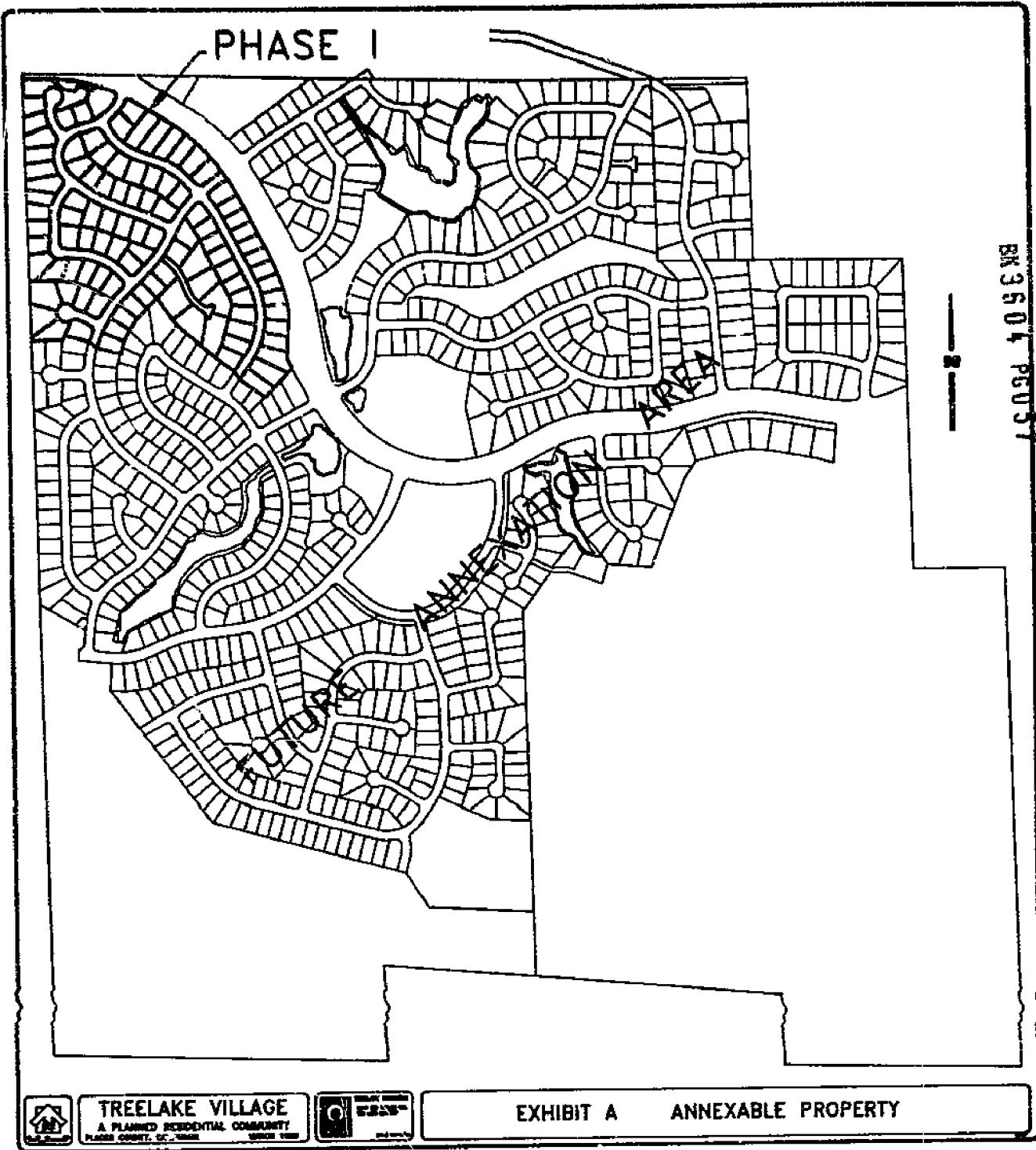


EXHIBIT B

WEXFORD

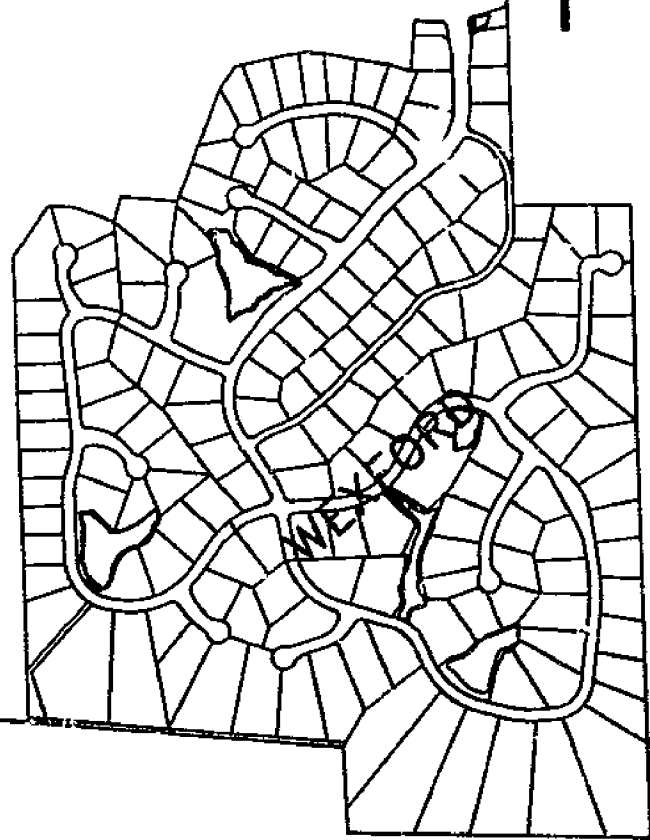
All that portion of the West one-half of Section 15, Township 10 North, Range 7 East, M.D.M. in the County of Placer and the County of Sacramento, State of California, described as follows:

Commencing at the Southwest corner of said Section 16 as shown on the Plat of Tract No. 644, Treelake Unit No. 2-A, filed in Book P of Maps at Page 52, Placer County Records; thence along the South line of said Section 16, South 88°55'21" East 1357.41 feet to the True Point of Beginning of this description; thence continuing along said South line South 88°55'21" East 1303.53 feet to the South one-quarter corner of said Section 15; thence, along the North-South mid-section line of said Section 15, North 1°20'15" West 2719.32 feet to the center of Section of said Section 15; thence, along the East-west mid-section line of said Section 15, North 89°55'14" West 504.52 feet; thence North 1°20'15" West 856.77 feet; thence Westerly along the arc of a 820.00 foot radius curve, concave to the North, having a central angle of 28°19'46", an arc length of 405.44', and subtended by a chord bearing South 50°53'47" West a chord length of 401.32 feet; thence South 4°41'00" West 212.28 feet; thence North 74°58'43" West 95.23 feet; thence North 79°44'30" West 273.88 feet; thence North 85°03'30" West 90.00 feet; thence South 81°31'45" West 85.01 feet; thence South 76°56'30" West 225.01 feet; thence South 33°52'27" West 114.39 feet; thence South 21°07'30" West 515.00 feet; thence North 85° 23'30" West 245.00 feet; thence South 16°27'45" West 110.00 feet; thence North 70°38'00" West 194.47 feet, thence North 89°55'14" West 95.00 feet; thence South 35°44'30" West 262.92 feet to the East line of said Section 16; thence along the East line of said Section 16, South 1°13'09" East 2000.11 feet; thence leaving said Section line, South 85°13'49" East 1354.85 feet; thence South 2°35'05" East 372.18 feet to the point of beginning.

Containing 171.8 acres more or less.

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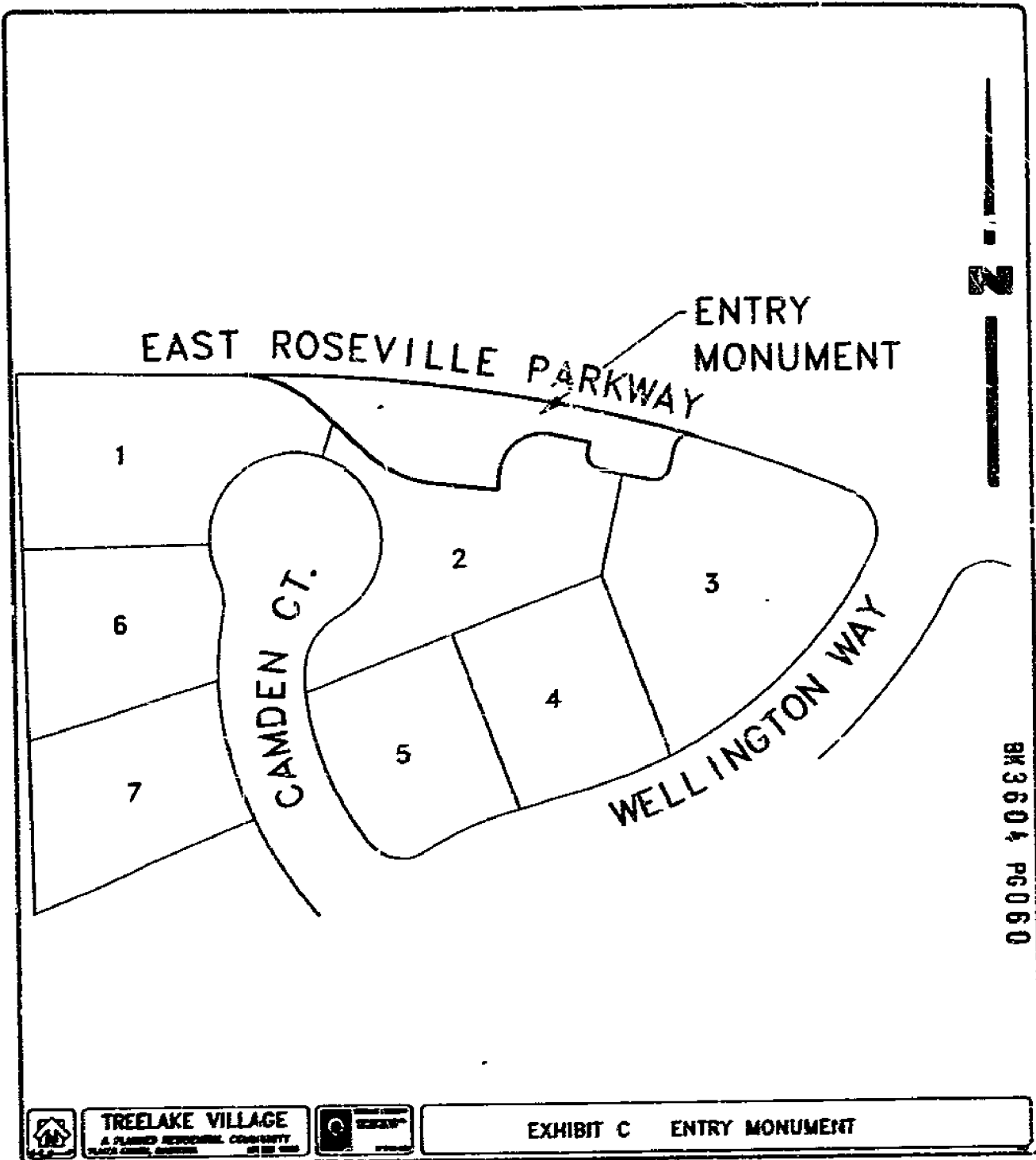
TREELAKE



TREELAKE VILLAGE
 A PLANNED RESIDENTIAL COMMUNITY
 PLANNED BY: GILBERTSON SINCE 1989



EXHIBIT B ANNEXABLE PROPERTY



EAST ROSEVILLE PARKWAY

ENTRY MONUMENT

1

6

7

CAMDEN CT.

2

5

4

3

WELLINGTON WAY



BK 3604 PG 060



TREELAKE VILLAGE
 A PLANNED RESIDENTIAL COMMUNITY
 PLANNED COMMUNITY ASSOCIATION



EXHIBIT C ENTRY MONUMENT

