

Second Restated Declaration
of the

COVENANTS, CONDITIONS AND
RESTRICTIONS
(CC&Rs)

for the Rocky Bluffs Property
Owners' Association

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RECORDING REQUESTED BY, AND
WHEN RECORDED, RETURN TO:

ROCKY BLUFFS
PROPERTY OWNERS' ASSOCIATION
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(Space Above For Recorder's Use)

SECOND RESTATED DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

ROCKY BLUFFS

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**SECOND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ROCKY BLUFFS**

This Second Restated Declaration of Covenants, Conditions and Restrictions for Rocky Bluffs (the "Declaration") is made by the Rocky Bluffs Property Owners' 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 4080, which has been created to manage the common interest development located in the County of Butte, State of California, commonly known as Rocky Bluffs and more particularly described on Exhibit "A", attached hereto (the "Development" or "Rocky Bluffs").
- B. The original developer of Rocky Bluffs, MIK Associates, a California general partnership, executed a document entitled Declaration of Covenants, Conditions and Restrictions for Rocky Bluffs, recorded on December 21, 1992, as Document number 92-058092 in the Official Records of the County of Butte, California (the "Original Declaration").
- C. The Original Declaration established 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.
- D. The "Declarant", as that term is defined in the Original Declaration, still owns Lots in the Development.
- E. The Association later voted to have the Original Declaration amended and restated by the First Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rocky Bluffs (the "First Restated Declaration"). The First Restated Declaration was recorded on June 12, 2008 in the Official Records for Butte County as document number 2008-0022553.
- F. At least a majority of the voting power of Members voted to amend, restate and supersede the First Restated Declaration pursuant to Article 8 Section 3 of the First Restated Declaration.

NOW, THEREFORE, it is hereby declared as follows:

1. The First Restated Declaration is hereby 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", sometimes referred to as a "planned unit development", as that term is defined in California Civil Code Section 4175.
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 5975, 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.

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 Control Committee. "Architectural Control Committee" shall mean the committee created pursuant to Article 9 of this Declaration.

1.3.1 Architectural Rules. "Architectural Rules" shall mean the rules and regulations adopted by the Board pursuant to Section 9.5 of this Declaration. A true and correct copy of the Architectural Rules in effect of the time this Declaration is recorded is attached hereto as Exhibit "B" but may be amended. Owners are responsible for ensuring they are in compliance with the most current version of the Architectural Rules, which can be obtained by contacting the Board of Directors.

1.3.1.1 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.

1.4 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.

1.4.1 "Assessment" shall include any or all of the following: Annual Assessments, which shall have the meaning set forth in Section 6.5 of this Declaration. Enforcement Assessments, which shall have the meaning set forth in Section 6.8 of this Declaration. Reimbursement Assessments, which shall have the meaning set forth in Section 6.7 of this Declaration.

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

1.5 Association. "Association" shall mean the Rocky Bluffs Property Owners' Association, a California nonprofit mutual-benefit corporation, its successors and assigns.

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

1.7 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.

1.8 Common Area. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners in the Development excluding the Lots.

1.9 Common Facilities. "Common Facilities" shall mean all facilities constructed or installed, or to be constructed or installed, or currently located on the Common Area and owned by the Association.

1.10 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.

1.11 County. "County" shall mean the County of Butte, State of California.

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

1.13 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.

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

1.15 Exclusive Use Common Area. "Exclusive Use Common Area" shall mean that portion of the Common Area designated by the Board, or the Association, for the exclusive use of Owners of Lots, if any, and shall include, without limitation, Improvements designed to serve a single separate interest but located outside the boundaries of the Lot.

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

1.17 Improvement(s). "Improvement(s)" shall mean and refer to all structures and appurtenances thereto of every kind, including, but not limited to, Residences, garages, garage doors, open parking areas, pavement, sidewalks, private streets, driveways, fences, perimeter walls, retaining walls, patios and patio fencing, and exterior air conditioning.

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

1.19 Member. "Member" shall mean an Owner.

1.20 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.

1.21 Mortgage. "Mortgage" shall mean a mortgage or deed of trust encumbering a Lot or other portion of the Development. A "Mortgagee" and "Mortgage Holder" shall include the beneficiary under a Mortgage. An "Institutional Mortgagee" or "Institutional Holder" is a Mortgagee that is a bank or savings and loan association, or established mortgage company or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency, and that holds a first Mortgage on any Lot or on the Common Area.

1.22 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 Butte 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.

1.23 Quorum. "Quorum" shall mean the minimum number of Members who must be present in person or by proxy to conduct business. For votes on Assessments, as set forth in Sections 6.5.4 and 6.6.3, Quorum shall mean more than fifty percent (50%) of the Members of the Association. For membership meetings and all other elections, quorum shall mean thirty-three and one-third percent (33 1/3%) of the Members of the Association, subject to the reduced quorum requirements set forth in Section 4.6 of the Bylaws. Notwithstanding the provisions of the Governing Documents, for elections of Directors, as provided for in Article 5 of the Bylaws, there shall be no quorum requirement, and the election shall be decided by those Members who participate in the election, regardless of the number of votes cast or the number of Members in attendance at the meeting at which the votes are tabulated. With respect to the Board of Directors, Quorum shall mean a majority of the number of Directors then in office, but not less than two (2) Directors.

1.24 Record. "Record" shall mean, with respect to any document, the recordation or filing of such document in the Official Records of Butte County.

1.25 Sewerage Facility Maintenance Contract. "Sewer Maintenance Contract" shall mean and refer to that certain Sewerage Facility Maintenance Contract, date October 13, 1992, by and between the Association and County of Butte (County Service Area 21), which was recorded on November 13, 1992, as Document No. 92-052067 in the Official Records of Butte County, California.

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

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

1.27.1 Right of Use and Enjoyment "Right of Use and Enjoyment" shall mean that an Owner is entitled to use his or her property in a manner that maximizes his or her enjoyment; however, the enjoyment must not unreasonably interfere or disturb the rights of adjoining Owners or create a private nuisance.

1.28 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 Rules.

1.29 Simple Majority. "Simple Majority" shall mean a majority of the votes of the Members: (a) represented and voting at a meeting at which a quorum is present; (b) 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. A Simple Majority is the number of votes necessary to approve all actions that require approval of the Members, with the exception of amending this Declaration or the Bylaws, granting Exclusive Use Common Area, approving mergers or consolidations, and terminating this Declaration, which shall require approval of an Absolute Majority of the Members (see Section 1.1 above).

1.30 Subdivision Map. "Subdivision Map" shall mean those maps referred to in Exhibit A.

1.31 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.

1.32 Eligible Mortgagees. "Eligible Mortgagees" shall mean and refer to the beneficiaries of first deeds of trust or mortgages held by a bank, savings and loan association, insurance or mortgage company or other entity chartered under or regulated by federal and/or state law or agency, including a federal or a state agency or any other institution regulated by federal or state law; an insurer or governmental guarantor of a first deed of trust; as well as the State of California under an installment land-sales contract covering a Lot.

ARTICLE 2 COMMON AREA

2.1 Purpose of Common Area. Subject to the provisions of the Declaration, the Common Area shall be held and maintained by the Association, and shall be 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.

2.2 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, including ingress and egress to and from his or her Lot. Each such non-exclusive easement shall be appurtenant to and pass with the title to every Lot, subject to the following rights and restrictions:

2.2.1 The right of the Board to establish and enforce reasonable Rules governing use of the Common Area.

2.2.2 The right of the Board to establish and charge reasonable admission and other fees or to limit the number of guests who make use of Common Facilities.

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

2.2.4 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.

2.2.5 The right of the Board to sell, dedicate or transfer all or any part of the Common Area, subject to the requirements of Section 5.9 and Section 5.10.

2.2.6 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.

2.2.7 The right of the Board to borrow money in accordance with the Governing Documents.

2.2.8 The right of the Association, through its authorized agents, to enter any Lot or Residence to perform its obligations under this Declaration, including obligations with respect to construction, maintenance, repair or replacement for the benefit of the Common Area or the Owners in common, or to make necessary repairs that the Lot Owner has failed to perform. The right shall be immediate in case of an emergency

originating in or threatening such Residence or Lot and the obligation can be performed whether or not the Owner is present.

2.2.9 The rights 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.

2.2.10 The right of the Board to assign, rent, lease, or otherwise designate and control use of unassigned parking and storage spaces within the Common Area, if any.

2.2.11 The right of the Association to grant exclusive use of a portion of the Common Area to an Owner, in accordance with California statutes.

2.3 Assignment of Rights of Use. Any Owner may assign his or her Right of Use and Enjoyment, including easements, but excluding voting rights, 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 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.

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

2.5 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 five (5) days from the date of such notice, the Board may cause the lien to be discharged. Within such five (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 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.

2.6 Exclusive Use Common Area. Lot Owners may have Exclusive Use Common Area as described in their grant deeds. Additional Exclusive Use Common Area may be granted to a Lot Owner if approved by the Association, or as otherwise allowed by California statutes. Lot Owners shall cultivate, maintain, irrigate, fertilize, and otherwise care for all landscaping and Improvements located within Exclusive Use Common Area. No Owner shall build or place or cause to be built or placed any shed, dog house, or other structure within the Exclusive Use Common Area without the prior written consent of the Architectural Control Committee or the Board of Directors. If an Owner intrudes or improves upon any portion of the unimproved Common Area surrounding that Owner's lot, including without limitation the areas with drainage ditches adjacent to the Lots, the entire area of that unimproved Common Area adjacent to that Owner's property shall become the Exclusive Use Common Area of that Owner. That Owner is then responsible for all maintenance, repair and landscaping of the entire area of that unimproved Common Area adjacent to that Owner's Lot, and not just the limited area encroached upon or improved by the Owner. For example, if an Owner's lawn encroaches one (1) foot into the fifty (50) foot by eight (8) foot span of Common Area adjacent to the Owner's lot, the entire span shall become the Exclusive Use Common Area of the Owner and the Owner shall be responsible for maintaining it.

ARTICLE 3 EASEMENTS

3.1 Easements in General. In addition to all easements reserved and granted on a Subdivision Map and the easements specified in Article 2, 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.

3.2 Association Utility Easements. Easements over, under, upon, and across the Development or any portion thereof for the installation, repair, maintenance, and replacement of: (a) electric, telephone, water, gas, and sanitary sewer lines, meters, facilities; (b) master television antenna or cable lines and facilities; (c) drainage facilities; (d) walkways; and (e) landscaping and lighting, are hereby reserved by the Association and shall exist in favor of the Association, together with the right to grant and transfer the same.

3.3 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: (a) 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; or (b) 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 materially 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.

3.4 General Association Easements to Discharge its Duties. The Association shall have an easement in, on, over, or under every Lot as necessary to: (a) maintain and repair the Common Area; (b) maintain and repair those portions of the Lots for which such obligation is assigned to the Association pursuant to Section 8.1; (c) perform maintenance upon a Lot which is not performed by its Owner as provided by Section 8.2 and Section 8.6; (d) otherwise perform its obligations under this Declaration.

3.5 Utility Maintenance and Repair Easements. Wherever sanitary sewer connections or water connections or electricity, gas, telephone, or 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(s) of the Lot(s) served by said connections, the Owner(s) of any Lot served by said connections, lines or facilities shall have the right, and are hereby granted an easement to the full extent necessary therefore, 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 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.

3.6 Easements for Drainage. There are hereby created and reserved over each Lot in the Development, easements for drainage according to the patterns for drainage created by the approved grading plan for the Development, as well as according to the actual, natural, and existing patterns for drainage. Each Owner covenants and agrees that he or she shall not obstruct or otherwise interfere with said drainage patterns of waters from adjacent Lots in the Development over his or her Lot, or, in the alternative, that in the event it is necessary and essential to alter said drainage pattern for the protection and use of his or her Lot, he or she will make adequate provisions for proper drainage.

3.7 Encroachment Easements. Each Lot is hereby declared to have an easement over adjoining Lots and Common Area for the purpose of accommodating any encroachment due to roof overhang and fences or walls which are built in accordance with the original design, plans and specifications of the Development, and due to engineering errors, errors in original construction, settlement or shifting of the building, or similar causes. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owner shall not be altered in any way by said encroachment, settlement, or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurs due to the willful misconduct of said Owner or Owners. In the event that a structure is partially or totally destroyed, and is repaired or rebuilt, the Owners of each adjoining Lot agree that minor encroachments over adjoining Lots be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

3.8 Boundary Changes. An easement shall exist for use and maintenance as Common Area over any portion of a Lot which, because of a change in the boundary of a private structure, including a fence, wall or patio, at the time of original construction lies between that boundary and a Lot line abutting the Common Area.

3.9 Owner Maintenance Easement. The plan of development for the Lots within the Development is such that all Lots will have appurtenant to them the benefit of an Owner maintenance easement over the adjacent Lot for the purpose of maintaining Improvements located on the benefitted Lot. Each Owner, occupant, or user of a Lot benefitted by such maintenance easement shall have the right to fully use such easement for maintenance purposes only, subject to the following easements and use restrictions:

3.9.1 Each Owner of a Lot burdened by such maintenance easement shall retain the right to pass over such maintenance easement for the purpose of providing reasonable maintenance repair and replacement of the structural Improvements located within that maintenance easement area on such burdened Lot.

3.9.2 Except in case of an emergency, such easement shall be exercised only at reasonable times after reasonable notice to owners of the Lot burdened by such easement which notice shall be at least twenty-four (24) hours in advance.

3.9.3 Any damage to the Improvements located on the Lot burdened by the easement which is caused by the exercise of such easement, shall be the sole responsibility of the

Owner, occupant, or user of the Lot benefitted by the easement and shall be repaired promptly at the expense of that Owner, occupant, or user.

3.9.4 In the event of any dispute between the Owner of a Lot burdened by a maintenance easement and the Owner of a Lot benefitted by such easement regarding the easement rights and use restrictions described above, the dispute shall, at the request of either Owner, be submitted to the Board for resolution.

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 single-family residential purposes by the Owners, their Contract Purchasers, lessees, tenants, or guests.

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; provided, however, that if any Lot shall be owned by two or more co-tenants as tenants-in-common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition by sale as between such co-tenants.

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

4.3.1 Those activities 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 constitute a nuisance or which are otherwise incompatible with the nature and character of the Development or which, in the Board's opinion, may negatively and significantly impact the quality of life and property values within the Development. The Board may also adopt Rules regulating the conduct of such occupations, but only for those aspects as may directly impact other Owners or the Development.

4.3.2 Those other businesses which by law must be permitted to be conducted within the Development.

4.4 Offensive Conduct, Nuisances, Noise. No noxious, harmful, unlawful, 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 but not limited to excessive 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. Excessive noise levels may be determined at the sole discretion of the Board which may, but shall not be obligated to, rely on the standards established in applicable County or City codes regulating such matters. 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 2.4. Nothing shall be placed, kept, stored, or parked on the Common Area without the prior written consent of the Association, except by the Association. Without limiting the

foregoing, no Owner shall place rubbish, debris, or other unsightly or unsanitary materials in 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 9, construction, installation, modification, or alteration of buildings, outdoor structures, fences, awnings, outdoor lighting and all other exterior Improvements are subject to approval of the Architectural Control Committee.

4.7 Improvements. No Owner shall undertake any action or work that will impair the structural soundness or integrity of another Residence or impair any easement.

4.8 Window Coverings. Interior window coverings which are visible from the Common Area shall be white or light colored. Except for multi-paned energy efficient windows tinted by the manufacturer, windows shall not be painted, covered with foil, cardboard, or similar materials. No window coverings or after-market window tinting shall be permitted on the outside of a Residence without the prior written approval of the Architectural Control Committee. The Architectural Control Committee may, but shall not be obligated to, adopt Architectural Rules specifying acceptable window coverings and otherwise implementing the provisions of this section.

4.9 Sports Apparatus. No sports apparatus, whether portable or fixed, including without limitation basketball standards, shall be permitted within the Development. As used in this section, the term "sports apparatus" does not include bicycles, skateboards, roller skates, roller blades or any other similar wheeled equipment provided that the Board shall have the discretion to adopt Rules governing the use of such equipment. All swings, playground sets, sandboxes, wading pools, and similar equipment or fixtures shall be placed only in private patios.

4.10 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 sign of customary and reasonable dimension and design, complying with the Rules and reasonably located on a Lot advertising the Residence for sale or rent; (d) a single identification sign which has been approved by the Board located on a Lot identifying the number or address of the Lot; (e) signs approved by the Board located at or near any entrance to the Development identifying the Development; (f) signs required for traffic control and regulation of streets or open areas within the Development; (g) signs on the Common Area as approved by the Board for a purpose reasonably related to the affairs of the Association; or (h) such other signs as the Board, in its discretion, may approve provided that the Board may adopt limitations on such other signs including, without limitation, restrictions on the size of the signs, the duration of their posting, and their location. All permissible signs must be in good condition. Signs shall not be faded or cracked. The Board may adopt, amend and repeal Rules for the implementation of this section which Rules may include, without limitation, automatic approval of signs meeting specified requirements. It is the express purpose and intent of this section to permit the Association's regulation of signs within the Development to the greatest extent permitted by law.

4.11 Antennas. No outside mast, tower, pole, antenna, or satellite dish shall be erected, constructed, or maintained on the Common Area or upon any Lot, except: (a) those erected, constructed, or maintained by the Association; (b) those expressly approved by the Board of Directors; or (c) those specifically permitted by law. With respect to those outside masts, towers, poles, antennae and satellite dishes specifically permitted by law, the Association shall have the authority to regulate their installation and maintenance to the greatest extent permitted by law. The Owner of each Lot shall be responsible for the repair and maintenance of any outside mast, tower, pole, antenna or satellite dish installed on his or her Lot and shall indemnify and reimburse the Association for any and all costs and expenses associated therewith, including without limitation, any increased costs incurred by the Association in the

performance of its maintenance obligations as specified in Article 8. Owners shall remove, or cause to be removed, any mast, tower, pole, antenna, or satellite dish that is no longer in use.

4.12 Utility Lines. No lines, wires or other devices for the communication or transmission of electric current or power, including but not limited to, telephone, television, and radio signals, shall be constructed, placed, or maintained anywhere in or upon any Lot unless the same is contained in conduits or cables constructed, placed and maintained underground or concealed in, under, or on buildings or other approved structures. Nothing in this section is deemed to forbid the erection and use of temporary power or telephone services incidental to the construction of approved buildings.

4.13 Storage. Storage of personal property shall be limited to garages, Residences, or other locations on a Lot so long as it is not visible from the Common Area, other Lots, or streets in the Development. There shall be no woodpiles or storage piles accumulated on top of or outside of the areas designated for storage. The Association shall have the right to establish and maintain in the Development, appropriate storage yards and storage buildings for the maintenance of materials and equipment needed for planting, building, repair, maintenance, and preservation of the structures, gardens, and other Improvements of the Lots and the Common Areas.

4.14 Construction Materials, Construction Debris. No portion of the Development shall be used for the storage of building materials other than in connection with construction projects approved in accordance with Article 9. All construction debris shall be picked up and deposited daily in an appropriate container.

4.15 Parking and Vehicles. The following parking and vehicle restrictions shall apply within the Development:

4.15.1 All driveways and garages shall be maintained in a neat and orderly condition and garage doors shall be maintained in a closed position except as necessary to permit ingress and egress of vehicles or to clean, work in, or ventilate garage

4.15.2 No owner shall park boats, travel trailers, recreational vehicles or other equipment except in a covered garage or an enclosed storage area which secures and fully screens all vehicles from streets, driveways, and neighboring views. Any vehicle, boat, travel trailer, recreational vehicle or other equipment left parked on a Subdivision street or in a Common Area for more than 14 days without written permission from the Board shall be subject to being towed by the Association at the Owner's expense.

4.15.3 Each lot shall be developed in a manner which provides at least three (3) permanent off-street parking spaces.

4.15.4 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 such further 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:

4.15.5 The Association shall have 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.

4.16 Outbuildings and Temporary Structures. Except as authorized by the Board, no outbuilding, tent, shack, trailer, shed, mobile home, camper, or temporary building of any kind shall be located within the Development, except in strict compliance with the provisions of this Declaration, including Article 9. In no event shall any such structure included in this Section be used as a living area.

4.17 Animals.

4.17.1 Household Pets. No animals, reptiles, rodents, livestock or poultry, shall be kept within a Lot or elsewhere within the Development except that a reasonable number of domesticated pets (e.g., dog or cat) may be kept, provided that: (a) they are not kept, bred or maintained for any commercial purposes; (b) they are maintained under reasonable control at all times; and (c) they are kept in conformance with any City or County ordinances. This provision shall not apply to aquarium type fish or small caged animals, such as hamsters and birds kept within the Residence at all times.

4.17.2 Common Area. While in the Common Area, dogs must be restrained on a leash held by a responsible person capable of controlling it. Dogs may not be tethered anywhere on Common Area or in front of a Lot under any circumstance.

4.17.3 No Dangerous or Vicious Animals. The Association shall have the right to prohibit the keeping of any animal, or to require the removal of any animal determined by the Board to be vicious or dangerous, which constitutes, in the sole and exclusive opinion of the Board, a nuisance to any other person.

4.17.4 Owner's Responsibility for Pets. Each Owner and Resident shall be responsible for immediately removing and disposing of any waste introduced to any portion of the Development by their pets or the pets of their guests and invitees. The Board shall have the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to pets, including without limitation fines for failure to remove and dispose of pet waste as required by this section. Each Owner, Resident, and any person bringing or keeping an animal within the Development shall be absolutely liable to the Association and all other persons for any injury or damage to persons or property caused by the animal brought upon or kept upon the Development by such person or by members of his or her household, tenants, guests, or invitees. 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 animal brought upon or kept within the Development by the Owner or Resident, members of his or her household, guests, tenants, or invitees.

4.17.5 Pet Rules. The Board may adopt and enforce pet rules, which shall be Rules, in addition to the provisions of this section. Such Rules may include, without limitation, regulations regarding the presence of pets on the Common Area, limitations on the number of pets Owners may have, and restrictions on breed and size.

4.18 Rental of Units. In order to: (a) protect the equity in the Units for the Owners, (b) preserve the character of the Development as an owner-occupied, residential community, (c) prevent the Development from assuming the character of a renter-occupied area, and (d) retain the Development's

ability to comply with financing eligibility requirements, the rental of Units shall be subject to the restrictions in accordance with the provisions of this section.

4.18.1 Written Rental Agreement Required. Any rental of a Unit within the Development shall be by written rental agreement. Such written rental agreement shall expressly provide that its terms are subject to all of the provisions of the Governing Documents, that the tenants shall comply with all provisions of the Governing Documents and that any violation of any provisions of the governing documents will be a breach and default of the terms of such rental agreement.

4.18.2 Board Decision Final. Decisions of the Board pursuant to section 4.2 shall be final and conclusive.

4.18.3 Owner Responsibility. Each Owner renting a Unit shall be strictly responsible and liable to the Association for the actions of such Owner's tenants within the Development and for each tenant's compliance with the provisions of all the governing documents, including the Bylaws, the Declaration and any amendment thereto, and Association Rules. An Owner leasing or renting a Unit shall provide the tenants with copies of the Governing Documents and all subsequent amendments, and other pertinent information of general application to the members.

4.18.4 Violations. If the Association files legal action to gain an Owner's compliance with this Section, the Association, as the 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 five thousand (\$5,000) dollars), the Association shall first comply with the provisions of California Civil Code sections 5925 [Prior to January 1, 2014 see California Civil Code Section 1369.510 et seq.] relating to alternative dispute resolution.

4.18.5 Association's Enforcement Rights. In addition to all other remedies available, in the event a tenant's conduct involves damage or misuse of any Common Area or constitutes a nuisance to Owners or residents, the Association shall be entitled to maintain an eviction action against such tenant to the same extent as the Owner of the Unit with the Association being deemed a third party beneficiary of any lease or rental agreement involving any Unit within the Development. The Association's right to maintain an eviction action shall arise only in the event that the Owner has not prevented and/or corrected the actions of the tenant giving rise to the damage or nuisance and (a) the Association has given notice to the Owner detailing the nature of the infraction and the Owner has had a reasonable opportunity to take corrective action, or (b) the Owner has appeared before the Board, or a duly authorized committee thereof, to present arguments as to why eviction by the Association is not necessary. Any disciplinary action shall be prosecuted in strict compliance with the notice requirements and hearing procedures set forth in California Civil Code Section 4820 [prior to January 1, 2014, see California Civil Code Section 1363(h)], or comparable successor statute, and the Governing Documents.

4.18.6 Indemnification of Association. Every Owner of a Unit that is occupied by persons other than the Owner pursuant to a lease or otherwise, agrees to and shall indemnify and defend the Association, its officers, Directors, and agents and shall hold them harmless from any cost, loss, claim, or damages of any kind, including but not limited to attorneys' fees arising out of the conduct or presence of the occupants of the Unit upon the Development, including any such arising or alleged to have arisen out of

the enforcement or nonenforcement by the Association of the Governing Documents against such occupants. Without limiting the generality of the foregoing, all costs, including attorneys' fees incurred by the Association to enforce the Governing Documents against such occupants, including eviction as provided herein, shall be reimbursed to the Association by the Owner and may be assessed by the Association as a Reimbursement Assessment.

4.18.7 No Rental of Garages. No lease or rental of a Unit shall be permitted which contemplates or results in the rental of less than the entire Unit, including rental of the garage separately from rental of the unit.

4.18.8 No Hotel-Like Services. No lease or rental of a Unit shall be permitted which contemplates or results in the provision of those services typically provided by a hotel or motel.

4.18.9 Time-Share Arrangements. No Unit or Units or any portion thereof in the Development shall be leased, subleased, occupied, rented, let, sublet or used for or in connection with any time sharing agreement, plan, program or arrangement, including, without limitation, any so called "vacation license," "travel club," "extended vacation," or other membership or time interval ownership arrangement. The term "time sharing" as used herein shall be deemed to include, without limitation, any agreement, plan, program, or arrangement under which the right to use, occupy, or possess any Unit or Units or any portion thereof rotates among various persons, either corporate, partnership, individual, or otherwise, on a periodically recurring basis for value exchanged, whether monetary or like kind use privileges, according to a fixed or floating interval or period of time. This section shall not be construed to limit the personal use of any Unit or any portion thereof by any Owner or his or her social guests.

4.18.10 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.

4.18.11 Violations. Any Owner who violates the provisions of Section 4.18, and any following Sections, may be subject to, at the Board's discretion, a separate fine 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 attorney 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 five-thousand (\$5,000) dollars), the Association shall first comply with the provisions of California Civil Code Sections 5925 to 5965 relating to alternative dispute resolution.

4.19 Clotheslines. Exterior clotheslines or other outside clothes drying or airing facility shall not be erected or maintained upon any Common Area or on any Lot if visible from other Lots, the streets or the Common Area without the written consent of the Board. The Board shall have the discretion to adopt Rules governing the use of clotheslines or other outside clothes drying or airing facility.

4.20 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon any Lot, except machinery and equipment which is normally used in connection with the occupancy and maintenance of a Residence.

4.21 Air Conditioners, Heaters and Related Systems. Roof or window mounted air conditioners, heating or ventilation units, or any similar system or unit, shall not be installed on any Residence without the prior approval of the Architectural Control Committee.

4.22 Subdivision or Merger of Lots. No Lot may be further subdivided, nor may more than one Lot be combined into a single parcel of land, without the approval of the Board and the appropriate governmental agencies.

4.23 Barbecues. Exterior fires and barbecues shall not violate current fire codes. Association rules may, but are not obligated to, establish limits on barbecues based on current fire codes.

4.24 Mailboxes and Exterior Newspaper Tubes. There shall be no exterior newspaper tubes or freestanding mailboxes except as may have been originally installed by the Declarant, or as may be approved by the Architectural Control Committee.

4.25 Drilling and Mineral Exploration. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon, or in, any Lot or the Common Area, nor shall oil wells, tanks, tunnels, or mineral excavations be permitted upon, or in, any Lot or the Common Area of the Association. No derrick or other structure designed for use in boring for oil, water, or natural gas shall be erected, maintained or permitted upon any Lot.

4.26 Solar Energy System or Equipment. Installation or use of any solar energy system or equipment may not be prohibited or restricted under this Declaration pursuant to California Civil Code Section 714. The Design Review Committee may impose reasonable restrictions on a solar energy system that do not significantly increase the cost of the system or significantly decrease its efficiency or specified performance, or that allow for an alternative system of comparable cost, efficiency, and energy conservation benefits.

4.26.1 Solar Water Heating or Swimming Pool Heating Systems. For domestic water heating systems or solar swimming pool heating systems that comply with state and federal law, “significantly” means an amount exceeding 20 percent (20%) of the cost of the system or decreasing the efficiency of the system by an amount exceeding 20 percent (20%), as originally specified and proposed.

4.26.2 Photovoltaic Systems. For photovoltaic systems that comply with state and federal law, “significantly” means an amount not to exceed two thousand dollars (\$2,000.00) over the system cost as originally specified and proposed, or a decrease in system efficiency of an amount exceeding twenty percent (20%) as originally specified and proposed.

4.26.3 Approval or Denial of Application. The approval or denial of a solar energy system application by the Design Review Committee shall be in writing. If an application is not denied in writing within sixty (60) days from the date of receipt of the application, the application shall be deemed approved, unless that delay is the result of a reasonable request for additional information.

4.27 Height Limitations. There shall be height limitations to protect the viewshed of certain Lots as follows:

4.27.1 To protect the viewsheds of Lots 1 through 11, no structures on Lots 12 through 22 shall be higher in elevation than five feet from the finished elevation of the center of the road directly in front of Lots 12 through 22, measuring from the center of each Lot property line adjacent to the road.

4.27.2 To protect the viewsheds of Lots 25 through 30, no structures on Lots 23 through 25 shall be higher in elevation than 22 feet from the finished elevation of the center of the

road directly in front of Lots 23 through 25, measuring from the center of each Lot property line adjacent to the road.

4.28 Fire Safety. The Development is located in an area that is subject to wild fires. Accordingly, Owners must maintain their properties in a fire safe manner during the fire season and in strict compliance with Cal Fire and Butte County rules and regulations. In the event the Board, in its sole and absolute discretion, determines that a Lot poses a fire risk due to the Owner's failure to maintain it in a fire safe manner, it shall notify, in writing, the Owner of such determination. The board shall cause the Association to take all reasonable measures necessary to alleviate the risk if the Owner fails to do so within 14 days of said notification. The Owner shall reimburse the Association for all fees and costs incurred by it in alleviating such risks. If this amount is not reimbursed to the Association within ten days, it may be charged to the Owner as a Reimbursement Assessment.

4.29 No Development Zone. There shall be a No Development Zone within 50 feet of the top of the lower bluff on Phase I Lots 11 through 20 and Phase II Lots 21 through 24, as more particularly shown in Exhibit "C" attached hereto and incorporated herein. There shall be a No Development Zone within a five foot radius of all Fritillarie Eastwood plant populations whose locations are designated on the final map. For purposes of this section, the term "No Development Zone" shall mean that within such area there shall be no landscaping, soil disruption, vegetation removal, placement of any decks or construction of any kind. The intent of the No Development Zone is to leave the land within the No Development Zone in its natural state. Natural vegetation shall also be retained elsewhere on each lot where feasible. Notwithstanding the foregoing, as an alternative, the plant population described herein may be relocated with the written approval of California Department of Fish and Game and the Board.

4.30 Soil Grading Limitation. The design of the buildings shall conform to the natural topography of each lot so as to minimize soil cuts and fills. On lots 11 through 24 soil cuts and fills outside the building footprint area shall be limited to three (3) feet each.

4.31 Site Preparation. Construction site preparation and soil disruption shall be limited to the dry season each year: May through October.

4.32 Natural Vegetation Buffer. There shall be a Natural Vegetation Buffer in Parcel A-1 of the Common Area. For purposes of this Section, the term "Natural Vegetation Buffer" shall mean that within such area there shall be no Vegetation removal, placement of structures, or construction of any kind. The intent of that Natural Vegetation Buffer is to leave the land within the Natural Vegetation Buffer in its natural state.

4.33 Trees. All trees visible from the street and over six inches in diameter, as measured two feet above grade, shall be retained unless diseased or unless removal is required for purposes of construction of roads or houses. All other trees are subject to removal at the sole discretion of the board.

4.34 Minimum Housing Size. Any residence constructed on any Lot shall be at least 2,200 square feet in size exclusive of the garage.

4.35 Appearance. All service yard or service areas, service facilities including propane tanks and heating units, ventilation and air-conditioning, clothesline areas, rubbish containers and storage piles on any Lot shall be enclosed or fenced in such a manner that such yards, areas, containers, equipment and piles will be obstructed from view of any neighboring Lot or street.

4.36 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: (a) cause substantial undue hardship to the Owner; or (b) 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:

4.36.1 The Board, in its sole discretion, shall make an initial determination of whether or not the variance request on its face meets the requirements set forth in this section. Where the Board deems it appropriate, the Board may, but shall not be required to, obtain the input of the Architectural Control Committee in considering the variance request. If the Board determines that the variance request does not meet the requirements set forth in this section, the variance request shall be denied and the Board shall so notify the applicant within thirty (30) days of the Board's decision. If the Board determines that the variance request does on its face meet the requirements set forth in this section, the procedures set forth in the remainder of this section shall be followed.

4.36.2 Provided the Board determines that the variance request does on its face meet the requirements set forth in this section, the Board shall conduct a hearing on the variance within sixty (60) days of the receipt of the written request for a variance. No decision regarding the request for variance shall be made until the conclusion of the hearing.

4.36.3 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 HOMEOWNERS ASSOCIATION

5.1 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.

5.2 Membership. Each 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.

5.3 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.

5.4 Board of Directors. The affairs of the Association shall be managed by or under the direction of the Board. The number and qualifications of Directors shall be as established in the Bylaws, and the Directors 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.

5.5 Association Rules. The Board 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: (a) use of the Common Area; (b) pets; (c) signs; (d) collection and disposal of refuse; (e) minimum standards for maintenance of property; (f) use of recreation facilities, if any; (g) parking and traffic regulations; (h) rental or leasing of Lots; and (i) any other subject matter within the jurisdiction of the Association as provided in the Governing Documents or by law.

5.6 Manager and Other Personnel. The Board 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. Except in emergency situations, and not to exceed thirty (30) days, the Development shall not be self-managed.

5.7 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.

5.8 Dedication or Transfer of Common Area to Public Agency or Utility. The Board of Directors shall have the power to dedicate or transfer all or any part of the Common Area to a public agency, authority, or utility. No such dedication or transfer shall be effective unless it has been approved by Members holding at least two-thirds (2/3) of the Total Voting Power.

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

5.10 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.

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

5.12 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: (a) transfer all or substantially all of its assets; or (b) file a certificate of dissolution.

5.13 Limitation of Liability. Neither the Association nor its Directors, officers, employees, agents, or committee 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 provide 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: (a) the establishment of the Association's annual financial budget; (b) the funding of Association reserve accounts; (c) the discharge of the Association's maintenance, repair, and replacement obligations; (d) the enforcement of the Governing Documents; and (e) any other fiduciary duties or responsibilities imposed by law or the Governing Documents.

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: (a) Annual Assessments; (b) Special Assessments; (c) Reimbursement Assessments; and (d) 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: (a) managing and operating the Development; (b) conducting the business and affairs of the Association; (c) promoting the recreation, health, safety, welfare, benefit, and interests of the Owners in relationship to the Development; (d) 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; (e) enforcing the Governing Documents; and/or (f) 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 Annual Assessment.

6.5.1 Calculation of Estimated Required Funds. 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 funds required by the Association for such fiscal year to: (a) manage, administer, operate, and maintain the Development; (b) to conduct the affairs of the Association; and (c) to perform all of the

Association's duties in accordance with this Declaration. Such estimate shall include a reasonable amount allocated to contingencies and to a reserve fund for the 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.

6.5.2 Allocation of Annual Assessment. The Board shall allocate and assess the amount of estimated required funds equally among the Lots by dividing the amount by the number of Lots.

6.5.3 Payment of Annual Assessments. Unless the Board shall designate otherwise, Annual 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.

6.5.4 Increases in Annual Assessment. Pursuant to California Civil Code Sections 5605 to 5610, except as otherwise provided by law, the Board shall not increase the Annual Assessment for any fiscal year above the amount of the Annual 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 Members voting on any such increase in the Annual 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.

6.6 Special Assessments.

6.6.2 Purpose of Special Assessments. If at any time during any fiscal year the Annual 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. The Board may also levy a Special Assessment for capital improvements within the Common Area. The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for routine maintenance, repair and replacement of Common Facilities through Annual Assessments.

6.6.3 Allocation of Special Assessments. Special Assessments shall be allocated and assessed equally among all Lots in the Development, except any Assessment against an Owner as a result of a deficiency in insurance proceeds or condemnation awards as provided in Article 7 of this Declaration.

6.6.4 Approval of Special Assessments. Except in the case of an emergency situation as defined in California Civil Code Section 5610, 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.

6.7 Reimbursement Assessments. The Association shall levy a Reimbursement Assessment against any Owner and his or her Lot 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. The Association shall also levy a Reimbursement Assessment in the event that the Association has expended funds performing emergency repairs as authorized by 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 Annual 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 Annual Assessment fixed for the preceding fiscal year shall be the amount of the Annual Assessment for the ensuing fiscal year until a new Annual 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 Payment Under Protest. If a dispute exists between the Owner of a Lot and the Association regarding any disputed charge or sum levied by the Association, including, but not limited to an Assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and the amount in dispute does not exceed the jurisdictional limits set forth in the Code of Civil Procedure Sections 116.220 and 116.221, or comparable successor statute, the Owner may, in addition to pursuing dispute resolution, pay under protest the disputed amount and all other amounts levied, including any fees and reasonable costs of collection, reasonable attorney's fees, late charges, and interest, if any, pursuant to California Civil Code Section 5650, and commence an action in small claims court. Nothing in this section shall impair the Association's ability to collect delinquent assessments as provided by California law.

6.12 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 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, or 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 suit, action, or other procedure initiated to collect such sums, including all Additional Charges. The Board may commence any procedure for the collection of delinquent Assessments upon its own decision. The remedies

provided in this Declaration for collection of delinquent Assessments shall be cumulative and not exclusive.

6.13 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, 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.

6.14 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.

6.15 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.

6.16 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:

6.18.1 All property dedicated to and accepted by the County of Butte or other local public authority and devoted to public use.

6.18.2 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 Record Owner of such Lot.

6.18.3 All Common Area.

6.19 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 or 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.

ARTICLE 7 DAMAGE OR DESTRUCTION; CONDEMNATION

7.1 Destruction or Condemnation. Except as provided by statute or by other provision of the Governing Instruments, in case of condemnation or substantial loss to the Lots and/or common elements of the Property:

7.1.1 Unless Eligible Mortgagees of at least 67 percent of the total allocated votes of the first mortgages (based upon one vote for each first mortgage owned) and 67 percent of the Owners of the individual Lots, exclusive of Declarant, have given their prior written approval, the Association and/or the Owners shall be entitled to:

7.1.1.1 By act or omission, seek to abandon or terminate the property the Property except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of taking by condemnation or eminent domain;

7.1.1.2 Change the pro-rata interest or obligations of any individual Lot for the purpose of: (a) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (b) determining the pro-rata share of ownership of each Lot in the Common Area.

7.1.1.3 Partition or subdivide the Lot;

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

7.1.1.5 Use hazard insurance proceeds for losses to the Property (whether to Lots or to Common Area) other than for the repair, replacement or reconstruction of such property.

7.1.2 Distribution on Destruction or Condemnation. In the event of a partial or total destruction or condemnation of the structural Common Area of the Property and an election by the Owners not to rebuild, proceeds received by the Association on account of the destruction or condemnation which are not apportioned among the Owners by court judgment or by agreement shall be distributed by the Association among Owners of Lots and their respective mortgagees proportionally according to the fair market values of the Lots at the time of the destruction or condemnation. Fair market value may be determined by unanimous agreement of the affected Owners or by an independent appraisal by a qualified appraiser.

ARTICLE 8 MAINTENANCE OF PROPERTY

8.1 Association Responsibilities. The Association shall be responsible for maintaining the following in good condition and repair:

8.1.1 Common Area. The Association shall have the obligation to maintain, repair and replace the Common Area, (other than Exclusive Use Common Area, if any) and Improvements thereon, including without limitation any recreational facilities, utility buildings, and utility laterals (i.e. service pipes) located within the Common Area.

8.1.2 Fire Safety. It shall be the responsibility of the Association to maintain all common areas in a fire safe manner during fire season and remain in compliance with the Cal Fire and Butte County rules and regulations for fire safety.

8.1.3 Drainage Ditches. The Association shall be responsible to maintain all drainage ditches throughout the Development. However, if any Owner improves upon any portion of the drainage ditches surrounding their Lot, that Owner then becomes responsible for the maintenance of the entire area of drainage ditches adjacent to that Lot. See Section 2.6 above.

8.1.4 Mosquito Abatement. All requirements of the Butte County Mosquito Abatement District have been met for the Subdivision for the restriction of mosquito breeding. However, there still remains the potential for mosquito migration in the area from neighboring properties.

8.1.5 Sewerage Facility. The Association shall have the obligation to maintain and repair the Sewerage Facility as required in the Sewerage Facility Maintenance Contract with Butte County.

8.2 Owner Responsibilities. Except as specifically provided in Section 8.1 above, each Owner shall be responsible for the maintenance and repair of his or her Residence and Lot and Exclusive Use Common Area, including without limitation:

8.2.1 The maintenance, repair, and replacement of all drainage and other drainage facilities and systems located on any Lot, including, without limitation, underground drain pipes and patterns of drainage over the Development from adjoining properties and Improvements in a neat, orderly and safe condition so as to facilitate the orderly discharge of water. There shall be no interference with established drainage pattern over any Lot within Rocky Bluffs as to affect any other Lot or the Common Area unless adequate alternative provision is made for proper drainage and is approved in writing by the Architectural Control Committee. For purpose hereof, "established" drainage is defined as the drainage that existed at the time of original construction of the Residence, or those that are shown on plans approved by the Architectural Control Committee. At any rate, no Owner of any Lot may build, place or allow to exist upon his or her Lot, an obstruction of any kind which prevents the drainage of water from another Lot. In the case that such an obstruction exists, if the Owner does not remedy the obstruction within a reasonable amount of time, the Association is allowed to remove such obstruction and shall levy the cost of such maintenance and repair as a Reimbursement Assessment against the Lot(s) of the responsible Owner(s).

8.3 Owner Responsibility for Consequential Damage. An Owner is responsible for the cost of repair of those portions of the Owner's Residence which are required to be maintained by the Owner, those portions of Common Area and Exclusive Use Common Area which are to be maintained by the

Owner, and the fixtures and personal property located on the Owner's Lot, Residence, even if the cause of the damage originates from an element maintained by the Association, unless the cause is the gross negligence of the Association, its employees, contractors or agents.

8.4 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 9.

8.5 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 8.8, in the event an Owner fails to perform such work within fifteen (15) 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.

8.6 Owner Liability. In the event the need for any maintenance, repair, or replacement by the Association is necessitated 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.

8.7 Authority for Entry of Lot. The Association or its agents may enter any Lot or Residence, 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 8.6. 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 twenty-four (24) hours, except in emergency situations.

8.8 Association Liability. Except as specifically provided in Section 8.1, 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 gross negligence of the Association, its employees, contractors, or agents.

8.9 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.

8.10 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.

8.11 Maintenance of Rocky Bluffs' Sewerage Facility. The Association has the authority to enter into and assume the obligations of the Sewerage Maintenance Contract. Pursuant to the terms of the Sewerage Facility Maintenance Contract, the Association is obligated to maintain and operate the sewerage facility servicing the Subdivision.

ARTICLE 9 ARCHITECTURAL CONTROL

9.1 Submission of Plans and Specifications. Except for Improvements made, or constructed by, or on behalf of the Association, no Improvements including, without limitation, Residences, buildings, walls, fences, awnings, exterior window coverings, landscaping, spas, exterior screens, exterior doors, patio covers, 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 or alteration to the finished grade elevation, 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 Control Committee as to: (a) quality of workmanship and design; (b) harmony of external design in relation to the nature and character of the Development and the Improvements thereon; (c) location in relation to surrounding structures, topography, finished grade elevation; and (d) compliance with the provisions of the Declaration.

9.2 Establishment of Architectural Control Committee.

9.2.2 Except as provided in Sections 9.2.2 and 9.2.3 below, the Board shall appoint an Architectural Control Committee that shall consist of at least three (3) Members to be selected by the Board, 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 Control Committee. In the event of death, resignation or removal of any member of the Architectural Control Committee, the Board shall have the full authority to designate a successor.

9.2.3 The Board may, in its discretion, elect to act as the Architectural Control Committee without appointing the separate committee provided for in Section 9.2.1.

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

9.3 Duties. It shall be the duty of the Architectural Control 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.

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

9.5 Architectural Rules. The Architectural Control Committee may, from time to time, and subject to the Board's approval, adopt, amend, and repeal rules and regulations to be known as Architectural Rules. The Architectural Rules shall interpret and implement the provisions of this article by setting forth the standards and procedures for Architectural Control Committee review and guidelines for architectural design, placement of Residences and other structures, color schemes, exterior finishes and materials, and similar features which are recommended for use in the Development; provided, however, that the Architectural Rules shall not be in derogation of (i.e. less restrictive than) the minimum standards required by this Declaration. The Architectural Rules may also impose limits on the days and hours of construction and impose any other restrictions and regulations which the Board deems appropriate to limit the impact of construction activities on the Residents. In its discretion, and subject to

the Board review and Section 9.19, the Architectural Control Committee may grant variances from specific Architectural Rules subject to such terms and conditions as it deems appropriate.

9.6 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 Control Committee or Board may require, including without limitation samples of proposed paints and other finish materials in such sizes and formats as the Committee or the Board may deem appropriate. In accordance with Section 10.5.3, and in addition to any other remedies the Association may have, the Board may impose a fine against any Owner who fails to obtain the approval required by this article prior to proceeding with any Improvement, or any alteration to an existing Improvement, for which approval is required pursuant to this article.

9.7 Expert Review. If at any time the Architectural Control Committee determines that it would be in the best interest of the community for an Owner-applicant to employ an architect, licensed building designer or engineer to design or review the structural integrity of any proposed Improvement or component thereof, the Committee shall so advise the Owner in writing of its determination, whereupon all plans and specifications so designated by the Architectural Control Committee must thereafter bear appropriate evidence of such preparation or review.

9.8 Grant of Approval. The Architectural Control Committee shall grant the requested approval only if:

9.8.1 The Owner shall have complied with the provisions of Section 9.1 and Section 9.6 and 9.7, above;

9.8.2 The Architectural Control Committee shall find that the plans and specifications conform to both (a) this Declaration and the Architectural Rules in effect at the time such plans were submitted to the Committee, unless a variance is granted from such Architectural Rules pursuant to Section 9.5; (b) will be in harmony with the external design of other structures and/or landscaping within the Development; and (c) will not interfere with the reasonable use and/or enjoyment of any other Lot Owner of his or her property; and

9.8.3 The Architectural Control 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.

9.9 Form of Approval. All approvals and denials of requests for approval shall be in writing except as provided in Section 9.10. The Architectural Control Committee may approve a request for approval subject to the Owner's consent to any modifications made by the Architectural Control Committee. If the Owner does not consent to the modifications, the request for approval shall be deemed denied in its entirety. Any approval or approval with modifications shall become effective on the thirty-first (31st) day following the date of such approval, subject to Board review as provided in Section 9.10. Any denial of a request for approval shall include: (a) an explanation of why the request for approval was denied; and (b) a description of the procedure for Board review of the denial as set forth in this article and any applicable Architectural Rules.

9.10 Time for Architectural Control Committee Action. The Architectural Control Committee shall act on a request for approval within sixty (60) days from the date of receipt thereof by the Architectural Control Committee. Any request for approval which has not been acted on by the

Architectural Control Committee within the preceding time frame 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 Control Committee by evidence in the form of either a copy of such request for approval date-stamped by the Association or by certified mail provided by the U. S. Postal service acknowledging that such request for approval was delivered to the Association.

9.11 Board Review. This section shall only apply if there is a duly organized Architectural Control Committee, and shall not apply if the Board is acting in the capacity of an Architectural Control Committee pursuant to Section 9.2.2 or Section 9.2.3. An Owner shall have a right to appeal the decision of the Architectural Control Committee to the Board, provided that such request shall be presented within ten (10) days from the date of the Architectural Control Committee's decision. If a review is conducted: (a) it shall take place during an open meeting of the Board; (b) the Board may affirm, reverse or modify the decision in its discretion and in accordance with the provisions of the Governing Documents; and (c) the Board shall notify the applicant in writing of the Board's decision within fifteen (15) days following the review.

9.12 Commencement. Upon receipt of approval by the Architectural Control, 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 (90) days from the effective date of such approval or upon such later date as the Board 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 Board, 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 Board that there has been no change in the circumstances upon which the original approval was granted.

9.13 Time for Completion of Landscape Improvements. All approved landscaping must to be completed before occupancy occurs. If an Owner begins to occupy a Residence for any length of time, the landscaping must first be completed whether the County has issued a Certificate of Occupancy or not. A compliance deposit to provide assurance for the faithful and timely installation of the landscape Improvements may be required by the Design Review Committee in an amount fixed by the Board in its sole discretion. The intent of this section is to require that landscaping be installed in accordance with approved plans and specifications prior to occupancy of a Residence unless hardship or Acts of God prevent timely completion of landscaping. The Board of Directors may initiate appropriate enforcement actions if the Owner fails to complete the landscape work prior to occupancy.

9.14 Inspection. Inspection of work and correction of defects therein shall proceed as follows:

9.14.1 Upon the completion of any installation, construction, reconstruction, alteration, or refinishing of the exterior of any Improvements, or upon the completion of any other work for which approved plans are required under this article, the Owner shall give written notice thereof to the Architectural Control Committee.

9.14.2 Within sixty (60) days after the receipt of such written notice, the Architectural Control Committee, or its duly authorized representative, may inspect such Improvement to determine whether it was installed, constructed, reconstructed, altered, or refinished to substantial compliance with the approved plans. If the Architectural Control Committee finds that such installation, construction, reconstruction, alteration, or refinishing was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such non-compliance within such sixty (60) day period, specifying particulars of non-compliance and shall require the Owner to remedy such non-compliance.

9.14.3 If the Owner shall have failed to remedy such non-compliance upon the expiration of thirty (30) days from the date of such notification, the Architectural Control Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged non-compliance. The hearing shall be noticed and conducted in accordance with Section 8.1.4 of the Bylaws.

9.14.4 At the hearing, the Owner, the Architectural Control Committee and, in the Board's discretion, any other interested person may present information relevant to the question of the alleged non-compliance. After considering all such information, the Board shall determine whether there is a non-compliance, and, if so, the nature thereof. If a non-compliance exists, the Board shall require the Owner to remedy or remove the same within a period determined in the discretion of the Board. If the Owner does not comply with the Board's ruling within such period or within any extension of such period as the Board, in its discretion, may grant, the Board may (a) remove the non-complying Improvement or remedy the non-compliance and all expenses incurred in connection therewith shall be assessed against the Owner as a Reimbursement Assessment, and/or (b) exercise any of the enforcement rights specified in Section 10.5.

9.14.5 If, for any reason, the Architectural Control Committee fails to notify the Owner of any non-compliance within sixty (60) days after receipt of a notice of completion from the Owner, the Improvement shall be deemed to be in accordance with the approved plans. The Owner shall have the burden of establishing the date of receipt of the notice of completion by the Architectural Control Committee by evidence in the form of either a copy of such notice date-stamped by the Association's office or by a certified mail provided by the U. S. Postal service acknowledging that such notice was delivered to the Association.

9.15 Non-Waiver. The approval by the Architectural Control Committee of any plans, drawings, or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Control 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.

9.16 Estoppel Certificate. Within thirty (30) days after written demand is delivered to the Association by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Board shall Record an estoppel certificate, if permitted by the County of Butte, certifying (with respect to any Lot of such Owner) that as of the date thereof, either: (a) all Improvements made and other work completed by such Owner comply with this Declaration; or (b) 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.

9.17 Notice of Noncompliance. If any Improvements are installed within the Development that are not in conformance with this Declaration, the Association is authorized to Record a notice of noncompliance, if permitted by the County. The notice of noncompliance shall provide: (a) a legal description of the Lot affected; (b) the name of the record Owner as most recently reported to the Association; and (c) a description of the general nature of the noncompliance. If and when such Lot is brought into compliance with this Declaration, as determined by the Board, the Association shall issue and, if permitted by the County of Butte, Record an estoppel certificate in accordance with Section 9.16. Each Owner of a Lot, 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 the recordation of notices of noncompliance as set forth in this section.

9.18 Liability. Neither the Board, the Architectural Control 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: (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; (c) the development of any property within the Development; (d) the execution and filing of an estoppel certificate pursuant to Section 9.16, whether or not the facts therein are correct; provided, however, that the Architectural Control 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; or (e) the execution and filing of a notice of noncompliance pursuant to Section 9.17, whether or not the facts therein are correct; provided, however, that the Architectural Control 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 Control 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 Control 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 Control Committee, or their members or representatives seeking to recover any such damages.

9.19 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 Control Committee, or their members as to the accuracy, efficacy, or sufficiency of such proposals, plans, or other submittals.

9.20 Variances. The Architectural Control Committee may, with approval of the Board, grant reasonable variances in any procedures specified in this Article 9 in order to overcome practical difficulties, avoid unnecessary expense, or prevent unnecessary hardship, provided the following conditions are met:

9.20.1 The Architectural Control Committee must make a good-faith, written determination that: (a) the requested variance does not constitute a material deviation from the overall plan and scheme of the Development or from any restriction contained in the Declaration or that the proposal allows the objectives of the violated restriction(s) to be substantially achieved despite noncompliance; or (b) that the variance relates to a restriction or requirement that is unnecessary or burdensome under the circumstances; or (c) that the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance, with respect to any other Lot, Common Area or Owner in the Development.

9.20.2 After the conclusion of the hearing, the Architectural Control Committee shall consult with the Board, and shall render a determination to either grant or deny the request for variance in accordance with the standards set forth in this section.

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 the 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, if any, or by abandonment of his or her Lot.

10.5 Rights and Remedies of the Association.

10.5.1 Enforcement Rights. 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. The Board shall not be obligated to take action to enforce a provision of the Governing Documents if, in the exercise of its discretion, the Board determines that acting to enforce the provision is not likely to foster or protect the interests of the Association and its Members as a whole.

10.5.2 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.

10.5.3 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, 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, if any, on the Common Area. Except as provided in Section 10.7

below, imposition of sanctions shall be effective only after notice and an opportunity for 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 the members of such Owner's household and such Owner's tenants, Contract Purchasers, guests, pets, or other invitees.

10.5.4 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.

10.5.5 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 Rules 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: (a) an immediate and unreasonable threat to the safety of Residents of the Development; (b) a traffic or fire hazard; or (c) 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 or disciplinary action. Hearings with respect to such corrective or disciplinary action shall be in accordance with Section 8.1.4.5 of the Bylaws.

10.8 Alternative Dispute Resolution. Compliance with California Civil Code Sections 5925-5965 and 5900-5920 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 conform to Section 8.1.4 of the Bylaws.

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: (a) indemnify each and every other Owner; (b) to hold each and every other Owner harmless from; and (c) 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 MORTGAGEE PROTECTION

11.1 Right of Eligible Mortgagees. Notwithstanding any provision in the Governing Instruments to the contrary, and in addition to any other rights granted to Eligible Mortgagees hereunder, Eligible Mortgagees shall have the following rights.

11.1.1 Copies of Documents. The Association shall make available to Lot Owners and Eligible Mortgagees current copies of the Governing Instruments concerning the property and the books, records, and financial statements of the Association. "Available" means available for the inspection and copying, upon request, during normal business hours or under other reasonable circumstances.

11.1.2 Audited Statement. Eligible Mortgagees holding fifty-one percent (51%) or more of the first mortgages on the Lots shall be entitled, upon written request, to have an audited financial statement for the immediately preceding fiscal year prepared at their expense if one is not otherwise available. Such statement shall be furnished within a reasonable time following such request.

11.1.3 Notice of Action. Upon written request to the Association, identifying the name and address of the Eligible Mortgagee, and the Lot number or address, such Eligible Mortgagee will be provided notice of (i) loss or any casualty loss which affects a material portion of the Property or any Lot on which there is a first mortgage held by such Eligible Mortgagee; (ii) any default in performance of payment of assessments or charges owed by an Owner of a Lot, subject to a first mortgage held by such Eligible Mortgagee which remains uncured for a period of sixty (60) days; (iii) any lapse, cancellation, or other material modification of any insurance policy or fidelity bond maintained by the Association; (iv) any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in this Declaration. The Association shall discharge its obligation to notify Eligible Mortgagees by sending written notices required herein to such parties at the address given on the current request for notice, in the manner prescribed in Section 8.1.4 of the Bylaws.

11.1.4 Right of First Refusal. The rights of an Owner to sell, transfer, or otherwise convey its Lot shall be subject to any right of first refusal or similar restriction.

11.1.5 Priority of Liens. No breach of any of the covenants, conditions, and restrictions herein contained, nor the enforcement of any lien provisions herein, shall render invalid the lien of any first mortgage on any Lot made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any owner whose title is derived through foreclosure or trustee's sale, or otherwise. Each Eligible Mortgagee who comes into possession of the Lot by virtue of foreclosure of the mortgage, or any purchaser at a foreclosure sale under a first deed of trust, will take the Lot free of any claims for unpaid assessments and fees, late charges, fines or interest levied in connection therewith, against the Lot which accrue prior to the time such holder comes into possession of the Lot, except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Lots, including the mortgaged Lot, and except for assessment liens recorded prior to the mortgage.

11.1.6 Termination. Any election to terminate the legal status of the Subdivision as planned development after substantial destruction or a substantial taking in condemnation of the Subdivision must require the approval of Eligible Mortgagees holding first mortgages on Lots which have at least sixty-seven percent (67%) of the votes of the Lots, plus the approval of sixty-seven percent (67%) of the votes of the voting power of eligible votes of the members other than Declarant.

11.1.7 Reallocation of Interests. No reallocation of interest in the Common Area resulting from a partial condemnation or partial destruction of the Subdivision may be effected without the prior approval of Eligible Mortgagees holding first mortgages on all remaining Lots whether existing in whole or in part, and which have at least sixty-seven percent (67%) of the votes of such remaining Lots, plus the approval of sixty-seven percent (67%) of the votes of the voting power of the eligible votes of the Members other than Declarant.

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 officers of the Association and shall be Recorded.

12.2 Amendments by Board. 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 or to comply with a mandatory change in applicable federal, state or local legislation.

Certain provisions of this Declaration reflect legal requirements prescribed by Federal law, California law, and other governmental statutes and regulations. In the event that any such laws, statutes or regulations are amended, revoked, or supplemented, the Board of Directors may, by the affirmative vote of a majority of the directors present at a meeting at which a quorum has been established, amend the Declaration to reflect the underlying law, statute or regulation. The purpose of this provision is to provide the Members with notice of current legal requirements which affect their rights and obligations as they pertain to their Lot and membership within the Association.

The Board of Directors may, by the affirmative vote of a majority of the directors present at a meeting at which a quorum has been established, restate the Declaration when it has been properly amended pursuant to this Article. Any such restatement shall supersede any prior declarations and amendments in their entirety, but shall not affect the priority of any previous declarations or amendments in the chain of title to all Lots within the Development as established by the initial date of recordation of the original declaration for the Development. Such restatement may also:

12.2.1 Add, delete, or rearrange the text of the Declaration to maintain consistency with any amendments including, but not limited to, altering the title and numbering of the restatement;

12.2.2 Delete material that is no longer legally effective;

12.2.3 Add text which indicates that the Board of Directors has authorized the restatement and otherwise describes the background of the Development and the restatement process, and

12.2.4 Correct any errors or inaccuracies in the Declaration, including but not limited to, the legal description of the properties in the Development.

ARTICLE 13 GENERAL PROVISIONS

13.1 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.

13.2 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.

13.3 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.

13.4 Number; Gender. 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.

13.5 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.

13.6 Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges, and equitable servitudes contained in this Declaration shall run with and shall benefit and burden all of the real property subject to this Declaration, including without limitation the Lots and the Common Area, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors and officers, and their respective agents and successors in interest, for a term of thirty (30) years from the date of Recordation of this Declaration. Thereafter the term shall be automatically extended for successive periods of ten (10) years each, unless within the six (6) months prior to the expiration of the initial thirty (30) year term or any ten (10) year extension period a written instrument, approved by at least an Absolute Majority, terminating the effectiveness of this Declaration is Recorded.

IN WITNESS WHEREOF, Members of Rocky Bluffs Property Owners' Association, consisting of at least a majority of the total voting power of the Association, hereby affirm, approve, and adopt this Second Restated Declaration of Covenants, Conditions and Restrictions for Rocky Bluffs pursuant to Article 8 Section 3 of the First Restated Declaration by means of the signatures of the President and Secretary of the Association.

DATED: _____, 2014

ROCKY BLUFFS PROPERTY OWNERS' ASSOCIATION, a California nonprofit mutual benefit corporation

_____, President
(Print Name)

_____, Secretary
(Print Name)

Exhibit "A"

All of that certain real property located in the County of Butte and more particularly described as follows:

Rooky Bluffs Subdivision (the "Subdivision") and more particularly described in Butte County Assessor's Map Book 11, Page 68 (the "Map").

Annexation of Additional Property. The parcels designated "Phase 3" on the Map may be annexed to the Subdivision and become subject to this Amended Declaration as follows: The Phase 3 parcels may be annexed to and become a part of the Development, subject to this Declaration, and subject to the jurisdiction of the Association without the consent of the Association or its Members and without the assent of the owners of individual parcels comprising such property, on condition that the annexation and development of such parcels shall be in accordance with a plan of development approved by the Department of Real Estate of the State of California. Upon annexation, the Phase 3 parcels shall become subject to this Declaration without the necessity of amending individual sections thereof, pursuant to the Phase III Amendments adopted and approved by the Members on October 8, 2002.

Exhibit "B"

Architectural Rules

ARCHITECTURAL AND LANDSCAPE GUIDELINES

ROCKY BLUFFS

The primary goal of the Architectural and Landscape Guidelines is to provide each individual Lot/Home Owner with the required design criteria to achieve a high quality environment of custom single family homes that are aesthetically sensitive to the external influences and general character of Rocky Bluffs. These Guidelines have been developed to assist you in the design or remodeling of your home, to maintain the integrity and natural attributes of the surrounding environment, and to ensure the investment, security and enjoyment for the homebuilder.

In keeping with these objectives, it is the responsibility of each lot/home owner to review the Rocky Bluffs CC&R's and Architectural and Landscape Guidelines as well as all applicable governmental codes and regulations. In no way are the Guidelines intended to supersede any applicable statutes, codes, ordinances or regulations.

I) REVIEW AND APPROVAL PROCESS

- 1) In order to assist each Lot/Home Owner in the planning and design of his/her home, the Architectural Control Committee has been given the responsibility of reviewing all plans for any building, addition, wall, fence, painting of exterior surface or alteration of any Lot or structure. Although not mandatory, it is highly recommended that preliminary plans be submitted to ACC prior to drafting and processing of final plans in order to provide any guidance to the Lot/Home Owner and to minimize effort and money spent on designs, which do not conform to Rocky Bluffs Architectural and Landscape' Guidelines.
- 2) The design process is divided into two phases: the Preliminary Submittal and the Final Submittal.
- 3) Owners, their architects and/or builders shall present their plans to the Architectural Control Committee. Upon completion of the presentation, the Ace will review the plans in private and notify the applicant of its decision concerning any submitted plans and specifications and the reasons for such decision within fourteen (14) days. A list of deficiencies or corrections shall be noted in writing.

All decisions of the ACC are subject to review by the Board of Directors and may be appealed to the Board. Failure of the Architectural Committee to act within fourteen (14) days shall constitute an approval of the submittal.

II) PRELIMINARY PLAN SUBMITTAL

1) Preliminary Submittal shall include:

- a) **Site Plan:** Shall show lot boundaries, easements, setbacks, existing contours, all buildings, structures, fences, slopes and street right-of-way contiguous to the Lot. Show all dimensions on work to be considered, distances between existing and proposed work, and distances between proposed work and property lines. Show location of driveway and other permanent paving (walkways, patios, decks, built-in planters, etc.)
- b) **Grading and Drainage Plan:** Show existing contours and proposed sites grading and drainage. Include any proposed tree removal.
- c) **Roof Plan and Floor Plans (Min. scale 1/8":1'0"):** Shall show slope and pitch of roof.
- d) **Exterior Elevations:** Show existing and proposed grade lines and all exterior materials and proposed materials.

- 2) The ACC will review the Preliminary Plan Submittal and notify applicant of its decision *and/or* recommendations.

III) FINAL PLAN SUBMITTAL

1) Final Plan Submittal shall include:

- a) **Two (2) Complete Sets of Specifications (Min scale 1/4":1"0")** -Indicate all walls, columns, openings and any conditions or feature that will affect the design of the building. Dimension accurately all items and parts of plans and details, including balconies, decks, atriums, garages, storage buildings, square footage of total living area of residence, pools, recreation areas, patio covers, etc. Show plan of proposed roofs with slope and pitch, ridge heights above pad elevation.

- b) Site Plan (Two (2) Complete Sets of Specifications)** -Show lot lines, including length, angles and amount of curve. Show all buildings, structures, fences, setbacks, slopes and street right-of way contiguous to the Lot. Show all dimensions on work to be considered, distances between existing and proposed work and distances between proposed work and property lines. -Show fences, walls, trellises, arbors, gazebos, and grading. - Show driveway and additional parking spaces.
- c) Grading Plan** -Show existing contours and proposed changes to finished grade, including all existing oak trees.
- d) Color Sample Board** -Show samples of all exterior materials and colors, window and glass specifications, roofing material and colors.
- e) Time Schedule** -An approximate time schedule indicating approximate startup and completion of construction and landscaping dates.
- f) Building Permits** -It is the responsibility of the Owner and/or Builder to obtain a building permit from the County. Construction shall be in accordance with the Final Approval of the Architectural Control Committee. Any changes to the approved drawings before, during or after construction must be submitted to the Architectural Control Committee.
- g) Approval/Disapproval** -Upon receipt of the complete Final Submittal¹ the Architectural Control Committee will review the submittal for conformance to the Architectural Guidelines and to any preliminary approval stipulations and provide a written response to the Owner along with any additional stipulations required for approval. In the event of disapproval by the Architectural Control Committee of either a Preliminary or a Final Submittal, any resubmission of drawings must follow the same procedure as the original submittal.
- h) Plan Expiration** -Foundation must be completed within one year of plan approval, or new approval is required.

IV) ARCHITECTURAL CONTROL

1) Architectural and Design Approval: No site modifications, buildings, addition, wall, fence, painting of exterior surface or alteration shall be begun; constructed, maintained or permitted to remain on any Lot or structure, or on the Common Area until complete plans and specifications of the proposed work have been submitted to and approved by the Architectural Control Committee. The Committee shall review all such proposals to judge whether they are compatible with the standards of design, construction and quality of the property and, if they are not, to require that changes be made before approval.

a) Any improvement may be repainted without approval of the Architectural Control Committee as long as it is repainted the identical color, which it was last painted.

2) Excavation Fill: Except as is reasonably necessary for the construction, reconstruction or alteration of any improvement, any excavation or fill and change in the natural or existing drainage for surface or subsurface waters, or from removing or destroying any living tree having a height of six (6) feet or more and having a trunk measuring three (3) inches or more in any diameter at ground level is prohibited unless prior approval has been received from the Architectural Control Committee.

3) Residential Use: No lot shall be used for any purpose other than single-family residential purpose. No business of any kind shall be established; maintained, operated, permitted, or conducted upon any Lot except such professional and administrative professions as may be permitted by applicable governmental ordinances and provided that there shall be no external evidence thereof.

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

a) **Driveways:** Paved individual driveways, shall be tied into Rocky Bluffs' private roadways in a workmanship-like manner.

5) **Heating/Air Conditioning Equipment:** All air conditioning, heating equipment, compressor units and soft water tanks must be screened from view and insulated for sound attenuation. Air conditioning units are not permitted on roofs.

6) **Swimming Pool Equipment:** Pool heaters and pumps must be screened from view and sound insulated from neighboring homes in a material compatible with the main building.

V) BUILDING SETBACKS

1) **Minimum Front Setback:** All residential structures (front facade of house and/or garage) shall be set back from the center of the street a minimum of fifty feet (50). Front setbacks shall be offset forward or back of adjacent homes to achieve a varied and well articulated visual street scene and subject to approval of the Architecture Control Committee.

2) **Side Yard Setback:** Side yards are areas *along* any property line that is contiguous to any two adjacent lots. On some internal lots this condition may preclude the existence of any rear yard setback requirement. Side Yards are the areas bounded by the common property line and a "Side Yard Setback Line" parallel to the common property line at a distance of fifteen feet (15'). Side yard setbacks for Phase III, refer to HOME POSITION/BUILDING ZONE AND HEIGHT GUIDELINES

3) **Rear Yard Setback:** Refer to Phase III (HOME POSITION/BUILDING ZONE AND HEIGHT GUIDELINES)

VI) BUILDING EXTERIORS

1) **General Exterior:** Building faces shall be varied in placement, size and material to avoid visual monotony. Architectural articulation of building faces and roof planes shall be accomplished through the introduction of sub-elements such as projections, roof overhangs, building face trims, recessed doorways, bay windows or entry courts.

- 2) **Two Story Structures:** In two story structures, varied and horizontally offset floor plans shall be used to produce exterior building and roof plane articulation. Scale and vertical transition shall be created in the front of the structure. This eliminates a continuous two-story vertical building plane.
- 3) **Vents, Pipes, Gutters, etc.:** All bare metallic surfaces, other than copper (vents, pipes, gutters, flashing, etc.) shall be painted or covered from view in a manner harmonious with the general exterior architectural treatment of the building.
- 4) **Flashing:** All flashing and sheet metal must be colored to match the material to which it is attached.
- 5) **Windows:** Windows shall be factory painted to match the house or trim. The use of many different styles of windows on one building plane shall not be permitted.
- 6) **Flues:** Exposed metal flues are not permitted.
- 7) **Exterior Finishes:** No prefab panel exteriors are allowed. No secondhand materials except used brick shall be used in construction of any building or structure without the prior written approval of the Architectural Control Committee.

VII) ROOFS

- 1) **Roofing Material:** Roofing material shall be mission tile, clay fired flat tile slate or concrete flat tile. Composite or metal will need prior written approval of the Architectural Control Committee.
- 2) **Solar Panels:** No solar panels shall be allowed without the express approval of the Architectural Control Committee.
- 3) **Skylights:** Skylights are permitted and shall be designed as an integral part of the roof. Skylight framing shall be bronze anodized or colored to match adjacent roof.
- 4) **Vent Stacks and Pipes:** All vent stacks and pipes must be colored to match the roof or wall material from which they project.

VIII) ARCHITECTURAL FEATURES/ACCESSORY STRUCTURES

- 1) **Garage Doors:** It is encouraged that garage doors be placed on the side of the house if architecturally feasible. All garage doors shall be of a roll-up sectional type door. No hinged type of garage door shall be allowed. A minimum of two car

garage is required; three is recommended.

2) Decks and Patio Covers: Decks and patio covers shall be constructed of a material compatible with the main building. Exposed deck under structure shall be screened with materials compatible with main residential structure. No exposed stilt construction of a deck shall be permitted.

3) Personal Utility Storage Sheds: Personal utility storage sheds and garden buildings shall be constructed of a material compatible with the main building and completely screened from adjacent properties, streets and neighborhood views. No personal utility storage shed or garden building shall be constructed without the approval of the Architectural Control Committee.

4) Satellite Dishes: Satellite dishes larger than 18 inches, must be screened from view and not be visible from the street and are subject to approval of the Architectural Control Committee. No satellite dish may exceed thirty-six inches (36") in diameter.

5) Solar Panels and Wind Generators: No solar panels or wind generators shall be allowed on any lot without the expressed approval of the Architectural Control Committee.

IX) DRAINAGE

1) Drainage Flow: Surface drainage shall not drain to adjoining lots or open spaces except as established by natural drainage patterns, nor cause a condition that could lead to soil or road erosion.

2) Irrigation: All plantings and irrigation systems on the property shall be designed and maintained so as to *minimize* water run off to adjoining properties.

X) LANDSCAPING

1) Landscaping Plans: Landscaping must be installed around the residence in the front yard area within twelve (12) months after final approval from the county of the residence.

2) Fences: No fence shall be located from the street to the front of the building face. Fences and walls shall be constructed of a similar or compatible material as that used on the main residence. The Architectural Control Committee shall review Fencing and wall materials used other than that used on the main

residence.

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

XI) CONSTRUCTION GUIDELINES

- 1) **Owner Responsibility:** Owners are responsible for the conduct and behavior of their agents, representatives, builders, contractors and subcontractors.
- 2) **Hours of Activity:** No construction work may start before 7:00 a.m. or continue after sunset. In general, all deliveries, loading, unloading and hauling will adhere to the hours of operation between 7:00 a.m. until 4:30 p.m.
- 3) **Fire Control:** Temporary water service shall be operational prior to commencement of any work and approved hose coil shall be maintained operational continuously for the duration of the work. At least one 10-pound ABC rated dry chemical fire extinguisher shall be present and available in a conspicuous place on the construction site at all times. Smoking shall be allowed only in one designated area within ten feet of the water hose reel.
- 4) **Sanitary Facilities:** Portable chemical toilet facilities must be in place on the site, at an approved location, at the time construction work is commenced. These facilities shall be regularly emptied. Such facilities must be removed when construction is completed, or if construction is halted for more than 30 days.
- 5) **Debris and Trash Removal:** Litter and trash must be controlled and properly disposed. Unsightly dirt, mud, or debris resulting from activity of each construction site shall be promptly removed and the general area dean. Construction trash containers must be in place on the site, at an approved location, at the time construction commences and shall be regularly emptied and serviced. Such facilities must be removed when construction is completed, or if construction is halted for more than 30 days. Builders shall clean up all trash and debris on the construction site, and any rock, heavy mud, gravel, etc. tracked or dropped onto our streets at the end of each day. Lightweight material, packaging and other items shall be covered or tied down to prevent them from blowing off the construction site. Builders are

prohibited from dumping, burying or burning trash.

6) Vehicle and Access requirements: Construction crews shall not park on, or otherwise use, other Lots or any open space. Private and construction vehicles and machinery shall be parked only within the limit of the work area and shall be parked so as not to inhibit traffic. Equipment must be removed if construction is halted for more than thirty (30) days.

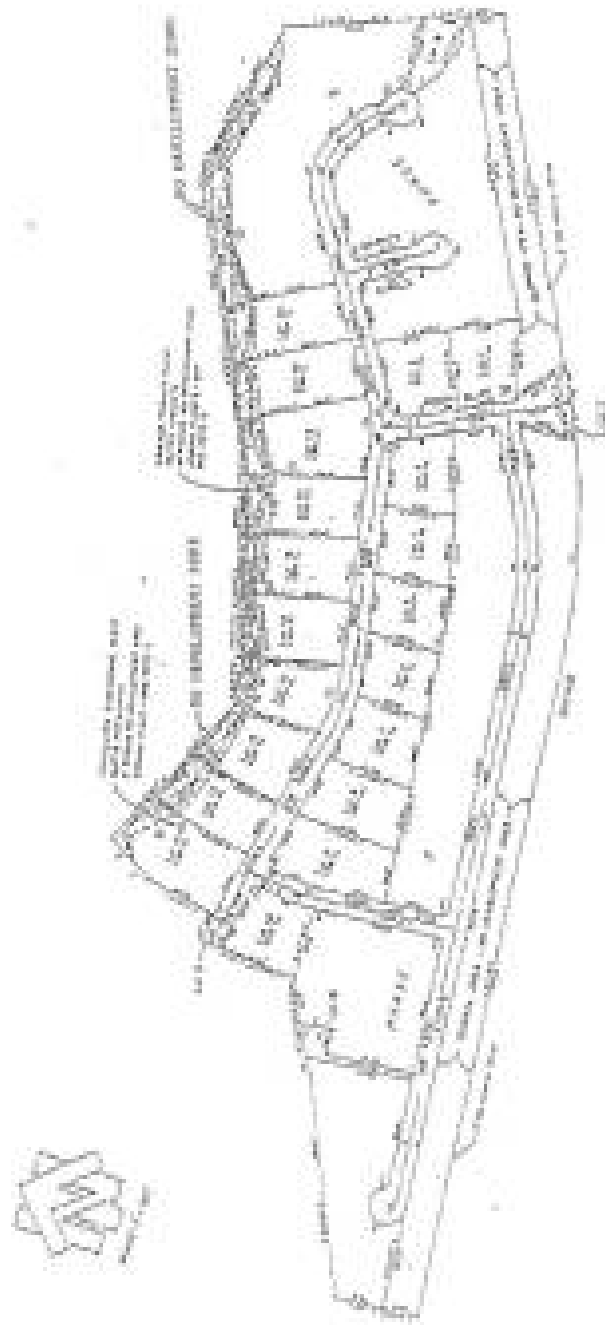
7) Dust and Noise Abatement: The Builder shall be responsible for controlling dust and noise. All noise abatement laws of the City of Chico Municipal Code will be adhered to during construction. Radios and other audio equipment are not to be audible from any lot other than the present site of construction.

8) Entrance Gate: Owners and Builders are requested to be considerate of residents with respect to the gate at the entrance. A code may be called in to keep the gate open 1 (one) hour at a time. Otherwise other arrangements need to be made to accommodate contractors.

Revised 7/21/09
Approved 8/23/09

Exhibit "C"

(See 1992 Declaration, Exhibit "D" for better image)



If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, 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."