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FIRST RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RIVER CITY COMMONS

NOT FOR ESCROW USE

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COVENANTS, CONDITIONS AND RESTRICTIONS
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NOT FOR ESCROW USE

**FIRST RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RIVER CITY COMMONS**

This First Restated Declaration of Covenants, Conditions and Restrictions for River City Commons (the "Declaration") is made by River City Commons Association, a California nonprofit mutual benefit corporation (the "Association").

RECITALS

A. The Association is an "association", as that term is defined in California Civil Code Section 1351(a), which has been created to manage the common interest development located in the City of Sacramento, County of Sacramento, State of California commonly known as River City Commons and more particularly described as follows (the "Development"):

Lots A, B, C, D, E, F and G and Lots 1 to 196, inclusive, of River City Commons, according to the official plat thereof, filed in the office of the County Recorder of Sacramento County March 13, 1978, in Book 119 of maps, Map No. 2

B. The original developer of the Development, Cal-Penn Builders, Inc., a California corporation, and ICH, Inc., a California corporation, executed a document entitled "Declaration of Covenants, Conditions and Restrictions" that was recorded on July 31, 1978, in Book 780731, at page 872, as Instrument Number: 117650 in the official records of Sacramento County, California (the "Original Declaration").

C. The Original Declaration was amended by a document entitled "Amendment to Declaration of Covenants, Conditions and Restrictions" which was recorded on September 19, 1979, in Book 790919, at page 918, as Instrument Number: 159030 in the official records of Sacramento County, California (the "First Amendment").

D. The Original Declaration was further amended by a document entitled "Second Amendment to Declaration of Covenants, Conditions, and Restrictions" which was recorded on December 13, 1979, in Book 791213, at page 618, as Instrument Number: 212848 in the official records of Sacramento County, California (the "Second Amendment")

E. The Original Declaration, as amended by the First Amendment and Second Amendment, by its own terms, establishes certain limitations, easements, covenants, restrictions, conditions, liens, and charges which run with and are binding upon all parties having or acquiring any right, title, or interest in the real property comprising the Development.

F. The "Declarant", as that term is defined in the Original Declaration, no longer owns any property within the Development.

G. Members holding at least fifty-one percent (51%) of the Association's total voting power desire to amend, restate and supersede the Original Declaration, as amended by the First Amendment and Second Amendment, pursuant to Article IX, Section 3 of the Original Declaration and California Civil Code Section 1355(a) and pursuant to the order of the Superior Court of California in and for the County of Sacramento, dated October 28, 2009, a copy of which is attached hereto as Exhibit "A".

NOW, THEREFORE, it is hereby declared as follows:

1. The Original Declaration, as amended by the First Amendment and Second Amendment, is hereby amended, restated and superseded in its entirety to read as set forth in this Declaration.

2. All of the real property comprising the Development constitutes a "planned development", as that term is defined in California Civil Code Section 1351(k).

3. All of the real property comprising the Development is held and owned and shall be held, owned, operated, managed, conveyed, hypothecated, encumbered, leased, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan and purpose of protecting, preserving, and enhancing the value, desirability, and attractiveness of the Development and every part thereof, and of fostering the development, management, improvement, enjoyment, and sale of the real property comprising the Development and any part thereof.

4. All of the covenants, conditions, and restrictions set forth in this Declaration shall constitute enforceable equitable servitudes as provided in California Civil Code Section 1354, shall constitute covenants that shall run with the real property comprising the Development, and shall be binding upon and inure to the benefit of each Owner of any portion of such real property or of any interest therein and their heirs, successors, and assigns.

ARTICLE 1 **DEFINITIONS**

1.1 Absolute Majority. "Absolute Majority" shall mean a majority of the Total Voting Power of the Association.

1.2 Additional Charges. "Additional Charges" shall mean all costs, fees, charges, and expenditures, including without limitation, interest, late charges, attorneys' fees, Recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of Assessments, fines, and/or penalties.

1.3 Architectural Guidelines. "Architectural Guidelines" shall mean the Rules and Regulations adopted by the Board pursuant to Section 8.6 of this Declaration.

1.4 Articles. "Articles" shall mean the Articles of Incorporation of the Association, as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.

1.5 Assessment. "Assessment" shall mean a charge levied by the Association against an Owner and his or her Lot as provided in Article 6 of this Declaration. "Assessment" shall include any or all of the following:

(a) Annual Assessments, which shall have the meaning set forth in Section 6.5 of this Declaration.

(b) Enforcement Assessments, which shall have the meaning set forth in Section 6.8 of this Declaration.

(c) Reimbursement Assessments, which shall have the meaning set forth in Section 6.7 of this Declaration.

(d) Special Assessments, which shall have the meaning set forth in Section 6.6 of this Declaration.

1.6 Association. "Association" shall mean the River City Commons Homeowners Association, its successors and assigns.

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

1.8 Bylaws. "Bylaws" shall mean the Bylaws of the Association as they shall be adopted by the Board of Directors and Members and any duly-adopted amendments thereof.

1.9 City. "City" shall mean the City of Sacramento, California, and its various departments, divisions, employees and representatives.

1.10 Common Area. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners of the Development including, without limitation, Lots A, B, C, D, E, F and G, as shown on the Subdivision Map.

1.11 Contract Purchaser/Contract Seller. "Contract Purchaser" and "Contract Seller" shall mean the purchaser and the seller, respectively, under an installment land contract in which title to the property is transferred after the final installment payment is made.

1.12 County. "County" shall mean the County of Sacramento, California, and its various departments, divisions, employees and representatives..

1.13 Declaration. "Declaration" shall mean this instrument, as it may be amended from time to time.

1.14 Development. "Development" shall mean all the real property described in Recital "A" of this Declaration as well as such other real property as may hereafter be brought within the jurisdiction of the Association.

1.15 Director. "Director" shall mean a member of the Board of Directors.

1.16 Fence. "Fence" shall mean each fence which is built as a part of the original construction of the Residences within the Development and placed on the dividing line between the Lots and the Common Area which shall be maintained pursuant to Section 7.2(b) of this Declaration.

1.17 Governing Documents. "Governing Documents" shall mean the Articles, Bylaws, Declaration, Rules and Regulations (including the Architectural Guidelines), and the policies and resolutions duly adopted by the Board and distributed to the Members.

1.18 Improvement. "Improvement" shall mean all structures and improvements including without limitation buildings, landscaping (including without limitation trees and bushes), paving, fences, and signs.

1.19 Lot. "Lot" shall mean any plot of land shown upon any Subdivision Map, with the exception of the Common Area.

1.20 Member. "Member" shall mean an Owner.

1.21 Member in Good Standing. "Member in Good Standing" shall mean a Member of the Association who is current in the payment of all dues, Assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents, and who is in compliance with all of the provisions of the Governing Documents, as may be more particularly set forth in the Bylaws.

1.22 Mortgage. "Mortgage" shall mean a deed of trust as well as a mortgage in the conventional sense. "First Mortgage" shall mean any Recorded Mortgage on a Lot with first priority over other Mortgages on such Lot.

1.23 Mortgagee. "Mortgagee" shall mean a beneficiary under or holder of, as applicable, a Mortgage. "First Mortgagee" shall mean a Mortgagee holding a First Mortgage.

1.24 Owner. "Owner" shall mean any person, firm, corporation or other entity in which fee title to a Lot is vested as shown by the official records of the office of the County recorder, including Contract Sellers, but excluding Contract Purchasers and excluding those having such interest merely as security for the performance of an obligation. Where the context requires, the term "Owner" shall include the members of the Owner's household and the Owner's guests, tenants/lessees and invitees; provided, however, that such persons are not "Owners" for purposes of exercising voting rights in the Association.

1.25 Party Wall. "Party Wall" shall mean each wall which is built as a part of the original construction of the Residences within the Development and placed on the dividing line between the Lots or from the general Common Area which shall be maintained pursuant to Section 7.2(b) of this Declaration.

1.26 Record. "Record" shall mean, with respect to any document, the recordation or filing of such document in the office of the County recorder.

1.27 Residence. "Residence" shall mean a residential structure located upon a Lot which is designed for human residential use and occupancy.

1.28 Resident. "Resident" shall mean any person who resides on a Lot within the Development whether or not such person is an Owner as defined in Section 1.24 of this Declaration.

1.29 Rules. "Rules" shall mean the Rules and Regulations governing the use, occupancy, management, administration, and operation of the Development or any part thereof as adopted and published by the Board of Directors from time to time and shall include, without limitation, the Architectural Guidelines.

1.30 Shared Fence. "Shared Fence" shall mean each fence which is built as a part of the original construction of the Residences within the Development and placed on the dividing line between the Lots which shall be maintained pursuant to Section 7.2(b) of this Declaration.

1.31 Simple Majority. "Simple Majority" shall mean a majority of the votes of the Members (i) represented and voting at a meeting at which a quorum is present, or (ii) cast by written ballot (in conformity with California Corporations Code Section 7513) in which the number of ballots received equals or exceeds the number required to establish a quorum.

1.32 Subdivision Map. "Subdivision Map" shall mean that subdivision map entitled "Plat of River City Commons" accepted for record and recorded in the Office of the Recorder of Sacramento County, California on March 13, 1978, in Book 119 of Maps, Map Number 2.

1.33 Total Voting Power. "Total Voting Power" shall mean the total number of votes of all Members entitled to vote at a particular time, calculated on the basis of one vote for each Lot, excluding any Lots as to which an Owner is not then a Member in Good Standing.

ARTICLE 2 HOMEOWNERS ASSOCIATION

2.1 Management and Operation. The Association, through the Board of Directors, shall manage and operate the Development in accordance with the applicable provisions of the Governing Documents and the applicable provisions of California law. The Association shall have all of the powers set forth in the Governing Documents together with general power to do any and all things that a nonprofit mutual benefit corporation may lawfully do under the laws of the State of California, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Governing Documents.

2.2 Membership. Every Owner of a Lot shall be a Member of the Association and shall remain a Member thereof until such time as his or her Lot ownership ceases for any reason. Membership shall be appurtenant to and may not be separated from ownership of a Lot and shall not be transferred, encumbered, pledged, alienated, or otherwise hypothecated in any way, except in connection with the sale or encumbrance of the Lot to which it is appurtenant.

2.3 Voting. Only Members in Good Standing shall be entitled to vote, and only one vote shall be cast for each Lot, all as more particularly specified in the Bylaws

2.4 Board of Directors. The affairs of the Association shall be managed by or under the direction of a Board of Directors. The number and qualifications of Directors shall be as established in the Bylaws, and the members of the Board shall be elected as provided in the Bylaws. The Board of Directors shall have all of the powers and duties set forth in any provision of the Governing Documents, including without limitation such powers and duties as may be expressly set forth in this Declaration.

2.5 Association Rules. The Board of Directors shall have the power and the authority to establish, promulgate, amend, repeal, and enforce such rules and regulations, which shall be known as "Rules", as the Board deems necessary for the management and operation of the Development and the conduct of business and affairs of the Association. The Rules may concern, but need not be limited to, matters pertaining to: (i) use of the Common Area; (ii) pets; (iii) signs; (iv) collection and disposal of refuse; (v) minimum standards for maintenance of property; (vi) use of recreation facilities; (vii) parking and traffic regulations; (viii) rental or leasing of Lots, which includes but is not limited to the percentage of Lots rented or leased within the Development, and the grandfathering of existing Lots which are rented or leased; and

(ix) any other subject matter within the jurisdiction of the Association as provided in the Governing Documents or by law.

2.6 Manager and Other Personnel. The Board of Directors shall have the power and authority to employ a manager and such other persons or entities as the Board shall deem appropriate to assist it in managing the Development and conducting the business and affairs of the Association, as more particularly set forth in the Bylaws.

2.7 Insurance. The Board shall procure and maintain liability insurance and property insurance as it shall deem proper and as more particularly set forth in the Bylaws.

2.8 Capital Improvements. The Board of Directors shall have the power and authority to provide for the construction, reconstruction, installation, or acquisition of capital Improvements upon the Common Area.

2.9 Sale or Transfer of Association Property. Subject to Section 2.10, the Board of Directors shall have the power to sell, transfer, lease or otherwise dispose of the Association's property, provided that the Board shall not, in any fiscal year, sell, transfer or otherwise dispose of real property owned by the Association having an aggregate value in excess of twenty percent (20%) of the budgeted gross expenses of the Association for that fiscal year without approval of at least a Simple Majority.

2.10 Sale, Transfer or Dedication of Common Area to Public Agency or Utility. The Board of Directors shall have the power to dedicate, sell or transfer all or any part of the Common Area to a public agency, authority or utility. Except for easements and rights-of-way granted pursuant to Section 3.3, any such dedication, sale or transfer must be approved by at least a Simple Majority.

2.11 Borrow Money. The Board of Directors shall have the power to borrow money in the name of the Association.

2.12 Mortgage of Association Property. The Board of Directors shall have the power and authority to mortgage, pledge, encumber, or otherwise hypothecate the real and personal property of the Association for money borrowed or debts incurred by the Association.

2.13 Mergers and Consolidations. The Association may (i) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes as the Association, or (ii) annex additional property to the Development, provided that the approval of an Absolute Majority is obtained.

2.14 Dissolution. So long as there is any Lot, parcel or area for which the Association is obligated to provide management, maintenance, preservation or control, the consent of all Members must be obtained for the Association to (i) transfer all or substantially all of its assets, or (ii) file a certificate of dissolution.

2.15 Limitation of Liability. Neither the Association nor its Directors, officers, employees, agents or members (collectively and individually referred to as the "Released Party") shall be personally liable for damages or in equity to any of the Members, or to any other person, for any error or omission in the discharge of their duties and responsibilities or for their failure to provided any service required hereunder or pursuant to the Bylaws, even if such Released Party is negligent, provided that such Released Party has not acted in bad faith. This standard of care and limitation of liability shall extend, without limitation, to matters such as (i) the establishment of the Association's annual financial budget, (ii) the funding of Association reserve accounts, (iii) the discharge of the Association's maintenance, repair and replacement

obligations, (iv) the enforcement of the Governing Documents, and (v) to any other fiduciary duties or responsibilities imposed by law or the Governing Documents.

ARTICLE 3 COMMON AREA

3.1 Purpose of Common Area. Subject to the provisions of the Declaration, the Common Area shall be held, maintained, and used to meet the common interests of the Owners, the members of the Owners' households, and the Owners' tenants, resident Contract Purchasers, and guests as provided in the Governing Documents.

3.2 Owners Non-Exclusive Easements of Enjoyment. Every Owner shall have a non-exclusive easement of use of and enjoyment in, to, and throughout the Common Area. Each such non-exclusive easement shall be appurtenant to and pass with the title to every Lot, subject to the following rights and restrictions:

(a) The right of the Board of Directors to establish and enforce Rules governing the use of the Common Area and the facilities thereon including, without limitation, Rules (i) limiting the number of guests of Residents permitted to use the Common Area and the facilities thereon at any one time, (ii) limiting the hours of use of the Common Area and the facilities thereon, (iii) charging fees for the use of the recreational facilities located on the Common Area, (iv) regulating the use of the Common Areas and the facilities thereon for group activities, including without limitation requiring the submission of an application containing such information as the Board deems appropriate, (v) regulating traffic upon the private streets, and (vi) regulating parking within the Common Area.

(b) The right of the Board, as more particularly addressed in the Bylaws, to suspend an Owner's right to use the recreational facilities located on the Common Area for (i) any period during which any Assessment against such Owner's Lot remains unpaid, and/or (ii) for violations of the Governing Documents by an Owner or any person for whom an Owner is responsible.

(c) The right of the Board, as set forth in Section 3.3 of this Declaration, to grant easements and rights of way in, on, over, or under the Common Area.

(d) The right of the Board to dedicate or transfer all or any part of the Common Area, subject to the requirements of Section 2.9 and Section 2.10.

(e) The right of the Board to mortgage, pledge, encumber, or otherwise hypothecate the Common Area and facilities thereon as security for money borrowed by the Association.

(f) The right of the Association, through its authorized agents, to perform its obligations under this Declaration, including, without limitation, obligations with respect to construction, maintenance, repair, or replacement for the benefit of the Common Area.

(g) The right of the Association to establish, construct, maintain, repair and replace facilities upon the Common Area including without limitation recreation facilities, storage facilities and workshops, which may be necessary or convenient in the discharge of the Association's duties and the exercise of its rights under the Governing Documents.

3.3 Assignment of Rights of Use. Any Owner may assign his rights of use and enjoyment, including easements, in the Development to the members of his household, tenants, Contract Purchasers, guests and invitees, subject to the terms of the Governing Documents. Upon the leasing or renting of a Lot, or upon occupancy of a Lot by a Contract Purchaser, the Owner shall be deemed to have assigned all such rights exclusively to the tenants or Contract Purchasers of such Lot except that such Owner shall continue to have an easement for ingress and egress to such Owner's Lot to the extent necessary to discharge of the Owner's obligations and rights as a landlord. Each Owner shall notify the Secretary of the Association of the names of any tenants or any such Contract Purchasers of such Owner's Lot. Each Owner, tenant, or Contract Purchaser shall also notify the Secretary of the Association of the names of all members of his or her household to whom such Owner, tenant, or Contract Purchaser has assigned any rights of enjoyment in the Development as provided herein and the relationship which each such person bears to such Owner, tenant, or Contract Purchaser. Any rights of enjoyment assigned pursuant to this section are subject to suspension to the same extent that rights of Owners are subject to suspension as provided in the Governing Documents. It is the express purpose and intent of the provisions of this section to limit the right of use and enjoyment of the Common Area to Residents and their guests.

3.4 Common Area Construction. Except as may be authorized by the Board, no person or entity other than the Association or its duly-authorized agents (i) shall construct, reconstruct, refinish, alter, or maintain any Improvement upon the Common Area, (ii) shall make or create any excavation or fill upon the Common Area, (iii) shall change the natural or existing drainage of the Common Area, or (iv) shall plant, remove, or destroy any seed, plant material, tree, shrub, or other vegetation upon the Common Area.

3.5 Mechanic's Liens. In the event there shall be Recorded against the Common Area a notice of mechanic's lien for, or purporting to be for, labor or materials alleged to have been furnished or delivered for any Owner or his or her Lot, such Owner shall immediately cause such lien to be discharged by payment, bond, or otherwise. If the Owner fails to cause the lien to be discharged, the Board may send written notice to the Owner specifying that unless the Owner causes the lien to be discharged within 5 days from the date of such notice, the Board may cause the lien to be discharged. Within such 5-day period, the Owner shall be granted a hearing before the Board regarding the validity of such lien and any offsets or defenses thereto. At that time, the Board shall determine whether the lien adversely and improperly affects and encumbers the rights and interests of the Association or the other Owners. If the Board of Directors determines that the lien does adversely and improperly affect and encumber such rights and interests and that adequate protection of such rights and interests has not been provided, the Board may cause the lien to be discharged by payment, bond, or otherwise. The Board shall have the right to levy a Reimbursement Assessment against the Owner responsible for causing the lien to be discharged in an amount equal to all amounts paid by the Association together with interest thereon at the legal rate and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees.

ARTICLE 4 USE RESTRICTIONS

4.1 Residential Use. Except as specifically provided in Section 4.3, no Lot, or any portion thereof, shall be occupied or used for other than residential purposes.

4.2 No Partition. There shall be no judicial partition of the Development or any part thereof, nor shall any Owner or any person acquiring any interest in the Development or any part thereof seek any judicial partition thereof. Notwithstanding the preceding, if any Lot is owned by two or more co-tenants as tenants in common or as joint tenants, this section shall not be deemed to prevent a judicial partition by sale as between such co-tenants.

4.3 Restriction on Businesses. No business of any kind shall be established, maintained, operated, permitted, or conducted within the Development except:

(a) Those professional and administrative occupations as may be permitted by, and which are conducted in conformance with, all applicable governmental ordinances provided that there is no external evidence thereof, and further provided that the Board may, in its complete discretion, prohibit the conduct of any such activities which the Board determines to be incompatible with the nature and character of the Development or which, in the Board's opinion, may or does otherwise negatively impact the quality of life and property values within the Development.

(b) Those other businesses which by law must be permitted to be conducted within the Development.

4.4 Offensive Conduct, Nuisances, Noise. No noxious, harmful or offensive activities shall be conducted upon or within any part of the Development, nor shall anything be done thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to any Residents of the Development, or which shall in any way interfere with their use of the Common Area and facilities thereon or the use and enjoyment of their Lots or Residences. Without limiting any of the foregoing, no Resident shall permit noise, including without limitation the barking of dogs or excessively loud music, to emanate from the Resident's Lot, which would unreasonably disturb another Resident's enjoyment of his or her Lot or of the Common Area. Nothing in this section shall be construed to limit the Association's ability to discharge its duties in accordance with the Governing Documents or otherwise manage the Development.

4.5 Use of the Common Area. All use of the Common Area is subject to the Governing Documents. No alterations or additions to the Common Area shall be made except as authorized by the Board pursuant to Section 2.8. Nothing shall be placed, kept, stored, or parked on the Common Area without the prior written consent of the Board, except by the Association. Without limiting the foregoing, no Owner shall place rubbish, debris, or other unsightly or unsanitary materials on the Common Area. Each Owner shall avoid causing damage to the Common Area.

4.6 Requirement of Architectural Approval. As addressed in greater detail in Article 8, construction, installation, modification, or alteration of buildings, outdoor structures, fences, awnings, outdoor lighting and all other exterior Improvements are subject to approval of the Board of Directors.

4.7 Window Mounted Heating, Ventilation, or Air Conditioning. All window mounted heating, ventilation, or air conditioning systems shall be placed in locations which are not visible from the streets or the Common Area within the Development.

4.8 Window Coverings. In no event shall windows be painted, nor shall aluminum foil, newspaper, bed sheets, cardboard or similar materials be placed in windows. All window coverings shall be maintained in good repair and condition at all times.

4.9 Signs. No sign of any kind shall be displayed to the public view from any portion of the Development except that this restriction shall not apply to:

- (a) Signs required by legal proceedings;
- (b) Signs which by law cannot be prohibited;

(c) A single identification sign which has been approved by the Board of Directors located on a Lot identifying the number or address of the Lot and/or the name of the Owner of the Lot;

(d) Signs approved by the Board located at or near any entrance to the Development identifying the development;

(e) Signs required for traffic control and regulation of streets or open areas within the Development; and

(f) Such other signs as the Board, in its discretion, may approve. The Board may adopt limitations on such signs including, without limitation, restrictions on the size of the signs, the duration of their posting, and their location.

4.10 Trash Disposal. Trash, garbage, and all other waste and refuse shall be deposited only in covered sanitary containers or recycling containers in accordance with the following provisions:

(a) Except as provided in Section 4.10(b), the containers shall be maintained within the Residence's garage, or shall be screened or otherwise concealed from view from the Common Area, the streets or any other Residences.

(b) The containers may be placed for pickup at a reasonable time but in any event no longer than 12 hours prior to trash collection and shall be promptly stored as specified in Section 4.10(a) after collection. The Board may adopt Rules regulating the placement of containers for trash collection which Rules may include limitations on the period of time during which containers may be placed for collection.

(c) No Owner or Resident shall permit or cause any garbage, trash or other waste or refuse to be kept upon any portion of any Lot outside of the Residence or elsewhere in the Development, except in such containers.

(d) The Board in its sole discretion may adopt Rules regulating the placement for collection and/or disposal of lawn or other landscaping waste within the Development.

4.11 Vehicles and Parking.

(a) Limitations on Types of Vehicles.

(i) No trailer, recreational vehicle, camper, camper shell, snowmobile, golf cart or water craft or vessel, shall be parked, kept or permitted to remain within the Development. Notwithstanding the preceding, the temporary parking of trailers, recreational vehicles, campers, snowmobiles and water crafts and vessels on the driveways or on the streets shall be permitted for such short-term periods and purposes and subject to such regulations and limitations as the Board, in its discretion, deems appropriate. Such regulations and limitations may include, without limitation, the requirement that the Association be notified of such temporary parking.

(ii) No truck, van or commercial vehicle shall be permitted within the Development except for such limited times as are necessary for deliveries, the performance of maintenance, repair and replacement of Improvements within the Development and other similar situations, and then subject to any Rules adopted by the Board which may include,

without limitation, a limit on the time of day or days of the week when such vehicles may be present within the Development. The term "truck, van or commercial vehicles" shall not include sedans or standard size pickup trucks and vans which are used for both business and personal uses, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board.

(b) Condition of Vehicles. No unreasonably noisy vehicles and no vehicles (including, without limitation, scooters, motorcycles or other motorized devices) emitting foul smelling or offensive exhaust fumes shall be operated within the Development. No dilapidated, unsightly, inoperable, or abandoned vehicle shall be parked, kept or permitted to remain upon any area within the Development. Each vehicle operated or located within the Development shall maintain, and the Board shall have the authority to require written evidence of, current registration which permits the vehicle to be legally operated on public streets.

(c) No Vehicle Repairs. No vehicle maintenance, or repairs of any kind may be made to vehicles within the Development except such emergency repairs as are necessary to remove the vehicle from the Development.

(d) Common Area Guest Parking Spaces. The Association has designated certain portions of the Common Area for guest vehicle parking. Subject to the limitations of Section 4.11(a) above, only the vehicles of guests may be parked in such parking spaces. No vehicle of a guest shall be parked for more than 24 hours during any period of seven consecutive days in any such parking space provided that the Board may, in its discretion, permit the parking of a vehicle of a guest for such longer period as it deems advisable. The movement of any vehicle for the purposes of preventing the application of this section shall be ineffective.

(e) No Parking Areas. Except as specified in Section 4.11(d), no vehicle may be parked on any portion of the Common Area.

(f) Parallel Parking. All vehicles parked on the streets within the development shall be parked parallel to the curb.

(g) Parking Rules and Enforcement. In order to prevent or eliminate parking problems within the Development, or to further define and enforce the restrictions contained in this section, the Board shall have the authority to adopt further reasonable rules and restrictions regarding vehicles and parking within the Development as the Board may deem prudent and appropriate. The Board shall also have the power to impose sanctions for violations of provisions of the Governing Documents relating to vehicles and parking. Such authority and power shall include, without limitation:

(i) The power and authority to cause the towing, at the vehicle owner's expense, of vehicles which are parked within the Development in violation of any of the provisions of the Governing Documents, provided that towing of vehicles of guests and other non-Residents of the Development shall be subject to the provisions of applicable law. Costs incurred by the Association relating to the towing and/or storage of any vehicle parked in violation of any provision of the Governing Documents shall be assessed as a Reimbursement Assessment against the Lot Owner responsible or whose household members, tenants, Contract Purchasers, or guests are responsible for the presence of such vehicle.

(ii) The power and authority to fix and impose fines for violations of this section in accordance with Section 10.5(c) and the Bylaws.

4.12 Garages. All garages shall be maintained in a neat and orderly condition. Each garage door shall remain closed except during the time required for the entry and exit of vehicles and individuals and when and only for as long as reasonably necessary to clean the garage and perform routine washing of vehicles. In no event shall any garage be converted to or used as a living area.

4.13 Outbuildings and Temporary Structures. No outbuilding, tent, shack, trailer, shed, cabana, or temporary building of any kind shall be located within the Development, except in strict compliance with the provisions of this Declaration, including Article 8. In no event shall any such structure be used as a living area.

4.14 Compliance with Laws. Nothing shall be done or kept anywhere within the Development which violates any local, state or Federal law, ordinance, statute, rule or regulation.

4.15 Household Pets. The following restrictions regarding the care and maintenance of pets within the Development shall be observed by each Owner and Resident:

(a) No animals, reptiles, rodents, birds, fish, livestock, or poultry shall be raised, bred or kept on any Lot, or other portion of the Development except that a reasonable number of domesticated pets may be kept provided that (i) they are not kept, bred, or maintained for any commercial purposes, (ii) they are maintained under reasonable control at all times, and (iii) they are maintained in a Residence or the fenced yard on a Lot, all in conformance with any applicable local ordinances.

(b) Dogs shall not be allowed on the Common Area.

(c) No pet shall be chained or otherwise tethered so as to be visible from the street, Common Area or from adjoining Lots. Pet owners shall be responsible for the prompt removal and disposal of pet wastes deposited by their pets anywhere within the Development. No structure for the care, housing and/or confinement of pet shall be maintained upon a Lot so as to be visible from neighboring Lots and/or the Common Area.

(d) Each person bringing or keeping a pet within the Development shall be solely responsible for the conduct of their animal(s). Neither Association, the Board or the Association's officers, employees and agents shall have any liability (whether by virtue of this Declaration or otherwise) to any Owners, the members of their households, and/or their guests, invitees, tenants and Contract Purchasers for any damage or injury to persons or property caused by any pet. Each Owner and Resident shall indemnify the Association and its officers, directors, and agents against any and all claims, damages, losses, demands, liabilities, and expenses, including but not limited to attorneys' fees, arising out of or resulting from the presence or conduct of any pet brought upon or kept within the Development by the Owner or Resident, the members of his or her household, and/or his or her guests, tenants, or invitees.

(e) The Board of Directors shall have the right to establish and enforce additional Rules defining in a uniform and nondiscriminatory manner, what constitutes a "reasonable number" of pets depending on their size, disposition and/or maintenance requirements and imposing standards for the reasonable control and keeping of pets in, upon and around the Development to ensure that the same do not interfere with the quiet and peaceful enjoyment of the Development by the other Owners

and Residents. The Association shall have the right to prohibit the keeping of any animal which constitutes, in the sole and exclusive opinion of the Board, a nuisance or danger to any person.

4.16 Limitation on Number of Rental or Leased Lots.

(a) *Purposes.* In order to: (i) protect the value of the Lots in the Development; (ii) preserve the character of the Development as a homogeneous residential community of owner-occupied residences; (iii) prevent the Development from assuming the character of tenant-occupied Lots; (iv) ensure that those who manage the Association are committed to enhancing the livability and property values within the Development; and (v) retain the Development's ability to comply with eligibility requirements for financing in the secondary mortgage market insofar as such criteria provide that the Development be substantially owner-occupied, the rental or leasing of Lots shall be restricted in accordance with the provisions of this Section.

(b) *Restriction.* No Owner shall rent or lease his or her Lot (i.e., permit occupancy of his or her Lot in exchange for monetary compensation or equivalent services or in-kind exchanges) if, by renting or leasing that property, the total number of Lots rented or leased within the Development will exceed twenty-five percent (25%).

(c) *Terms of Lease or Rental Agreement.* Any lease or rental agreement shall be in writing and any tenants thereof shall abide by and be subject to all terms and provisions of the Governing Documents; the term of any lease or rental agreement shall be for a period of not less than thirty (30) days; and any lease or rental agreement shall specify that failure to abide by all provisions of the Governing Documents shall constitute a default under said lease or rental agreement. Any Owner leasing or renting a Lot shall provide the tenants with copies of the Governing Documents. No Owner shall be permitted to lease his Lot for transient or hotel purposes.

(d) *Procedure.* The Owner of a Lot which is proposed to be rented or leased must notify the Board that the Lot is proposed for rental or lease. The date this notification is received by the Board will establish the order of approval review to determine if the proposed rental or lease is within the limitation. If such proposed rental or lease exceeds the twenty-five percent (25%) limitation, the proposing Owner will be notified in writing by the Board and his or her name will be added to the bottom of a waiting list. As rental Lots fall below the twenty-five percent (25%) limitation, the Owner whose name is at the top of the waiting list will be notified, in writing, of his or her right to rent and shall be given ninety (90) days to obtain, and forward to the Board, a copy of a written, signed rental agreement, indicating the tenants' acknowledgment that they will abide by the terms and provisions of the Development's Governing Documents. If this Owner fails to supply such agreement to the Board within ninety (90) days of notification by the Board, of approval to rent, such Owner's name shall fall to the bottom of the waiting list, and the next Owner on the waiting list will be notified, in writing, by the Board of approval to rent, and also be given ninety (90) days to obtain, and forward to the Board, a copy of a signed, written rental agreement as described above. If this is not done, the next Owner on the list will be notified and so on, until there all of the names on the waiting list have been given the opportunity to rent or lease their Lot. Once the Association has granted an Owner the authority to rent or lease the Owner's Lot, that Owner has the right to continue leasing the Lot to consecutive renters as long as the Owner and the tenant or lessee comply with this section and the Governing Documents. If a Lot is not rented or leased for a period in excess of sixty (60) days, the Owner must re-apply for permission from the Association to lease the Lot.

(e) *Variances.*

(i) The Board may grant variances from the restriction set forth in subparagraph (b) of this section in cases of demonstrated hardship, which circumstances may include: (A) the period of probate following the death of the Owner; (B) the decision of an employer to relocate an Owner to another community; or (C) an illness or disability that prevents the Owner from personally occupying the Lot. No waiver shall be granted to an Owner whose hardship is a result of the Owner's failure to obtain and read the Association's Governing Documents, including this rental restriction.

(ii) If permission has been granted by the Board for demonstrated hardship, or similar situations of demonstrated hardship, such variance shall be of relatively short duration, such as until: (A) probate proceedings are concluded; (B) the Owner has relocated to the community of his or her employment and has had a reasonable time to sell his or her Lot; or (C) the Owner has either recovered from the illness or disability or, in the alternative, has had a reasonable time to sell his or her Lot.

(f) *Grandfathering Provision.* The restriction on the number of Lots that may be leased or rented as set forth in this section shall not apply to any Member who is an Owner of a Lot on the date this Declaration is recorded, but shall apply to any Lot or Lots upon transfer of title to such Lot subsequent to the date this Declaration is recorded. The grandfathered Lots shall be considered in determining the twenty-five percent (25%) limitation.

(g) *Rules and Regulations.* The Board shall have the discretion to create and amend rules and regulations to implement and enforce the provisions of this section.

(h) *Revocable Living Trusts.* For purposes of subparagraph (b) of this section, any Lot which is owned by a revocable living trust, or which is owned by one or more trustees of a revocable living trust, shall be deemed not to be rented or leased when it is occupied by one or more persons who have the power to revoke the revocable living trust.

(i) *Violations.* Any Owner who violates the provisions of this Section 4.16 may be subject, at the Board's discretion, to a fine of no less than Fifty Dollars (\$50.00) per day for each day that the Owner's Lot remains in violation. If the Association files legal action to gain an Owner's compliance with this Section, the Association, as prevailing party, shall be entitled to recover all of its attorney's fees and costs. Prior to the filing of any court action seeking declaratory or injunctive relief to enforce this provision (including either such action coupled with a claim for monetary damages not in excess of \$5,000), the Association shall first comply with the provisions of California Civil Code Section 1369.520, as it may be amended from time to time, relating to alternative dispute resolution.

(j) The lease or rental shall apply to not less than the entire Lot including its appurtenant rights, except its voting rights in the Association.

(k) Any rental shall be by a written agreement which shall provide that the tenancy is subject to the terms of this Declaration, the Bylaws and the Rules and that any failure of the tenant to comply with the terms of this Declaration, the Bylaws or the Rules shall constitute a default under such agreement and shall entitle the Owner to terminate the tenancy.

(l) During the term of any such permitted assignment under a lease, the Owner's rights to use the Common Area shall be suspended.

(m) The Board shall require that the Owner provide the Association with: (i) a copy of the written lease or rental agreement for his or her Lot, (ii) the name and contact information for all occupants of the Lot, and (iii) the effective or start date for the lease or rental period.

4.17 Clotheslines. No exterior clotheslines or other outside clothes drying or airing facility shall be erected or maintained upon any Lot where the same would be visible from the Common Area, the streets or any other Lot.

4.18 Mailboxes and Exterior Newspaper Tubes. Cluster-style, grouped mailboxes are the mail receptacles for the Lots, no other mailboxes and/or newspaper tubes shall be permitted within the Development.

4.19 Activities Affecting Insurance. Nothing shall be done or kept within the Development which will increase the rate of insurance maintained by the Association without the prior written consent of the Association. No Owner shall permit anything to be done or kept within the Development which would result in cancellation of any insurance policy maintained by the Association or any other Owner.

4.20 Drainage Patterns. Except as approved by the Board of Directors or performed by the Association, there shall be no interference with the natural or established drainage systems or patterns within the Development.

4.21 Indemnification. Each Owner, by acceptance of a deed to a Lot, agrees for himself or herself and for the members of his or her household, and his or her Contract Purchasers, tenants, guests or invitees, to indemnify each and every other Owner, and to hold them harmless from, and to defend them against, any claim of any person for personal injury or property damage occurring within the Lot of that particular Owner, except that such Owner's liability may be diminished to the extent that the injury or damage occurred by reason of the negligence of any other Owner or person temporarily visiting such Lot or is fully covered by insurance.

4.22 Variances. The Board shall be authorized to grant reasonable variances from the provisions of Article 4 of this Declaration upon written application from any Owner provided that the Board determines, in its sole discretion, that the specific application of the restriction to such Owner will (i) cause substantial undue hardship to the Owner, or (ii) fail to further or accomplish the common plan for the Development as contemplated by this Declaration. The Board shall have the power to limit any variance granted in scope or duration or otherwise impose such specific requirements as the Board may, in its complete discretion, see fit to require. The Board shall follow the following procedures in acting on any request for a variance:

(a) The Board, in its sole discretion, shall make an initial determination whether or not the variance on its face meets the requirements set forth in this section. If the Board determines that it does not, the variance request shall be denied and the Board shall so notify the applicant within thirty days of the Board's decision. If the Board determines that the variance does, the procedures set forth in the remainder of this section shall be followed.

(b) The Board shall conduct a hearing on the variance within forty-five days of the receipt of the written request for a variance. Notice shall be given to all Members not less than fifteen days prior to the date of the hearing. Members may submit comments in writing prior to the hearing and/or appear at the hearing. The Board shall establish a reasonable time limit for Member comments during the hearing. No decision regarding the request for variance shall be made until the conclusion of the hearing.

(c) After the conclusion of the hearing, the Board shall, in its sole discretion, either grant or deny the request for variance in accordance with the standards set forth in this section. As more fully discussed above, if the Board grants the variance request, the Board may impose such conditions as the Board deems appropriate and shall so notify the applicant within thirty (30) days of the Board's decision.

ARTICLE 5 ALTERATIONS TO RESIDENCES

5.1 Approval by the Board of Directors. No building, fence, wall, window, driveway, walkway or other structure, alteration or Improvement shall be erected, altered or placed on any Lot until building plans, specifications and a plot plan showing the location of structures on the Lots have been submitted to the Board of Directors for review and approval as described in Article 8, below.

5.2 Drainage. No Owner shall do any work, construct any Improvement, place any landscaping or suffer the existence of any condition whatsoever which shall alter or interfere with the drainage pattern for the Owner's or any adjacent Lots or parcels or Common Area as established in connection with the approval of the final subdivision and parcel maps applicable to the Development, except to the extent such alteration in drainage pattern is approved in writing by the Board of Directors, and all other public authorities having jurisdiction.

5.3 Exterior Lighting and Fixtures. All lights installed on the exterior of a Residence or on a Lot shall be adequately and properly shielded from other Residences and the Common Area, such that direct rays from the light source are directed downward and do not cross property lines.

ARTICLE 6 ASSESSMENTS AND LIENS

6.1 Covenant of Owner. Each Owner of a Lot within the Development, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, shall be deemed to have covenanted and agreed to pay to the Association: (i) Regular Assessments, (ii) Special Assessments, (iii) Reimbursement Assessments, and (iv) Enforcement Assessments levied by the Association as hereinafter provided, together with all Additional Charges. Such deed or conveyance shall be deemed to vest in the Association the right and power to initiate all actions and procedures as the Board shall deem necessary or appropriate for the collection of such Assessments and Additional Charges and for the enforcement of the liens hereinafter provided for.

Each Assessment levied by the Association under this article, together with all Additional Charges, shall be a separate, distinct, and personal debt and obligation of the Owner against whom it is assessed, and shall bind his or her heirs, devisees, personal representatives, successors, and assigns. Such obligation to pay Assessments and Additional Charges and the right and power of the Association to initiate all actions and procedures for collection shall run with the land, so that each successive Owner or Owners of Record of any Lot shall, in turn, become liable to pay all such Assessments and Additional Charges assessed during the time he or she is Record Owner of such Lot. After an Owner transfers of Record any Lot he or she owns, he or she shall not be liable for any Assessments levied thereafter with respect to such Lot. Such Owner shall remain personally liable, however, for all unpaid amounts due and owing at the time of transfer, together with Additional Charges accruing until time of collection. A Contract Seller of any Lot shall continue to be liable for all Assessments and Additional Charges until a conveyance by deed of such Lot is Recorded.

6.2 Creation of Lien. Each Assessment levied by the Association pursuant to this Declaration, together with all Additional Charges, shall be a charge upon the land and upon levy shall be secured by a continuing lien upon the property against which such Assessment is levied. The Association shall have a separate lien and a separate lien is hereby created upon each Lot to secure the payment of any such Assessments and Additional Charges as may be levied under this Declaration. The lien provided for herein shall continue to secure all Assessments and Additional Charges levied upon any Lot notwithstanding the transfer of Record title to such Lot, and any such transfer shall be subject to the Association's lien, provided that, prior to such transfer, a Notice of Delinquent Assessment has been Recorded as provided in this Declaration and by law. The priority of all such liens on each Lot shall be in inverse order so that upon the foreclosure of the lien for any particular charge on any Lot, any sale of such Lot pursuant to foreclosure of the lien will be made subject to all liens securing the respective monthly Assessments and Additional Charges on such Lot for succeeding months.

6.3 Purpose of Assessments. The Assessments levied by the Board shall be used exclusively for (i) managing and operating the Development, (ii) conducting the business and affairs of the Association, (iii) promoting the recreation, health, safety, welfare, benefit, and interests of the Owners and Residents of the Development, (iv) improving and maintaining the Common Area and, to the extent provided for in the Governing Documents or by law, the Lots situated within the Development, (v) enforcing the Governing Documents, and/or (vi) otherwise benefitting the Owners.

6.4 Authority of the Board. The Board shall have the power and the duty to levy Annual and Special Assessments sufficient to meet the Association's obligations under the Governing Documents and applicable law.

6.5 Regular Assessment.

(a) Calculation of Estimated Requirement. Not less than thirty (30) days nor more than ninety (90) days prior to the beginning of each fiscal year, the Board shall complete and distribute to all Owners an estimate of the net funds required by the Association for such fiscal year (including a reasonable amount allocated to contingencies and to a reserve fund for restoration, repair, and/or replacement of those components for which the Association is responsible and which must be repaired or replaced on a periodic basis) to manage, administer, operate, and maintain the Development; to conduct the affairs of the Association; and to perform all of the Association's duties in accordance with this Declaration.

(b) Allocation of Regular Assessment. Regular Assessments shall be allocated and assessed equally among the Lots within the Development by dividing the amount by the number of Lots, so that each Lot bears an equal share of the Regular Assessment.

(c) Payment of Regular Assessments. Unless the Board shall designate otherwise, Regular Assessments shall be levied on an annual basis and shall be paid in twelve (12) equal monthly installments during the fiscal year, and each installment shall be due and payable on the first day of each month.

(d) Increases in Regular Assessment. Pursuant to California Civil Code Section 1366(b), except as otherwise provided by law, the Board shall not increase the Regular Assessment for any fiscal year above the amount of the Regular Assessment for the preceding fiscal year by more than the maximum amount permitted by law, except upon the affirmative vote or written consent of a majority of Owners voting on any such increase in the Regular Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Owners of the Association, notwithstanding any lower quorum

requirement which may be set forth in the Bylaws. Any meeting or election of the Association for purposes of complying with California Civil Code Section 1366 shall be conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3, Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code.

(e) Commencement of Regular Assessment. Each Lot within the Development is subject to its share of the established annual Regular Assessment.

6.6 Special Assessments.

(a) Purpose of Special Assessments. If at any time during any fiscal year the Regular Assessment proves inadequate for any reason, including nonpayment of any Owner's share thereof or the unexpected repair, replacement, or reconstruction of Improvements located in the Development, or if funds are otherwise required for any authorized activity of the Association, the Board may levy a Special Assessment in the amount of such actual or estimated inadequacy or cost.

(b) Allocation of Special Assessments. Special Assessments shall be allocated and assessed among the Lots within the Development in the same manner as Regular Assessments.

(c) Approval of Special Assessments. Except in the case of an emergency situation as defined in California Civil Code Section 1366, in any fiscal year the Board may not levy Special Assessments which, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, except upon the affirmative vote or written consent of a majority of the Members voting on any such Special Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members of the Association, notwithstanding any lower quorum requirement which may be set forth in the Bylaws. Any meeting or election of the Association for purposes of complying with California Civil Code Section 1366 shall be conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3, Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code.

6.7 Reimbursement Assessments. The Association shall levy a Reimbursement Assessment against any Owner and his or her Lot (i) if a failure by such Owner, or any person or pet for whom the Owner is responsible, to comply with any provision of the Governing Documents has necessitated or resulted in an expenditure of funds by the Association to deal with such lack of compliance or to bring such Owner or his Lot into compliance, or (ii) in the event that the Association has expended funds performing repairs as authorized by Section 7.6 of this Declaration or for any other reasons specifically authorized by the provisions of this Declaration. A Reimbursement Assessment shall include any costs, including attorneys' fees, incurred by the Association, including costs of collecting from an Owner any amount which the Owner is obligated to pay to the Association. A Reimbursement Assessment shall be due and payable to the Association when levied.

6.8 Enforcement Assessments. The Board may levy an Enforcement Assessment (and any fine imposed by the Board in accordance with the provisions of the Governing Documents shall be deemed to be such an Enforcement Assessment), for violation of any of the provisions of the Governing Documents. Any Enforcement Assessment shall be due and payable to the Association when levied.

6.9 Failure to Fix Assessments. The failure or omission by the Board to fix or levy any Regular Assessment provided for by the terms of this Declaration before the expiration of any fiscal year, for that fiscal year or the next fiscal year, shall not be deemed either a waiver or a modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay Assessments or any

installment thereof for that or any subsequent year, but the amount of the Regular Assessment fixed for the preceding fiscal year shall be the amount of the Regular Assessment for the ensuing fiscal year until a new Regular Assessment is levied.

6.10 Offsets. All Assessments levied by the Board shall be payable in the full amount specified, including any Additional Charges imposed as provided by the terms of this Declaration, and no offsets against any such amounts shall be permitted for any reason whatsoever, including without limitation a claim that the Association has failed to properly exercise its duties of maintenance or enforcement.

6.11 Delinquent Assessments. Any installment or other portion of an Assessment not paid within fifteen (15) days after its due date shall be delinquent and shall be subject to interest and late charges not to exceed the maximum rate permitted by law, as well as all other Additional Charges. The Association may Record a lien against an Owner's Lot for delinquent Assessments and all Additional Charges as provided in the Davis-Stirling Common Interest Development Act, California Civil Code Section 1350 et seq. The Board, on behalf of the Association, may enforce the payment of any delinquent Assessment plus Additional Charges by bringing an action at law against any Owner personally obligated to pay the same, and by foreclosing the lien against the Owner's Lot by judicial or non-judicial foreclosure, except as prohibited by law. Except as prohibited by law, upon any delinquency in payment, the Association may, at its option, declare the entire balance of all sums then due or to become due from the Owner, immediately due and payable, which total sum may then be included in any lien, suit, action, or other procedure initiated to collect such sums, including all Additional Charges. The Board may, at its discretion, commence any lawful procedure for the collection of delinquent Assessments. The remedies provided in this Declaration for collection of delinquent Assessments shall be cumulative and not exclusive.

6.12 Power of Sale. Each Owner does hereby appoint the Association as trustee to enforce and to foreclose any lien which is established pursuant to the terms of this Declaration, by private power of sale, as provided in Division III, Part 4, Title 14, Chapter 2, Article 1, of the California Civil Code, and does further grant to the Board of Directors, on behalf of the Association, the authority and power to sell the Lot of such Owner in the event of any default in payment of any Assessments or Additional Charges levied against such Lot, for lawful money of the United States, to the highest bidder, to satisfy such lien, except as prohibited by law. The Association or any Owner may purchase the Lot at the sale.

6.13 Certificate of Satisfaction and Release of Lien. Upon payment in full of a delinquent Assessment, including any Additional Charges, or the satisfaction thereof, the Board shall Record, in the same manner as the Notice of Delinquent Assessment, a further certificate stating the satisfaction thereof and the release of the lien.

6.14 Priority. Except as otherwise expressly provided by law, the lien securing each of the Assessments provided for under this article shall have priority as of the date of Recording of the original declaration applicable to the Development over all other liens and encumbrances applicable to the Lots. Notwithstanding the preceding, a lien for Assessments which have become due and payable prior to the sale of a Lot pursuant to a decree of foreclosure of a First Mortgage, or pursuant to a power of sale contained in any such First Mortgage, shall be subordinate to the lien of any First Mortgage Recorded against the Lot. Such foreclosure sale shall not relieve the Lot from liability for any Assessments and Additional Charges thereafter becoming due, nor from the lien of any subsequent Assessment.

6.15 Owner Assignment of Rents. Each Owner hereby presently assigns to the Association, absolutely and regardless of possession of the Lot, all rents and other monies now due or which may hereafter become due under any lease, agreement or otherwise for the use of occupation of any or all parts of any Lot owned by the Owner, now existing or hereafter made, for the purpose of collecting all Assessments due the Association pursuant to this Declaration which are in default. The Association hereby confers on each

Owner the authority to collect and retain the rents and other monies derived from any such lease or agreement as they become due and payable, provided that the Association at its sole discretion, may revoke such authority at any time, upon written notice to the Owner of a default in the payment of any Assessment due hereunder. Upon revocation of such authority the Association may, pursuant to court order or by court-appointed receiver, collect and retain such monies, whether past due and unpaid or current. The Association's rights under this section shall be subordinate to the rights of any First Mortgagee.

6.16 Association Funds. All Association accounts shall be maintained in one or more banks or other depositories selected by the Board, which accounts shall be clearly designated as belonging to the Association. The Assessments collected by the Association shall be properly deposited into such accounts. The Assessments collected by the Association shall be used for the purposes set forth in Section 6.3.

6.17 Waiver of Exemptions. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this article, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed pursuant to the terms of this article.

6.18 Property Exempt From Assessments. The following property subject to this Declaration shall be exempt from the Assessments, Additional Charges, and liens created herein:

- (a) All property dedicated to and accepted by the County or other local public authority and devoted to public use.
- (b) Any Lot which is owned by the Association as a result of the Association having acquired such Lot through foreclosure. Such exemption shall be applicable only during the period in which the Association is the Owner of such Lot.
- (c) All Common Area.

ARTICLE 7 MAINTENANCE OF PROPERTY

7.1 Association Responsibilities. The Association shall have the following maintenance responsibilities:

- (a) Association Maintenance of Common Area. The Association shall maintain, repair, and replace the Common Area and all facilities, Improvements and landscaping thereon, including without limitation the parking areas, basketball courts, tennis courts, pools, spas, entrance gates, monuments and utility facilities (except for those utility facilities which are maintained by public or private utility companies or agencies), and all other real and personal property that may be acquired by the Association, keeping such property in good condition and repair.
- (b) Other Association Property. The Association shall maintain, repair and replace all other real and personal property that may be acquired by the Association, keeping such property in good condition and repair.
- (c) Liability for Damage. If any of the maintenance or repair work referred to in this Section is necessitated by the willful or negligent acts of the Owner or Resident, his or her family, guests or invitees, the cost of such restoration or repairs shall be chargeable to the Owner as a Reimbursement Assessment.

7.2 Owner Responsibilities.

(a) Owner Maintenance of Lots. Each Owner shall be solely and exclusively responsible for the maintenance, repair and replacement of his or her Lot and all Improvements thereon, and shall keep the same in good and attractive condition and repair. Each Owner's obligations shall include, without limitation, the following:

(i) Residence and Other Buildings. Each Owner shall maintain, in good and attractive condition and repair, the Residence and other buildings located on his or her Lot.

(ii) Landscaping. Each Owner shall maintain the landscaping on his or her Lot in a neat and attractive condition in accordance with the rules established and published by the Board of Directors.

(iii) Utility Connections. Utility lines and connections, including without limitation, water, sewer, electrical, cable television, telephone and gas lines, which are located on, under, or over any Lot and which provide service to the Residence or other Improvements located upon such Lot, and dedicated lateral lines until they tie into the main service trunk, shall be maintained, repaired and replaced by the Owner of such Lot or by the utility company providing such service.

(b) Owner Maintenance of Party Walls, Fences and Shared Fences. Each Owner shall maintain, repair and replace all Party Walls, Fences and Shared Fences in accordance with the following provisions:

(i) General Rules of Law to Apply. Each wall or fence which is built as a part of the original construction of the Residences within the Development and placed on the dividing line between the Lots shall constitute a Party Wall or Shared Fence. The general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(ii) Sharing of Maintenance, Repair and Replacement. The cost of maintenance, repair and replacement of a Party Wall or Shared Fence shall be equally shared by the Owners who make use of the wall or fence without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(iii) Fence Maintenance, Repair and Replacement. Notwithstanding the foregoing, maintenance, repair and replacement of the Fences that divide a Lot from the Common Area are the sole responsibility of the Lot Owner.

(iv) Weatherproofing. Notwithstanding any other provision of this section, an Owner who by his or her negligent or willful act causes a Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

7.3 Compliance With Architectural Provisions. An Owner's right and responsibility for maintaining, repairing or replacing any portions of his or her Lot, including landscaping, shall be subject to any applicable provisions of the Governing Documents relating to landscaping and architectural control, including Article 8.

7.4 Owner Failure to Maintain. The Board shall have the absolute discretion to determine whether any maintenance, repair, or replacement which is the responsibility of an Owner, is necessary to preserve the appearance and value of the property comprising the Development, or any portion thereof, and may notify an Owner of the work the Board deems necessary. Subject to the authority of the Board to authorize immediate emergency repairs as specified in Section 7.6, in the event an Owner fails to perform such work within thirty (30) days after notification by the Board to the Owner, the Board may, after written notice to the Owner and the right of a hearing before the Board, cause such work to be done and charge the cost thereof to the Owner as a Reimbursement Assessment.

7.5 Owner Liability. In the event the need for any maintenance, repair, or replacement by the Association is caused by the willful or negligent act or omission of an Owner, members of any Owner's household, or an Owner's tenants, Contract Purchaser, guests, invitees, or household pets, the cost of such maintenance, repair, or replacement, including the cost of materials, labor, supplies, and services shall be charged to, and paid by, such Owner in the form of a Reimbursement Assessment.

7.6 Authority for Entry of Lot. The Association or its agents may enter any Lot, whenever such entry is necessary, in the Board's sole discretion, in connection with the performance of any maintenance, repair, construction, or replacement for which the Association is responsible or which it is authorized to perform, including without limitation the authorization provided in Section 8.4. Although under no obligation to do so, the Board, in its complete and sole discretion, may enter or may authorize the Association's agents to enter any Lot to effect emergency repairs where such repairs are necessary for safety reasons or to prevent or discontinue damage to the entered Lot, any other Lot or the Common Area. The cost of performing any such emergency repairs shall be charged to the Owner as a Reimbursement Assessment. Such entry shall be made with as little inconvenience to the Residents as practicable and only upon reasonable advance written notice of not less than 24 hours, except in emergency situations.

7.7 Association Liability. Except as specifically provided in Section 7.1, the Association shall not be responsible or liable for any maintenance, repair, or replacement of a Lot or any Improvement thereon, except to the extent that the need for such maintenance, repair, or replacement results from the negligence or fault of the Association, its employees, contractors, or agents.

7.8 Board Discretion. The Board shall have the discretion to determine the manner, method, extent and timing of the performance of any and all maintenance, repair and replacement obligations imposed upon the Association by this article.

7.9 Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's maintenance and repair obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

ARTICLE 8 ARCHITECTURAL REVIEW

8.1 Submission of Plans and Specifications. Except for Improvements made or constructed by or on behalf of the Association, no Improvements including without limitation landscaping, Residences, buildings, fences, walls, driveways, walkways, obstructions, windows, screens, screen doors, patio covers, awnings, or other structures of any kind, shall be commenced, located, erected, painted, or maintained within the Development, nor shall any exterior addition to or change or alteration therein be made, until the plans and specifications showing the nature, kind, shape, color, height, size, materials, and location of the same

shall have been submitted to and approved in writing by the Architectural Review Committee as to (i) quality of workmanship and design, (ii) harmony of external design in relation to the nature and character of the Development and the Improvements thereon, and (iii) location in relation to surrounding structures, topography, finished grade elevation.

8.2 General Design Standards. The following design standards shall apply:

(a) Type and Character of Design. The exterior design of all Improvements on any Lot shall be compatible with the overall existing architectural style of the Development. Approval of such exterior design shall be in the discretion of the Architectural Review Committee, subject to the review of the Board.

(b) Restrictions. All improvements must comply with the provisions of this Declaration including, without limitation, those specified in Article 4.

8.3 Establishment of Architectural Review Committee.

(a) Except as provided in Sections 8.3(b) and 8.3(c) below, the Board shall appoint an Architectural Review Committee consisting of three Members, who serve at the pleasure of the Board. The Board shall have the power, in its complete discretion and either with or without cause, to remove any member of the Architectural Review Committee. In the event of death, resignation or removal of any member of the Architectural Review Committee, the Board shall have the full authority to designate a successor.

(b) The Board may, in its discretion, elect to act as the Architectural Review Committee without appointing the separate committee provided for in Section 8.3(a).

(c) If a duly-constituted Architectural Review Committee is not in existence, or if the Board elects to act as the Architectural Review Committee, the Board shall act as the Architectural Review Committee in accordance with the terms of this article.

8.4 Duties. It shall be the duty of the Architectural Review Committee to consider and act upon proposals or plans submitted to it, to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by this Declaration.

8.5 Meetings. The Architectural Review Committee shall meet as frequently as necessary to properly perform its duties hereunder. Every act done or decision made by a majority of the members of the Architectural Review Committee shall be the act or decision of the Architectural Review Committee. The Architectural Review Committee shall keep and maintain a record of all actions taken by it at such meetings or otherwise. The Architectural Review Committee and its members shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred by them in the performance of any Architectural Review Committee function.

8.6 Architectural Guidelines. The Architectural Review Committee may, from time to time and subject to the approval of the Board, adopt, amend, and repeal rules and regulations to be known as "Architectural Guidelines". The Architectural Guidelines may interpret and implement the provisions of this article by setting forth the standards and procedures for review of approval requests and provide guidelines for architectural design, color schemes, exterior finishes and materials, and similar features which are recommended for use in the Development. The Architectural Guidelines shall not be in derogation of the minimum standards required by this Declaration. The Architectural Guidelines may also impose limits on the days and hours of construction and impose any other restrictions and regulations which the Architectural

Review Committee deems appropriate to limit the impact of construction activities on the Residents. In its discretion, the Architectural Review Committee may grant variances from specific Architectural Guidelines subject to such terms and conditions as it deems appropriate.

8.7 Application. Any Owner proposing to perform any work of any kind whatever, which requires prior approval pursuant to this article, shall apply for approval by notifying the Association, in writing, of the nature of the proposed work and furnishing such information and documentation as the Architectural Review Committee or Board may require, including without limitation samples of proposed paints in such sizes and formats as the Committee or the Board may deem appropriate. In accordance with Section 10.5(c), and in addition to any other remedies the Association may have, the Board may impose a fine against any Owner who fails to submit an application, and obtain the required approval thereof, prior to proceeding with any Improvement for which approval is required pursuant to this article.

8.8 Fees. The Architectural Review Committee may charge a reasonable fee or fees for its review of architectural or landscaping applications, drawings, plans, and specifications which may include the cost of retaining outside consultants including but not limited to architects, engineers, soils experts, or contractors.

8.9 Grant of Approval. The Architectural Review Committee shall grant the requested approval only if:

(a) The Owner shall have complied with the provisions of Section 8.1 and Section 8.2 above;

(b) The Architectural Review Committee shall find that the plans and specifications conform to both (i) this Declaration, and (ii) the Architectural Guidelines in effect at the time such plans were submitted to the Committee, unless a variance is granted from such Architectural Guidelines pursuant to Section 8.6; and

(c) The Architectural Review Committee shall determine that the proposed Improvements would be consistent with the standards of the Development and the purposes of this Declaration as to quality of workmanship, design and materials, as to harmony of exterior design with the existing structures, and as to location with respect to topography and finished grade elevations.

8.10 Form of Approval. All approvals and denials of requests for approval shall be in writing except as provided in Section 8.11. The Architectural Review Committee may approve a request for approval subject to the Owner's consent to any modifications made by the Architectural Review Committee. If the Owner does not consent to the modifications, the request for approval shall be deemed denied in its entirety. Pursuant to Section 8.12, an Owner shall have a right to appeal the decision of the Architectural Review Committee to the Board or an appeals panel appointed by the Board provided that such appeal is received by the Association within thirty (30) days of the date of the Architectural Review Committee's decision.

8.11 Time for Architectural Review Committee Action. Any properly submitted, complete request for approval which has not been acted upon by the Architectural Review Committee within forty-five (45) days from the date of receipt thereof by the Architectural Review Committee shall be deemed approved. The Owner requesting approval shall have the burden of establishing the date of receipt of the request for approval by the Architectural Review Committee by evidence in the form of either a copy of such request for approval date-stamped by the Association or by a return receipt provided by the U. S. Postal service acknowledging that such request for approval was delivered to the Association.

8.12 Board Review. Provided that the Board is not acting as the Architectural Review Committee, an Owner shall have a right to appeal the decision of the Architectural Review Committee to the Board or, in the Board's discretion, to an appeals panel appointed by the Board, provided that such appeal is received by the Association within thirty (30) days of the date of the Architectural Review Committee's decision. If the Board chooses to appoint an appeals panel, the composition of the panel shall be as determined by the Board and the members of the panel shall serve at the pleasure of the Board and shall be subject to such limitations, rules and procedures as the Board deems appropriate. In addition, the Board may, but shall in no event be obligated to, on its own initiative (i) review any decision of the Architectural Review Committee, (ii) involve itself at any time in the review of any application for approval, and/or (iii) modify any decision of the Architectural Review Committee.

8.13 Commencement. Upon receipt of all approvals required by this article, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all installation, construction, reconstruction, refinishing, alterations, and excavations pursuant to such approval, commencement to occur, in all cases, within ninety days from the effective date of such approval or upon such later date as the Architectural Review Committee may in its discretion designate. If the Owner shall fail to comply with this paragraph, any approval previously given shall be deemed revoked unless the Architectural Review Committee, upon written request of the Owner made prior to the expiration of the time for commencement, extends the time for such commencement. No such extension shall be granted except upon a finding by the Architectural Review Committee that there has been no change in the circumstances upon which the original approval was granted.

8.14 Completion. The Owner shall, in any event, complete the installation, construction, reconstruction, refinishing, or alteration of any Improvement, within one year after commencing construction thereof (or in the case of projects under construction when this Declaration is Recorded, within one year after the date of Recordation), except and for as long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or his agents. If an Owner fails to comply with this article, including without limitation the time requirements of Section 8.13 or this section, the Association may, but shall in no way be obligated to, proceed against the Owner in any manner authorized by law or the Governing Documents, including the provisions of Article 10 of this Declaration.

8.15 Non-Waiver. The approval by the Architectural Review Committee of any plans, drawings, or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Review Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval. No work for which approval is required shall be deemed to be approved simply because it was completed without a complaint, notice of violation, commencement of a lawsuit or other action by the Association, the Architectural Review Committee or the Board.

8.16 Enforcement by the Architectural Review Committee. The Architectural Review Committee shall have enforcement rights with respect to the matters which must be submitted to it pursuant to this article. Such enforcement rights shall include the authority to order the abatement of any construction, alteration or other matter for which approval pursuant to this article is required to the extent that such approval has not been obtained or that the construction or alteration does not conform to the plans and specifications approved by the Architectural Review Committee. Notwithstanding the preceding, all enforcement actions taken by the Architectural Review Committee shall be subject to the review, modification and supervision of the Board and no formal legal action may be taken with respect to any matter without the approval of the Board.

8.17 Estoppel Certificate. The Board shall have the authority, but not the obligation, to Record an estoppel certificate, if permitted by the County, certifying (with respect to any Lot of such Owner) that as of the date thereof, either: (i) all Improvements made and other work completed by such Owner comply with this Declaration, or (ii) such Improvements or work do not so comply, in which event the certificate shall also identify the non-complying Improvements or work and set forth with particularity the basis of such non-compliance. Any purchaser from the Owner, or from anyone deriving any interest in a Lot through him, shall be entitled to rely on such certificate with respect to the matters therein set forth, such matters being conclusive as between the Association and all Owners and such persons deriving any interest through them. The Board may, in its discretion, charge a reasonable fee for the provision of an estoppel certificate pursuant to this section

8.18 Liability. Neither the Board, the Architectural Review Committee nor any member or representative thereof shall be liable to the Association or to any Owner for any damage, loss, or prejudice suffered or claimed on account of: (i) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (ii) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; (iii) the development of any property within the Development; or (iv) the execution and filing of an estoppel certificate pursuant to Section 8.17, whether or not the facts therein are correct; provided, however, that the Architectural Review Committee, the Board or any member or representative thereof has acted in good faith on the basis of such information as may be possessed by it or him. Without in any way limiting the generality of the foregoing, the Architectural Review Committee, the Board or any member or representative thereof, may, but is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Review Committee. Every purchaser, by acquiring title to a Lot or portion thereof agrees not to bring any action or suit against the Board, the Architectural Review Committee, or their members or representatives seeking to recover any such damages.

8.19 Compliance With Governmental Requirements. The application to the Association, and the review and approval of any proposals, plans, or other submittals, shall in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements, the responsibility for which lies solely with the respective Owner, nor shall it constitute the assumption of any responsibility by or impose any liability on the Board, the Architectural Review Committee, or their members as to the accuracy, efficacy, or sufficiency of such proposals, plans or other submittals.

ARTICLE 9

EASEMENTS

9.1 Easements in General. In addition to all easements reserved and granted on the Subdivision Map and the easements specified in Article 3, there are hereby specifically acknowledged, reserved and granted for the benefit of the Lots and the Owners in common and for each Lot and Owner severally, and for the Association, as their respective interests shall exist, the easements and rights of way as particularly identified in this article.

9.2 Utility Easements. Easements over and under the Development or any portion thereof for the installation, repair, maintenance, and replacement of (i) electric, telephone, water, gas, and sanitary sewer lines, meters, and facilities, (ii) cable lines and facilities, (iii) drainage facilities, (iv) walkways, and (v) landscaping, as shown on the Subdivision Map, and as may be hereafter required or convenient to service the Development, are reserved by and shall exist in favor of the Association, together with the right to grant and transfer the same. The Association shall maintain all utility installations located in the Common Area except for those installations maintained by utility companies, public, private, or municipal.

9.3 Easements Granted by Board. The Board shall have the power to grant and convey to any person or entity easements and rights of way, in, on, over, or under the Common Area for the purpose of (i) constructing, erecting, operating, or maintaining thereon, therein, or thereunder overhead or underground lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone, public sewers, storm drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities, and (ii) for any other purposes deemed by the Board to be appropriate and not inconsistent with the purposes and interests of the Association. Each purchaser, in accepting a deed to a Lot, expressly consents to such easements and rights of way. No such easements may be granted if they would unreasonably interfere with the use, occupancy, or enjoyment by an Owner or Resident of his or her Lot without the consent of the affected Owner of the Lot.

9.4 General Association Easements for Maintenance, Repair and Replacement. The Association shall have an easement in, on, over or under every Lot as reasonably necessary to (i) maintain and repair the Common Area, (ii) maintain and repair those portions of the Lots for which such obligation is assigned to the Association pursuant to Section 7.1, (iii) perform maintenance upon a Lot which is not performed by its Owner as provided by Section 7.4 and Section 7.6, and (iv) otherwise perform its obligations under this Declaration.

9.5 Utility Maintenance and Repair Easements. Wherever sanitary sewer connections or water connections or electricity, gas or telephone, television lines or drainage facilities are installed within the Development, which connections, lines or facilities, or any portion thereof, lie in or upon Lots owned by other than the Owner of the Lot served by said connections, the Owners of any Lots served by said connections, lines or facilities shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter such Lots or to have utility companies enter therein, or any portion thereof, to repair, replace and generally maintain said connections as and when the same may be necessary.

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

All utility companies having easements on the property covered by this Declaration shall have easements for cleaning, repairing, replacing, and otherwise maintaining or causing to be maintained service in all underground utility lines, including, when reasonably necessary, the entry into an improvement constructed upon a Lot for uncovering any such lines. Any Owner or utility company exercising the rights granted in this section shall be obligated to restore the Lot and the Residence entered to substantially its former condition.

9.6 Encroachment Easements. The Common Area and each Lot within the Development is hereby declared to have an easement over all adjoining Lots and the Common Area for the purpose of accommodating any minor encroachment due to engineering errors, errors in original construction, settlement or shifting of structures, or any other similar cause. There shall be valid easements for the maintenance of such encroachments as long as they shall exist. Notwithstanding the preceding, in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if such encroachment occurred due to the wilful misconduct of such Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots or Common Area shall be permitted and that there shall be valid easements for the maintenance of such encroachments so long as they shall exist.

ARTICLE 10 ENFORCEMENT

10.1 Violations as Nuisance. Every act or omission constituting or resulting in a violation of any of the provisions of the Governing Documents shall be deemed to constitute a nuisance. In addition to any other remedies which may be available, such nuisance may be abated or enjoined by the Association, its officers, the Board or by any Owner. The Board shall not be obligated to take action to abate or enjoin a particular violation if, in the exercise of its discretion, the Board determines that acting to abate or enjoin such violation is not likely to foster or protect the interests of the Association and its Members as a whole.

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

10.3 Owners' Responsibility for Conduct and Damages. Each Owner shall be fully responsible for informing members of his or her household and his or her tenants, Contract Purchasers, contractors and guests of the provisions of the Governing Documents, and shall be fully responsible for the conduct, activities, any Governing Document violation of any of them, and for any damage to the Development or the Association resulting from the negligent or intentional conduct of any of them or any household pets. If a Lot is owned jointly by two or more persons, the liability of each Owner in connection with the obligations imposed by the Governing Documents shall be joint and several.

10.4 No Avoidance. No Owner may avoid the burdens or obligations imposed by the Governing Documents through non-use of any Common Area facilities or by abandonment of his or her Lot.

10.5 Rights and Remedies of the Association.

(a) Rights Cumulative. The Association, its Directors, Officers, or agents, and any Owner shall have the right to enforce any and all provisions of the Governing Documents by any proceeding at law or in equity, or through the use of such other remedies as are available and deemed appropriate by the Board. Each remedy provided is cumulative and not exclusive.

(b) Member Not In Good Standing. Upon a determination by the Board of Directors, after prior notice to the affected Member and an opportunity for a hearing, that such Member has violated any provision of the Governing Documents including a failure to pay any Assessment when due, the Board shall give notice in writing to such Member that he or she is deemed not to be a Member in Good Standing. Such Member shall be deemed to remain in that status until such time as the Board shall determine in writing that the violation which resulted in the Board's determination has been cured or remedied or, on some other basis as in the judgment of the Board is just and proper, that such Member shall again be deemed to be a Member in Good Standing of the Association. Such Member shall be so notified in writing with a copy given to the Secretary.

(c) Imposition of Sanctions. In the event of a breach or infraction of any provision of the Governing Documents by an Owner, members of an Owner's household, or his or her tenants, Contract Purchasers, contractors, guests, pets or invitees, the Board shall have the power to impose sanctions against the Owner. Such sanctions may include, without limitation, the imposition of fines and/or the suspension of an Owner's rights as a Member, including an Owner's voting rights or an Owner's right to use the recreational or community facilities on the Common Area. Except as provided in Section 10.7 below, imposition of sanctions shall be effective only after the Board has held a hearing as provided in Section 8.1.4 of the Bylaws. The payment of any such fine may be enforced as an Enforcement Assessment as provided in Section 6.8 of this Declaration as well as in

any manner permitted by law. Further, each Owner shall be obligated to pay Reimbursement Assessments levied by the Board for reimbursement of any costs incurred by the Association relating to violation of any provisions of the Governing Documents by such Owner, members of such Owner's household, or his or her tenants, Contract Purchasers, contractors, guests, pets or invitees.

(d) Inadequacy of Legal Remedy. Except for the non-payment of any Assessment levied pursuant to the provisions of Article 6 of this Declaration, it is hereby declared that a remedy at law to recover damages for a default in the performance of any of the terms and provisions of any of the Governing Documents or for the breach or violation of any such provisions is inadequate and that the failure of any Owner or a member of the household of any Owner or an Owner's tenants, guests, or household pets or any other occupant or user of any of the property within the Development to comply with any provision of the Governing Documents may be enjoined in any judicial proceedings initiated by the Association, its Officers or Board of Directors, or by any Owner or by their respective successors in interest.

(e) Limitation on Disciplinary Rights. The Association shall not have the power and authority to cause a forfeiture or abridgment of a Member's right to the full use and occupancy of his or her Lot as the result of the failure by such Owner, members of such Owner's household, or his or her tenants, guests, invitees or household pets to comply with any provision of the Governing Documents, except where such forfeiture or abridgment is the result of the judgment of a court of competent jurisdiction, a decision arising out of an arbitration proceeding, or a foreclosure or sale under private power of sale for failure of such Owner to pay Assessments levied by the Association pursuant to Article 6 of this Declaration. The provisions of this subsection shall not affect the Association's right to impose fines or monetary penalties or to suspend an Owner's membership rights, as provided in the Governing Documents.

10.6 Disciplinary Rules. The Board or a committee appointed by the Board for that purpose may adopt rules and regulations that further elaborate upon and refine procedures for conducting disciplinary proceedings and otherwise imposing sanctions upon Members of the Association for violation of provisions of the Governing Documents. Such rules, when approved and adopted by the Board, shall be deemed to be a part of the Association Rules provided for in, and constituting a part of, the Governing Documents.

10.7 Emergency Situations. The following shall constitute emergency situations: (i) an immediate and unreasonable infringement of or threat to the safety or peaceful enjoyment of Residents of the Development, (ii) a traffic or fire hazard, or (iii) a threat of material damage to or destruction of the Development or any portion thereof. Notwithstanding any other provisions of the Governing Documents, under circumstances involving conduct that constitutes an emergency situation, the Association may undertake immediate corrective action. Hearings with respect to such corrective action shall be held following the corrective action in accordance with Section 8.1.4(e) of the Bylaws, and no disciplinary action may be taken without compliance with Section 8.1.4(e) of the Bylaws.

10.8 Dispute Resolution. Compliance with California Civil Code Sections 1369.510 through 1369.590 and Civil Code Sections 1363.810 through 1363.850 shall be required with respect to any dispute subject to such sections.

10.9 Non-Waiver. Failure to enforce any provision of the Governing Documents at any time shall not be deemed a waiver of the right to do so thereafter with respect to the same or any other violation of any provision of the Governing Documents.

10.10 Notices. Any notices required or given under this article shall, at a minimum, set forth the date, time, and location of any hearing, a brief description of the act or omission constituting the alleged

violation of the Governing Documents, a reference to the specific Governing Document provision or provisions alleged to have been violated, and the sanction, disciplinary action, or other enforcement action being contemplated by the Board, if any. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice to the affected Member; provided, however, that if notice is given by mail, it shall be sent by first-class mail, postage prepaid, sent to the most recent address for the affected Member as shown on the records of the Association.

10.11 Costs and Attorneys' Fees. In the event the Association shall take any action to enforce any of the provisions of the Governing Documents or shall determine that any Member or members of his or her household or his or her tenants, Contract Purchasers, guests, invitees or household pets have violated any provision of the Governing Documents, and whether or not legal or judicial proceedings are initiated, the prevailing party shall be entitled to recover the full amount of all costs incurred, including attorneys' fees, in responding to such a violation and/or in enforcing any Governing Document provision. The remedies of the Association to recover the amount of such costs and attorneys' fees shall include, without limitation, the imposition of a Reimbursement Assessment as provided in Section 6.7 of this Declaration.

10.12 Indemnification. Each Owner, by acceptance of his or her deed, agrees for himself or herself and for the members of his or her household, his or her Contract Purchasers, tenants, guests or invitees, to (i) indemnify each and every other Owner for, (ii) to hold each and every other Owner harmless from, and (iii) to defend each and every other Owner against, any claim of any person for personal injury or property damage occurring within the Lot of such Owner, except that such Owner's liability may be diminished to the extent that the injury or damage occurred by reason of the negligence of any other Owner or person temporarily visiting in such Lot or is fully covered by insurance.

ARTICLE 11 DAMAGE OR DESTRUCTION; CONDEMNATION

11.1 Damage to or Destruction of Improvements on Association Property. In the event of damage to or destruction of any Improvement to the Common Area or to any other real property owned by the Association, the Board of Directors shall, in its discretion and based upon considerations such as the existence of insurance proceeds from insurance coverage for such damage or destruction and the frequency of use of the Improvement, determine whether to repair or replace the damaged or destroyed Improvement. If any such damage or destruction was insured against and the insurance proceeds are insufficient to cover the costs of repair or replacement of the damaged or destroyed Improvement, and if the Board elects to repair or replace the Improvement, the Association may levy a Special Assessment against the Members as provided in this Declaration to cover the additional cost of the repair or replacement not covered by the insurance proceeds. If the Board elects not to repair or replace the Improvement, the applicable insurance proceeds shall be used in the manner consistent with the purposes of the Association and as determined by the Board.

11.2 Damage to or Destruction of Improvements on Lots. In the event of damage to or destruction of the Improvements on any Lot, the Owner of such Lot shall (i) completely repair or rebuild the Improvements to the same state as they existed prior to such damage or destruction or in any other manner approved by the Board of Directors in accordance with Article 8 of this Declaration, or (ii) completely remove all remaining portions of such damaged or destroyed Improvements. Such repair, rebuilding, or removal shall be commenced within a reasonable time, which shall in no event exceed one year after the occurrence of the damage or destruction and shall be completed within one year after the date of commencement unless a longer period is agreed to in writing by the Board.

11.3 Condemnation of Common Area. If at any time all or any portion of any Common Area, or any interest therein, shall be taken for any public or quasi-public use, under any statute, by right of eminent

domain, or by private purchase in lieu of eminent domain, the entire compensation or award in condemnation, to the extent such award is not apportioned among the Owners by court judgment or by agreement among the condemning authority, the Association and each of the affected Owners, shall be paid to the Association and shall be used in the manner determined by the Board, provided that such use shall not be inconsistent with the purposes of the Association. The Association shall represent the interests of all Owners in any proceedings relating to such condemnation to the extent such Owners have any interest in the Common Area.

11.4 Condemnation of Lots. If an entire Residence or Lot, or so much thereof as to render the remainder unfit for use as a residence, is condemned or taken for a public or quasi-public use, pursuant to any statute, by right of eminent domain, or by private purchase in lieu of eminent domain, the Owner's membership in the Association shall terminate as of the last day of the month in which the condemnor obtains the right to possession, or upon Owner's vacating the premises, whichever occurs last. If only a portion of such Residence or Lot is taken and the remainder is fit for use as a Residence, the Owner shall continue to be a Member of the Association. In any condemnation action involving an Owner's Residence or Lot, the Association shall have the right to seek compensation for any damages incurred by the Association.

ARTICLE 12 AMENDMENT

12.1 Amendments by Members. This Declaration may be amended by the affirmative vote or written consent of Members representing at least an Absolute Majority. Any amendment of the Declaration shall be signed and acknowledged by the duly authorized officer(s) of the Association and shall be Recorded.

12.2 Amendments by Board of Directors. The Board of Directors may, without the approval of the Members, amend any part of this Declaration to the limited extent necessary to comply with the lending requirements of any federally chartered lending institution. The Board of Directors may, without the approval of the Members, approve any amendment made solely to comply with a change in applicable federal, state or local legislation upon majority vote of the Board of Directors. Each Owner shall be deemed to appoint the Association as his or her attorney-in-fact to act with respect to any amendments which is solely for the purpose of complying with such lending requirements.

ARTICLE 13 GENERAL PROVISIONS

13.1 Term. This Declaration continues in full force and effect unless an amendment terminating this Declaration is approved and Recorded in accordance with Article 12, above.

13.2 Headings. The headings used in this Declaration are for convenience only and are not to be used in interpreting the meaning of any of the provisions of this Declaration, or otherwise.

13.3 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision hereof shall not invalidate any other provisions hereof.

13.4 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of fostering a plan of community ownership and occupancy and of management of the Development for the benefit of the community.

13.5 Number; Gender; Shall/May. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine, and neuter shall each include the masculine, feminine, or neuter, as the context requires. The use of the term "may" in this Declaration indicates discretion or choice, and the use of the term "shall" in this Declaration means imperative, mandatory or imposing an absolute duty.


13.6 Easements Reserved and Granted. Any and all easements referred to herein shall be deemed reserved or granted, or both reserved and granted, as appropriate, by reference to this Declaration in a deed to any Lot.


13.7 Power of Attorney. To the extent necessary to carry out and enforce the provisions of this Declaration, an irrevocable power of attorney coupled with an interest is granted to the Association by the Owners and each of them.

IN WITNESS WHEREOF, the Members of the River City Commons Homeowners Association, holding at least fifty-one percent (51%) of the total voting power of the Association affirm, approve, and adopt this First Restated Declaration of Covenants and Restrictions of River City Commons pursuant to Article IX, Section 3 of the Original Declaration and pursuant to the order of the Superior Court of California in and for the County of Sacramento, dated October 28, 2009, a copy of which is attached hereto as Exhibit "A", by means of the signatures of the President and Secretary of the Association, which Declaration shall be Recorded.

DATED: Nov. 4, 2009.

^{Toto}
RIVER CITY COMMONS HOMEOWNERS ASSOCIATION,
a California nonprofit mutual benefit corporation


Pat Sandlin, President


Harriet Kallemeyn, Secretary

ACKNOWLEDGMENT

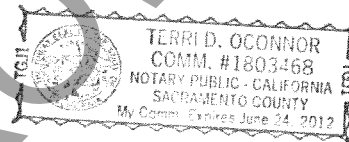
State of California
County of Sacramento

On November 4, 2009, before me TERRI D. OCONNOR, a notary public, personally appeared PAT SANDLIN, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature TERRI D. OCONNOR



(Seal)

ACKNOWLEDGMENT

State of California
County of Sacramento

On November 4, 2009, before me TERRI D. OCONNOR, a notary public, personally appeared HARRIET KALLEMEYN, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature TERRI D. OCONNOR



(Seal)

NOT FOR ESCROW USE

EXHIBIT "A"

FILED
ENDORSED

09 OCT 28 PM 4: 02

SACRAMENTO COURTS
DEPT. #53

1 Darren M. Bevan, Esq., State Bar No 215861
2 John D Hansen, Esq., State Bar No 261542
3 **BAYDALINE & JACOBSEN LLP**
4 895 University Avenue
5 Sacramento, CA 95825
6 Telephone (916) 669-3500
7 Facsimile (916) 669-3501

8 Attorneys for Petitioner
9 RIVER CITY COMMONS ASSOCIATION

10 **SUPERIOR COURT OF CALIFORNIA**
11 **COUNTY OF SACRAMENTO**

12 In the Matter of RIVER CITY
13 COMMONS ASSOCIATION, a
14 California nonprofit mutual benefit
15 corporation,

16 Petitioner,

Case No. 2009-00056524-CU-PT

**ORDER GRANTING PETITION
TO REDUCE REQUIRED VOTING
PERCENTAGE**
[Civil Code Section 1356 and
Corporations Code Section 7515]

HEARING:

Date: OCTOBER 1, 2009
Time: 2:00 P.M.
Dept.: 53

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20 Petitioner, RIVER CITY COMMONS ASSOCIATION (the "Association") Petition to Reduce
21 Required Voting Percentage to adopt the proposed Restated Declaration of Conditions, Covenants and
22 Restrictions of River City Commons (the "Restated Declaration") pursuant to Civil Code Section 1356
23 and the Restated Articles of Incorporation of River City Commons (the "Restated Articles") pursuant
24 to Corporations Code Section 7515 came on for hearing on October 1, 2009, at 2:00 p.m., in
25 Department 53 of the above-titled Court Petitioner appeared by and through its counsel, Darren M.
26 Bevan of Baydaline & Jacobsen LLP.

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1 The Court, having reviewed and considered the Petition, the Declarations filed therewith, the
2 briefs submitted, the records on file herein, and the oral and documentary evidence presented at the
3 hearing in this matter, including the opposition presented by Ruth McElhinney finds that the allegations
4 of the Petition are true and accurate and that:

5 1. Petitioner gave at least fifteen (15) days written notice of the hearing to all
6 Association members and to all others entitled to such notice.

7 2. The balloting on the proposed Restated Declaration and proposed Restated
8 Articles was conducted in accordance with all applicable provisions of the Association's governing
9 documents and California law.

10 3. Petitioner made a reasonably diligent effort to permit all eligible members to vote
11 on the Restated Declaration and Restated Articles, and that it is impracticable and unduly difficult to
12 obtain the necessary approval of the members.

13 4. Owners having more than 59% of the Association's total voting power voted in
14 favor of adoption of the Restated Declaration and Restated Articles, 116 of the Association's 196 total
15 memberships voted in favor of the adoption of the Restated Declaration and Restated Articles.

16 5. The Restated Declaration and Restated Articles are reasonable.

17 6. The granting of this Petition is not improper for any reason stated in California
18 Civil Code Section 1356(e).

19 Good cause appearing,

20 **IT IS ORDERED that:**

21 1. The Petition is granted.

22 2. All objections with respect to the Petition were overruled.

23 3. The requirement in the Declaration of Covenants, Conditions and Restrictions
24 recorded on July 31, 1978, as document number 780731 of the official records of Sacramento County,
25 California, that 75% of the Association's total voting power must approve the Restated Declaration is
26 hereby dispensed with. Approval of the Restated Declaration is hereby decreed by virtue of the number
27 of affirmative votes actually received by Petitioner in favor of the adoption of the Restated Declaration
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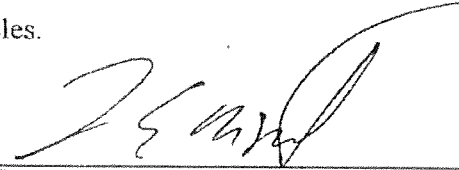
1 4 The requirement in the Articles of Incorporation of River City Commons
2 Association, filed July 31, 1978 in the office of the Secretary of State of the State of California, that 75%
3 of the Association's total voting power must approve the Restated Articles is hereby dispensed with.
4 Approval of the Restated Articles is hereby decreed by virtue of the number of affirmative votes actually
5 received by Petitioner in favor of the adoption of the Restated Articles

6 5 Restated Declaration shall be effective when recorded in the Official Records of
7 Sacramento County, together with a copy of this Order. The President and the Secretary of the
8 Association shall execute the Restated Declaration. Upon such recordation, the Restated Declaration
9 shall have the same force and effect as if it had been adopted pursuant to the requirements specified in
10 the Declaration

11 6. Restated Articles shall be effective when filed in the office of the Secretary of
12 State, together with a copy of this Order. The President and the Secretary of the Association shall
13 execute the Restated Articles. Upon such filing, the Restated Articles shall have the same force and
14 effects as if it had been adopted pursuant to the requirements specified in the Articles.

15 7. Petitioner shall notify its members that the Restated Declaration and Restated
16 Articles have been recorded and filed, respectively, by furnishing a copy of the recorded Restated
17 Declaration and filed Restated Articles to each member within sixty (60) days of Petitioner's receipt of
18 the recorded Restated Declaration and Restated Articles.

19
20 Dated: OCT 28 2009



Judge of the Superior Court
LOREN E. McMASTER

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22 5954 02/369794 2

NOT FOR ESCROW USE

State of California
Secretary of State



I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 7 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

DEC 17 2009

DEBRA BOWEN
Secretary of State

ENDORSED - FILED
in the Office of the Secretary of State
of the State of California

NOV 09 2009

RESTATED
ARTICLES OF INCORPORATION
OF
RIVER CITY COMMONS ASSOCIATION

The undersigned certify that:

1. They are the president and the secretary, respectively, of River City Commons Association, a California nonprofit corporation.
2. The Articles of Incorporation of this corporation are amended and restated to read as follows:

ARTICLE I

The name of the corporation is: River City Commons Association

ARTICLE II

This corporation elects to be governed by all of the provisions of the Nonprofit Corporations Law of 1980 not otherwise applicable to it under Part 5 thereof. This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law. This corporation does not contemplate pecuniary gain or profit to the Members thereof. The specific primary purposes for which it is formed are (i) to provide for the maintenance, protection, preservation, and architectural control of the residence lots and common area, including the attractiveness and value thereof, and the landscaping, structures, and facilities thereon, within that certain real estate development located in Sacramento County, California, commonly known as River City Commons (the "Development"), (ii) to provide for the management, administration, and operation of the Development and the business and affairs of the corporation, (iii) to promote the health, safety, welfare, and interests of all owners of property within the Development and any additions thereto as may hereafter be brought within the jurisdiction of the corporation, and (iv) to take such action as in the judgment of the Board of Directors shall be necessary or proper or incidental to the foregoing purposes of the corporation.

ARTICLE III

The corporation is an association formed to manage a common interest development under the *Davis-Stirling Common Interest Development Act*.

The business or corporate office of the corporation is as follows:

% Riverside Management & Financial Services, Inc.
4811 Chippendale Drive, Suite 307
Sacramento, California 95841

The physical location of the common interest development is:

Truxel Road and Bannon Creek Road
Sacramento, California 95833-1816

The name and address of the corporation's managing agent, as defined in Civil Code Section 1363.1 is:

Riverside Management & Financial Services, Inc.
4811 Chippendale Drive, Suite 307
Sacramento, California 95841

ARTICLE IV

Every person or entity who is a record owner of a fee or undivided fee interest in any lot within the Development, which is subject, by covenants of record, to assessment by the corporation, including contract sellers, shall be a member of the corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to, and may not be separated from, ownership of any lot which is subject to assessment by the corporation.

ARTICLE V

The corporation shall have one class of voting membership, comprised of all members, whose voting rights shall be as set forth in the Declaration of Covenants, Conditions and Restrictions for the Development and in the Bylaws of the corporation.

ARTICLE VI

The affairs of this corporation shall be managed by a Board of Directors. The number of Directors, their qualifications, and the manner of their selection shall be as set forth in the Bylaws of the corporation.

ARTICLE VII

This corporation is intended to qualify as a homeowners association under the applicable provisions of Section 528 of the United States *Internal Revenue Code* ("IRC") and of Section 23701t of the *Revenue and Taxation Code* of the State of California ("R&TC"), as each may be amended from time to time. No part of the net earnings of this corporation shall inure to the benefit of any private individual, except as expressly provided in IRC Section 528 and R&TC Section 23701t with respect to the acquisition, construction, or provision for management, maintenance, and care of the corporation property, and other than by rebate of excess membership dues, fees, or assessments. So long as there is any lot or parcel for which the corporation is obligated to provide management, maintenance, preservation, or control, the corporation shall not transfer all or substantially all of its assets or file a certificate of dissolution without the approval of one hundred percent (100%) of the members. In the event of the dissolution, liquidation, or winding-up of the corporation, upon or after termination of the Development, in accordance with provisions of the Declaration, the corporation's assets remaining after payment, or provision for payment, of

all debts and liabilities of the corporation shall be divided among and distributed to its members in accordance with their respective rights therein.


ARTICLE VIII

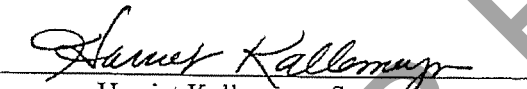
Any amendments to these Restated Articles of Incorporation shall require approval by the affirmative vote or written consent of members representing at least a majority of the total voting power of the corporation and the majority vote of the Board of Directors.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the Board of Directors.
4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of the members pursuant to the order of the Superior Court of California in and for the County of Sacramento, dated October 28, 2009, a copy of which is attached hereto as Exhibit "A"

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Restated Articles of Incorporation are true and correct of our own knowledge.

Executed on Nov. 4, 2009.


Pat Sandlin, President


Harriet Kallemeyn, Secretary

FILED
ENDORSED

09 OCT 28 PM 4: 02

SACRAMENTO COURTS
DEPT. #53

1 Darren M. Bevan, Esq., State Bar No 215861
2 John D Hansen, Esq., State Bar No 261542
3 **BAYDALINE & JACOBSEN LLP**
4 895 University Avenue
5 Sacramento, CA 95825
6 Telephone (916) 669-3500
7 Facsimile (916) 669-3501

8 Attorneys for Petitioner
9 RIVER CITY COMMONS ASSOCIATION

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SUPERIOR COURT OF CALIFORNIA
COUNTY OF SACRAMENTO

In the Matter of RIVER CITY
COMMONS ASSOCIATION, a
California nonprofit mutual benefit
corporation,

Petitioner,

Case No. 2009-00056524-CU-PT

**ORDER GRANTING PETITION
TO REDUCE REQUIRED VOTING
PERCENTAGE**
{Civil Code Section 1356 and
Corporations Code Section 7515}

HEARING:

Date: OCTOBER 1, 2009
Time: 2:00 P.M.
Dept.: 53

Petitioner, RIVER CITY COMMONS ASSOCIATION (the "Association") Petition to Reduce
Required Voting Percentage to adopt the proposed Restated Declaration of Conditions, Covenants and
Restrictions of River City Commons (the "Restated Declaration") pursuant to Civil Code Section 1356
and the Restated Articles of Incorporation of River City Commons (the "Restated Articles") pursuant
to Corporations Code Section 7515 came on for hearing on October 1, 2009, at 2:00 p.m., in
Department 53 of the above-titled Court Petitioner appeared by and through its counsel, Darren M.
Bevan of Baydaline & Jacobsen LLP.

/////

/////

NOT FOR ESCROW USE

EXHIBIT "A"

1 The Court, having reviewed and considered the Petition, the Declarations filed therewith, the
2 briefs submitted, the records on file herein, and the oral and documentary evidence presented at the
3 hearing in this matter, including the opposition presented by Ruth McElhinney finds that the allegations
4 of the Petition are true and accurate and that:

5 1. Petitioner gave at least fifteen (15) days written notice of the hearing to all
6 Association members and to all others entitled to such notice.

7 2. The balloting on the proposed Restated Declaration and proposed Restated
8 Articles was conducted in accordance with all applicable provisions of the Association's governing
9 documents and California law.

10 3. Petitioner made a reasonably diligent effort to permit all eligible members to vote
11 on the Restated Declaration and Restated Articles, and that it is impracticable and unduly difficult to
12 obtain the necessary approval of the members.

13 4. Owners having more than 59% of the Association's total voting power voted in
14 favor of adoption of the Restated Declaration and Restated Articles, 116 of the Association's 196 total
15 memberships voted in favor of the adoption of the Restated Declaration and Restated Articles.

16 5. The Restated Declaration and Restated Articles are reasonable.

17 6. The granting of this Petition is not improper for any reason stated in California
18 Civil Code Section 1356(e).

19 Good cause appearing,

20 **IT IS ORDERED that:**

- 21 1. The Petition is granted.
- 22 2. All objections with respect to the Petition were overruled.
- 23 3. The requirement in the Declaration of Covenants, Conditions and Restrictions
24 recorded on July 31, 1978, as document number 780731 of the official records of Sacramento County,
25 California, that 75% of the Association's total voting power must approve the Restated Declaration is
26 hereby dispensed with. Approval of the Restated Declaration is hereby decreed by virtue of the number
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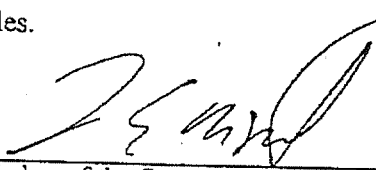
4 The requirement in the Articles of Incorporation of River City Commons Association, filed July 31, 1978 in the office of the Secretary of State of the State of California, that 75% of the Association's total voting power must approve the Restated Articles is hereby dispensed with. Approval of the Restated Articles is hereby decreed by virtue of the number of affirmative votes actually received by Petitioner in favor of the adoption of the Restated Articles

5 Restated Declaration shall be effective when recorded in the Official Records of Sacramento County, together with a copy of this Order. The President and the Secretary of the Association shall execute the Restated Declaration. Upon such recordation, the Restated Declaration shall have the same force and effect as if it had been adopted pursuant to the requirements specified in the Declaration

6 Restated Articles shall be effective when filed in the office of the Secretary of State, together with a copy of this Order. The President and the Secretary of the Association shall execute the Restated Articles. Upon such filing, the Restated Articles shall have the same force and effects as if it had been adopted pursuant to the requirements specified in the Articles.

7. Petitioner shall notify its members that the Restated Declaration and Restated Articles have been recorded and filed, respectively, by furnishing a copy of the recorded Restated Declaration and filed Restated Articles to each member within sixty (60) days of Petitioner's receipt of the recorded Restated Declaration and Restated Articles.

Dated: OCT 28 2009



Judge of the Superior Court
LOREN E. McMASTER

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NOT FOR PUBLICATION

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

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