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THE GLENSHIRE/DEVONSHIRE
RESIDENTS' ASSOCIATION, INC.
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(Space Above For Recorder's Use)

THIRD RESTATED DECLARATION

OF

COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

GLENSHIRE/DEVONSHIRE

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THIRD RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR GLENSHIRE/DEVONSHIRE

This Third Restated Declaration of Covenants, Conditions, and Restrictions for Glenshire/Devonshire is made by The Glenshire/Devonshire Residents' Association, Inc., 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 Nevada County, State of California commonly known as Glenshire/Devonshire (the "Development") and more particularly described in as follows:

> UNIT 1: Lots 1 through 111, inclusive, as shown on the official map of said Subdivision, filed as GLENSHIRE Unit 1, for record in the Office of the Nevada County Recorder, State of California, on July 2, 1969 in Book 3 of maps at page 32.
>
> UNIT 2: Lots 1 through 262, inclusive, as shown on the official map of said Subdivision, filed as GLENSHIRE Unit 2, for record in the Office of the Nevada County Recorder, State of California, on September 30, 1969 in Book 3 of maps at page 41.
>
> UNIT 3: Lots 1 through 211, and 213 through 388, inclusive, as shown on the official map of said Subdivision, filed as GLENSHIRE Unit 3, for record in the Office of the Nevada County Recorder, State of California, on December 30, 1969 in Book 3 of maps at page 46.
>
> DEVONSHIRE: Lots 1 through 322, and 326 through 600 as shown on the official map of said Subdivision, filed as DEVONSHIRE, for record in the Office of the Nevada County Recorder, State of California, on July 28, 1971 in Book 4 of maps at page 24.

B. The original developer of the Development, Innisfree Corporation, a California corporation and General American Development Corporation, a California corporation, executed a document entitled "Declaration of Protective Restrictions Glen Shire Unit No. 1", that was recorded on July 3, 1969, in Book 479 Page 600, in the official records of Nevada County, California, as amended by those amendments set forth in Exhibit "A", attached hereto and incorporated here (collectively, the "Original Declaration").

C. The Original Declaration was restated by the "First Restated Declaration of Covenants, Conditions and Restrictions for Glenshire/Devonshire", that was recorded on May 7, 1998, as Document Number 98013466, in the official records of Nevada County, California ("First Restated Declaration"). The First Restated Declaration was subsequently restated by the "Second Restated Declaration of Covenants, Conditions and Restrictions for Glenshire/Devonshire", that was recorded on April 9, 2014, as Document Number 20140006464, in the official records of Nevada County, California ("Second Restated Declaration").

D. The Second Restated 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.

E. At least a majority of the Members voted to amend, restate, and supersede the Second Restated Declaration pursuant to Section 16.01(b) of the Second Restated Declaration.

NOW, THEREFORE, it is hereby declared as follows:

1. The Second Restated Declaration is hereby amended, restated, and superseded in its entirety to read as set forth in this Declaration.

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

ARTICLE 1 DEFINITIONS

1.1 Absolute Majority. "Absolute Majority" shall mean a majority of the Members 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 Rules. "Architectural Rules" shall mean the rules and regulations adopted by the Board pursuant to Section 9.5 of this Declaration.

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

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

1.5.1 Regular Assessments, which shall have the meaning set forth in Section 6.5 of this Declaration.

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

1.5.3 Special Individual Assessments, which shall have the meaning set forth in Section 6.7 of this Declaration.

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

1.6 Association. "Association" shall mean The Glenshire/Devonshire Residents' Association, Inc., a California non-profit mutual benefit corporation, its successors and assigns.

1.7 Association Rules. "Association Rules" or "Rules" shall mean rules and regulations regulating the use and enjoyment of the Common Area which may be adopted by the Board from time to time.

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

1.9 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.

1.10 Common Area. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and Residents of the Development.

1.11 Common Facilities. "Common Facilities" shall mean all facilities constructed or installed, if any, or to be constructed or installed, or currently located on the Common Area and owned by the Association; including, without limitation, the clubhouse, swimming and wading pools, tennis courts, play area, picnic area, open space areas, and the trees, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures, and other facilities located in the Common Area.

1.12 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.

1.13 County. "County" shall mean the County of Nevada.

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

1.15 Design Review Committee. "Design Review Committee" shall mean the committee created pursuant to Article 9 of this Declaration.

1.16 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.

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

1.18 Exclusive Use Common Area. "Exclusive Use Common Area" shall mean those portions of the Common Area set aside for exclusive use of a Lot Owner or Owners (to the exclusion of other Owners), and shall constitute "exclusive use common area" as defined in California Civil Code Section 4145. At this time this Declaration was recorded, no such Exclusive Use Common Area exists.

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

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

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

1.22 Member. "Member" shall mean an Owner.

1.23 Mortgage. "Mortgage" means any security device encumbering all or any portion of the Development, including any deed of trust. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

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

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

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.

1.28 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, or (b) cast by written or secret ballot (in conformity with California Corporations Code Section 7513 or Civil Code Sections 5100 through 5125, respectively) in which the number of ballots received equals or exceeds the number required to establish a quorum.

1.29 Subdivision Map. "Subdivision Map" shall mean the Recorded subdivision map for the Development.

1.30 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 (1) vote for each Lot.

ARTICLE 2 COMMON AREA

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

2.2.3 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.

2.2.4 The right of the Board to sell, dedicate, or transfer all or any part of the Common Area, subject to the requirements of Section 5.8 and Section 5.9.

2.2.5 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.

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

2.2.7 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, in which case 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.

2.2.8 The right of the Association to establish, construct, maintain, repair, and replace facilities upon the Common Area including without limitation recreation facilities, storage

facilities, and workshops, which may be necessary or convenient in the discharge of the Association's duties and the exercise of its rights under the Governing Documents.

2.2.9 The right of the Association to grant exclusive use of a portion of the Common Area to an Owner, if approved by an Absolute Majority of the Members, except as provided by law.

2.3 Assignment of Rights of Use. Any Owner may assign his or her rights of use and enjoyment, including easements, in the Development to the members of his or her 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 Damage to Common Area or Association Property. An Owner is responsible for the cost to repair any damage caused to any Common Area, including Exclusive Use Common Area, if any, which is caused by the negligence, gross negligence, or willful misconduct by the Owner or the Owner's tenants, residents, or invitees. In the event that the Association elects to submit a claim to its insurance provider for the cost to repair said damage, the Association may charge the cost of the deductible and any increased premiums to the Owner as a Special Individual Assessment.

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

2.6 Mechanic's Liens. In the event there shall be filed 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

Special Individual Assessment against the Owner responsible for causing the lien to be discharged in an amount equal to all amounts paid by the Association together with interest thereon at the legal rate and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees.

ARTICLE 3 EASEMENTS

3.1 Easements in General. In addition to all easements reserved and granted on the 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 Easements for Utilities. Easements over and under the Development or any portion thereof for the installation, repair, maintenance, and replacement of (a) electric, telephone, water, gas, and sanitary sewer lines, meters, and facilities, (b) cable lines and facilities, (c) drainage facilities, (d) walkways, and (e) landscaping, as shown on the Subdivision Map, and as may be hereafter required or convenient to service the Development, are reserved by and shall exist in favor of the Association, together with the right to grant and transfer the same. The Association shall maintain all utility installations located in the Common Area except for those installations maintained by public or private utility companies. There shall be no obstruction of the easements.

3.3 General Association Easements for Maintenance, Repair and Replacement. The Association shall have an easement in, on, over, or under every Lot as reasonably necessary to (a) maintain and repair the Common Area, (b) perform maintenance upon a Lot which is not performed by its Owner as provided by Section 8.4 and Section 8.6, and (c) otherwise perform its obligations under this Declaration.

3.4 Entry for Repairs. The Board may authorize its agents and employees to enter upon any Lot when necessary in connection with any maintenance, landscaping, or construction for which the Association is responsible and to effect emergency repairs, or to effect necessary repairs which the Lot Owner has failed to perform as required by this Declaration, in which case such entry shall be made with as little inconvenience to the Owner as practicable and any damage caused thereby shall be repaired by the Board at the expense of the Association. In the case of repairs the Owner has failed to perform, except in case of an emergency, twenty-four (24) hour advance notice shall be given to the Owner or occupant.

3.5 Easements Granted by Board. The Board shall have the power to grant and convey to any person or entity licenses, 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, and (b) for any other purposes deemed by the Board to be appropriate and not inconsistent with the purposes and interests of the Association. Each purchaser, in accepting a deed to a Lot, expressly consents to such easements and rights of way. No such easements may be granted if they would unreasonably interfere with the use, occupancy, or enjoyment by an Owner or Resident of his or her Lot without the consent of the affected Owner of the Lot.

ARTICLE 4 USE RESTRICTIONS

4.1 Single Family Residential Use. Except as specifically provided in Section 4.3, below, 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. Notwithstanding the preceding, if any Lot is owned by two (2) or more co-tenants as tenants in common or as joint tenants, this Section shall not be deemed to prevent a judicial partition by sale as between such co-tenants

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

4.3.1 Those professional and administrative occupations as may be permitted by, and which are conducted in conformance with, all applicable governmental ordinances provided that there is no external evidence thereof, and further provided that the Board may, in its complete discretion, prohibit the conduct of any such activities which the Board determines to be incompatible with the nature and character of the Development or which, in the Board's opinion, may or does otherwise negatively impact the quality of life and property values within the Development. The Board may also adopt Rules regulating the conduct of such occupations. An Owner's renting or leasing of a Lot subject to the term of Section 4.30 shall not constitute a "business" for the purpose of this Section 4.3.

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 Owner shall permit noise, including but not limited to the barking of dogs or excessively loud music, to emanate from the Owner's Lot, which would unreasonably disturb a Resident's enjoyment of their 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. Additionally, no Resident shall permit any noxious odors, including without limitation marijuana, to emanate from the Owner's Lot which would unreasonably interfere a Resident's enjoyment of their Lot or the Common Area. Nothing in this Section shall be construed to limit the Association's ability to discharge its duties in accordance with the Governing Documents or otherwise manage the Development.

4.5 Use of the Common Area. All use of the Common Area is subject to the Governing Documents. No alterations or additions to the Common Area shall be made except as authorized by the Board pursuant to Section 2.5. Nothing shall be placed, kept, or stored on the Common Area without the prior written consent of the Board, except by the Association. Without limiting the foregoing, no Owner shall place rubbish, debris, or other unsightly or unsanitary materials on the Common Area, or discharge soil or water on the Common Area. Each Owner shall avoid causing damage to the Common Area.

4.6 Requirement of Architectural Approval. As addressed in greater detail in Article 9, construction, installation, modification, or alteration of buildings, outdoor structures, fences, awnings, outdoor lighting, landscape, and all other exterior Improvements are subject to approval of the Design Review Committee.

4.7 Wetlands or Tributaries. As of the date this Declaration is Recorded, no new Improvements may be constructed, nor shall any grading (excavation or placement of fill) occur, within wetlands or tributaries within any Lot except by following the principles stated in the Town Development Code Sections 18.30.050 and 18.46.040 (even if any of those principles are eliminated by future Code amendments). Required wetland protection principles include, but are not limited to, Town requirement for a Minor Use Permit, wetland delineation, design of projects to preclude adverse wetland impacts, avoidance unless there is no feasible alternative, mitigation at a ratio of 1.5:1, and compliance with all applicable federal and state regulations. The requirements of this Section 4.7 are applicable to all Improvements whether the same requires a building permit or not.

4.8 Landscaping. The vegetation and landscaping on any Lot shall be planted or maintained by the Owner or resident in such a manner as to reduce the risk of fire, prevent, or retard shifting or erosion of soils, and encourage the growth of indigenous ground cover. Soil and landscaping shall be maintained so as to encourage infiltration of incident precipitation and snowmelt. Each Owner shall comply with all municipal codes and regulations with respect to water runoff.

4.9 Defensible Space. Each Owner shall maintain defensible space in accordance with Town of Truckee ordinances and state law, as amended. Live or dead vegetation on unimproved Lots shall be maintained to minimize fire risk to nearby parcels and Common Area by means of substantial reduction of the shrub layer and nonliving ground level fuels, removal of all dead and dying trees of any size, removal of any small diameter ladder fuels, removal of tree branches that extend below eight (8) feet above the ground, and, if necessary, thinning of trees with diameter of less than ten (10) inches measured at three (3) feet above the ground, with a general guideline of achieving a remaining tree spacing of fifteen (15) to twenty-five (25) feet.

4.10 Machinery and Equipment. Small tractors and other machinery or equipment (including construction equipment) can be maintained on a Lot so long as the machinery or equipment can be stored within the Owner's garage or carport or in an area screened from view from neighboring Lots or from adjacent streets.

4.11 Window Coverings. Windows, if covered, shall be covered by drapes, shades, wood blinds, or shutters. Windows shall not be painted or covered by foil, decorative window film, cardboard, or similar materials.

4.12 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 required for traffic control and regulation of streets or open areas within the Development; (f) signs on the Common Area as approved by the Board for a purpose reasonably related to the affairs of the Association; and (g) 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.

4.13 Antennas; Roof Projections. No outside mast, tower, pole, antenna, or satellite dish shall be erected, constructed, or maintained within the Development or on any Common Area 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 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 mast, tower, pole, antenna, or satellite installed by him or her within the Development and shall indemnify and reimburse the Association for 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 of this Declaration. Owners shall submit a request to the Design Review Committee before installing such devices, which shall be responded to in accordance with California and federal law.

4.14 Trash. No refuse pile, garbage, obnoxious, or offensive material shall be allowed to be placed or to remain anywhere within the Development and the Owner of any Lot or Residence shall cause all refuse and other like material to be stored and disposed of by and in accordance with the accepted sanitary practice. In the event that the Owner of any Lot fails or refuses to keep the Lot or exterior premises of the Owner's Residence free of all refuse piles or other unsightly growth or objects, then the Association or their successors and assigns, have the right to enter upon the land and remove the same at the expense of the Lot Owner who shall repay the same on demand and such entry shall not be deemed as trespass. Any entry by the Association shall be effected in accordance with Section 3.4.

4.15 Burning. Burning shall be permitted on Lots only in compliance with all local governmental fire safety and permit regulations. No Owner or Resident shall permit any condition to exist on his or her Lot, including, without limitation, trash piles, or weeds, which create a fire hazard or is in violation of local fire regulations. The foregoing restrictions shall not prohibit barbeques in conventional receptacles or the installation of a gas log fire pit so long as the pit's structure, design and placement are approved by the Design Review Committee. Owners shall comply with all relevant municipal, state, and other regulations and ordinances, including without limitation those relating to fires, gas firepits, shutoff valves, and so forth.

4.16 Location of Trash Containers and Propane Tanks. All garbage or trash containers, including recycling and green waste bins, propane tanks, and other such facilities must be placed in walled-in or screened areas so that they shall not be visible from any adjoining Lot or from the streets and so that the same shall be protected from vandalism and upset. The location of tanks and storage areas shall be approved by the Design Review Committee and shall comply with all applicable local, State, and Federal regulations. All garbage, trash, recycling, green waste, and other containers must be removed from the street within twenty-four (24) hours of garbage day pickup.

4.17 Waste Disposal Systems. No Residence shall be occupied until the same shall be connected to the Development's sewage system. Residents may place and maintain portable toilets within their Lots during Association-approved construction projects, and for special one-time events pursuant to, and in compliance with the conditions of, a permit issued by the Town. In the latter case, the portable toilet must

be removed during the first business day following the event, and may be present on the Lot during a maximum of five (5) calendar days. The Association may place and maintain portable toilets in the Common Area including the clubhouse, pool, and tennis courts, or in other Common Area during Board-approved construction or fuel management projects.

4.18 Mailboxes. Mailboxes which meet the U.S. Postal Service size and construction standards and which display identifying numbers do not require Committee approval. All other styles of mailboxes must be approved by the Committee and must comply with the Association Rules. The Association is not responsible for damage to any mailbox.

4.19 Use of Plastic Storm Window Covers. The exterior use of plastic (i.e., visqueen, etc.) for storm windows and doors must be maintained in good repair.

4.20 Storage of Personal Property and Construction Materials on Lots. Personal property on any Lot shall be stored in a neat and organized manner. No construction materials or other personal property shall be permitted on any unimproved Lot, unless the materials are being stored in connection with a pending construction project that has received proper Design Review Committee approval. Tarps may be temporarily placed on a Lot during an ongoing Association-approved construction or landscaping project to account for precipitation, windy conditions, and safety reasons. Fire-resistant tarps (meeting NFPA 701, CPAI-84, and California Title 19, or a functionally equivalent future standard) that neatly and fully enclose wood piles and are of a neutral color are allowed.

4.21 Clotheslines. No exterior clothesline shall be erected or maintained on any portion of a Lot other than in the back or side yard, so long as the clotheslines are not visible from the street.

4.22 Antennas and Similar Devices. Owners are entitled to maintain antennas on their residences which are designed for customary television and radio broadcast reception; provided however that the location of any exterior antenna or satellite dish shall be subject to the prior approval of the Architectural Committee. The Architectural Rules may also include specifications for satellite dishes, painting and screening requirements, to the full extent permitted by law. Furthermore, no activity shall be conducted on any Lot which causes an unreasonable broadcast interference with television or radio reception on any neighboring Lot.

4.23 Excavation. No work or exploration for any minerals or drilling for any minerals or mining of any minerals or quarrying of any rock, minerals, soil, or mineral of any nature shall be conducted on any Lot nor shall any excavation of any nature be made upon the Development or any portion hereof, except as provided above in Section 2.5 or in connection with the installation of utility service, drainage lines, or excavation incident to the grading of building sites or other Improvements. Underground utility trenches shall be dug so as to minimize damage to adjacent natural vegetation. Excavation and grading in connection with the construction of Improvements are subject to the Design Review Committee review requirements of Article 9; however, the Architectural Rules may exempt landscaping, the addition of on-site parking areas, or other minor projects. Excavation may commence at any time after the expiration of the appeal period following Design Review Committee approval if no appeal of the project has been received consistent with Article 9, or after completion of the appeal process consistent with Article 9. Excavation and grading must comply with state law and local ordinances.

4.24 Permitted Hours of Construction Activity. Without the prior written consent of the Association. construction activities and equipment maintenance shall take place only between the hours of 7:00 A.M. and 7:00 P.M., Monday through Friday and 8:00 A.M. to 5:00 P.M. on Saturday and Sunday.

Non-noise generating construction activity, such as interior painting. etc., shall not be subject to these restrictions.

4.25 Permanent Exterior Lighting and Fixtures.

4.25.1 Exterior structure lighting shall be minimized with an emphasis on safety and shall be consistent with the architectural design and overall light levels shall be compatible with the neighborhood light level with emphasis on a few well placed, low intensity lights from which the direct light source is not visible. All exterior lighting shall comply with applicable municipal code.

4.25.2 Security lighting is allowed if it is installed with an infrared or motion detector and a timer. The on-cycle·for such lighting shall not exceed one (1) minute. Detectors shall not be triggered by activity in public areas, rights-of-way, Common Area, or from neighbor's property. Lights shall not blink, flash, or change intensity. Outdoor security lights must be enclosed in a manner that directs the light in a specified area without trespassing upon neighboring properties or public rights-of-way in a fully shielded illuminator. For the purposes of this subsection, the word "trespassing" means being able to see a shadow anywhere on the neighboring property or public right-of-way which is created by such light.

4.25.3 Both exterior structure lighting and outdoor security lighting shall be of a design and installed so as to prevent light trespass into neighboring Lots, Common Area, or public right-of-way. For the purposes of this section, the term "light trespass" means being able to see a shadow anywhere on the neighboring Lot, Common Area, or public right-of-way which is created by such light.

4.25.4 The Board may adopt additional exterior lighting Rules as defined in Sections 1.3 and 9.5.

4.26 Holiday Lighting. Holiday decorative lighting on the exterior of a Lot is permitted on a temporary basis so long as the lighting is removed within fourteen (14) days following the holiday or season to which the lights pertain.

4.27 Vehicles and Parking.

4.27.1 Limitations Applicable to Specific Vehicles. No boat or other watercraft, truck, motor home, travel or camping trailer, or any other recreational vehicle shall be parked anywhere within the Development unless parked within an enclosed garage or other enclosed storage area, or, if not in an enclosed garage, then upon a surface improved to prevent erosion and sediment-containing runoff, in a location that is subject to approval by the Design Review Committee. For purposes herein, "truck" does not include a pickup truck or sports utility vehicle that does not exceed three-quarter (3/4) ton. All recreational vehicles and watercraft parked on a Lot must be owned and registered to an Owner or Resident of the Lot.

4.27.2 Inoperable Vehicles. No dilapidated or inoperable motor vehicle shall be kept, placed, maintained, constructed, reconstructed, or repaired upon any Lot or the Common Area within the Development in such a manner as will be visible from the Common Area

or any adjacent Lot; provided, however, that the provision of this Section shall not apply to emergency vehicle repairs.

4.27.3 Parking. All vehicles shall be parked within a garage or driveway on a Lot, or on the street in the Development, in a neat and orderly manner.

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

4.27.4.1 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 Special Individual Assessment against the Lot Owner responsible or whose household members, tenants, Contract Purchasers, or guests are responsible for the presence of such vehicle.

4.27.4.2 To fix and impose fines for violations of this Section in accordance with Section 10.5.2 of this Declaration and the Bylaws.

4.28 Temporary Structures. No temporary structures of any kind, including without limitation shacks, temporary garages, or any other temporary structure shall be used as a residence on any Lot, except during active construction of a permanent Residence on a Lot. Long-term camping on a Lot for a period of more than fourteen (14) days is prohibited.

4.29 Animals.

4.29.1 Household Pets. No animals, livestock, fowl, or poultry of any kind shall be raised, bred, or kept on any Lot, except that a reasonable number of dogs, cats, or other household pets may be kept, provided they are not kept for any commercial purpose and are kept in such a manner as not to constitute a nuisance to other Owners or occupants. This provision shall not apply to chickens, pot-bellied pigs, aquarium type fish, reptiles, or small caged animals, such as hamsters and birds kept within the Residence at all time.

4.29.2 Horses. On Lots in Unit 1 of the Development (as defined in Recital "A" of this Declaration) that are at least one (1) acre in size, Owners thereof may keep and maintain horses or other equine species under the conditions described in this Section. For Lots that are (a) located outside of Unit 1 of the Development, and (b) are at least one (1) acre in size, horses or other equine species may be maintained thereon (subject to the following conditions) only if the prior consent of the Board is obtained and the Board receives no objections from adjacent neighbors.

4.29.2.1 Not more than two (2) animals of equine species may be kept or maintained on any Lot of one (1) acre or more at any one period of time.

4.29.2.2 The area on the Lot where equines are kept and maintained shall be completely and adequately fenced.

4.29.2.3 All corrals, fences, and other structures used in connection with the keeping and maintenance of horses shall be located consistent with applicable local governmental set-back requirements or set-back requirements imposed by the Association pursuant to this Declaration and the Architectural Rules, whichever restrictions are most strict. Owners of equine livestock shall manage corrals so as to prevent elevated levels of nutrients from reaching Common Area waters via ground or surface water.

4.29.2.4 No equines shall be kept or maintained for any commercial purpose or in any manner so as to constitute a nuisance or in any manner which may violate any law or regulation.

4.29.3 Chickens and Coops. Owners shall comply with all relevant municipal, state, and other government regulations regarding chickens and chicken coops. For the purpose of alleviating any attractive nuisance, Owners are required to comply with the architectural provisions in Article 9 with respect to the construction of any chicken coop on their Lot.

4.29.4 Owner's Responsibility for Animals. The Board shall have the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to animals. 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.

4.29.5 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, what constitutes a reasonable number of pets, and restrictions on breed and size.

4.30 Lease of Lots. An Owner shall have the right to rent his or her Lot subject to the provisions of the Governing Documents, notwithstanding any contrary provision in this Declaration, the rental of Lots shall be in accordance with the following provisions:

4.30.1 Leasing of Lots, Generally. Any Owner may delegate, in accordance with and subject to the Association's Governing Documents, their right in and to the use and enjoyment of the Common Areas to their family members, tenants, lessees, or contract purchasers who reside on their Lot; provided that any lease or rental of their Lot may be only for residential use and in accordance with Section 4.1 of the Declaration. The terms

"rent(al)" and "lease" may be used interchangeably throughout this Declaration and throughout this Section, but the meaning and legal effect of the terms "rent(al)" and "lease" shall be same. The terms "rent(al)" or "lease," as used herein, shall be deemed to include, without limitation, any agreement or arrangement between the Owner and any other person under which the right to use, occupy, or possess any Lot, Lots, or portion thereof or residence thereon in the Development for value exchanged, whether monetary, services, property, or otherwise, according to a fixed or floating interval or period of time.

4.30.2 Lease and Rental Agreements. Any lease or rental of a Lot shall be in writing and the written agreement shall expressly provide: (a) that it is subject to all provisions of the Association's Governing Documents, (b) that the tenants or lessees of the Lot shall comply with all provisions of the Association's Governing Documents, (c) that any violation of any such provisions of the Association's Governing Documents shall constitute a breach and default of the terms of such lease or rental agreement, and (d) that no tenant or lessee may sublease or assign their lease or rental agreement. The lease or rental agreement shall also contain any other terms that may be required by the Association's rules and regulations. Any Owner leasing or renting a Lot shall provide the tenants or lessees with copies of the Association's Governing Documents. Failure to provide tenants or lessees with copies of the Association's Governing Documents shall constitute a violation of this Section and shall be subject to the Association's enforcement rights found under the Association's Governing Documents and duly adopted rules and regulations pertaining to disciplinary actions. Owners shall provide the Association with the names and contact information for the tenants, the Owner's mailing address and phone number, and such other information as the Association may from time to time require.

[*INTERNAL NOTE TO THE MEMBERS*: The following Section 4.30.3 will only be included in the Restated Declaration if it is separately approved by the members in the 2-part ballot.]

4.30.3 Short Term Rentals.

4.30.3.1 Rental Restriction. The term of any lease or rental agreement shall be for a period of not less than thirty (30) days.

4.30.3.2 Exception; Primary Residents. The foregoing 30-day minimum lease term shall not apply to those Lots in which the Owner of such Lot is legally and in fact a primary resident. The term "primary resident" may be defined in Board-adopted Rules.

4.30.3.3 Exception; Owners Prior to this Declaration. The foregoing 30-day minimum lease term shall not apply to Owners of Lots who took title to their Lots prior to the date this Declaration is recorded (the "Effective Date") in the office of the County recorder. All Owners who take title to their Lots after the Effective Date shall be subject to the 30-day minimum lease term, except as otherwise provided in Civil Code Section 4740.

4.30.4 Town Restrictions; Short Term Rentals. Owners shall comply with all ordinances and other regulations of the Town of Truckee regulating short term rentals and provide confirmation of compliance to the Association.

4.30.5 Rental of Less Than Entire Lot. The rental of less than an entire Lot, such as a room within an Owner's Residence, or an accessory dwelling unit ("ADU") or junior accessory dwelling unit ("JADU") on a Lot, is not subject to the rental restrictions set forth in Section 4.30 if the Lot is also Owner-occupied. Notwithstanding the foregoing, the rental of any ADU or JADU shall be subject to those restrictions set forth by the Town of Truckee, and any Owner renting out an ADU or JADU on their Lot must provide the Association with proof of their compliance with the Town's restrictions.

4.30.6 Rules and Regulations. The Association shall have the discretion to create and amend Rules and regulations to implement and enforce the provisions of this Section.

4.30.7 Owner Responsibility. Each Owner leasing or renting a Lot shall be strictly responsible and liable to the Association for the actions of their tenants or lessees within the Development and for each tenant's and lessee's compliance with the provisions of all the Association's Governing Documents, as they may be amended from time to time. The failure of any tenant or lessee to comply with the terms of the Association's Governing Documents shall constitute a default under such lease or rental agreement and shall entitle the Owner to terminate the tenancy.

4.30.8 Violations. In the event that any tenant or lessee fails to honor the provisions of any Association Governing Document, the Association shall be entitled to take corrective action as it deems necessary or appropriate under the circumstances, which may include the imposition of fines and penalties against the Owner and eviction of the lessee. If the Association files legal action to gain an Owner's compliance with this Section, the Association, as prevailing party, shall be entitled to recover all of its attorneys' fees and costs. Prior to the filing of any court action seeking declaratory or injunctive relief to enforce this provision (including either such action coupled with a claim for monetary damages not in excess of $5,000), the Association shall first comply with the provisions of Civil Code Section 5925 *et seq*. relating to alternative dispute resolution.

4.30.9 Association's Enforcement Rights. In addition to all other remedies available, in the event a tenant's or lessee'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 the tenant or lessee to the same extent as the Owner of the Lot with the Association being deemed a third party beneficiary of any lease or rental agreement involving any Lot within the Development. The Association's right to maintain an eviction action shall arise only in the event that the Owner has failed to remove their tenant or lessee, or Owner has not prevented and/or corrected the actions of the tenant or lessee 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 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 Civil Code Section 5855, or comparable successor statute, and the Association's Governing Documents.

4.30.10 Indemnification. Every Owner of a Lot that is occupied by persons other than the Owner pursuant to a lease, rental agreement, or otherwise, agrees to and shall indemnify

and defend the Association, its officers, directors, managers, and agents and shall hold them harmless for 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 Lot, including any such conduct arising or alleged to have arisen out of the enforcement or non-enforcement by the Association of its Governing Documents against such occupants. Without limiting the generality of the foregoing, all costs, including attorneys' fees, incurred by the Association to enforce the Association's governing documents against such occupants, including evictions provided herein, shall be reimbursed to the Association by the Owner and may be assessed by the Association as a Special Individual Assessment.

4.31 Lot Splitting and Severance of Interests. A Lot may be further subdivided into two (2) or more smaller Lots, so long as each of the resulting Lots is not less than the minimum lot size permitted by local zoning ordinances. In the event of a lot split pursuant to the authority conferred by this Section, and the Lot split has been duly recorded in the official records of the County, each Lot resulting from the split shall, upon such recording, be included in the definition of a "Lot" for purposes of this Declaration and shall be subject to assessment. There shall be no deed, conveyance, agreement, or other document executed with respect to any Lot by the terms of which there shall be a separation of the surface and subsurface rights into different ownerships. No Lots, as shown on any Subdivision Map for any portion of the Development may be combined, so as to reduce the number of Lots within the Development, without the prior approval of the Board, which approval shall not be unreasonably withheld; provided, however, that the Board may require any Owner desiring to combine two (2) or more Lots, to execute and cause to be recorded in the Official Records of Nevada County a document imparting notice that the combined Lots shall continue to be assessed for the Regular and Special Assessments at the same rate that would have applied to the combined Lots separately, so that Lot mergers or combinations do not adversely affect the revenue base of the Association.

4.32 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:

4.32.1 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 Design Review 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.

4.32.2 The Board shall conduct a hearing on the variance within forty-five (45) days of the receipt of the written request for a variance. Notice shall be given to all Members not less than fifteen (15) days prior to the date of the hearing. Members may submit comments in writing prior to the hearing and/or appear at the hearing. The Board shall establish a

reasonable time limit for Member comments during the hearing. No decision regarding the request for variance shall be made until the conclusion of the hearing.

4.32.3 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 shall be entitled to vote, and only one (1) 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.

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

5.9 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.

5.10 Borrow Money. The Board of Directors shall have the power to borrow money in the name of the Association without approval of the Members.

5.11 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 without approval of the Members.

5.12 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.

5.13 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.

5.14 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) to 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) Regular Assessments; (b) Special Assessments; (c) Special Individual 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, 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 Regular 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 Regular 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 Regular Assessments. Unless the Board shall designate otherwise, Regular Assessments shall be levied on an annual basis and shall be due and payable on January 1 of each fiscal year, and shall be delinquent if not paid on or before the first day of February; provided, however, that the Board, in its discretion, may institute an installment payment program for annual assessments if the Board determines that such a program will facilitate the timely payment of Assessments. However, the collection of Regular Assessments in installments as hereinabove provided is for the convenience of the Association only. The total Regular Assessment is levied as of the commencement of the Association's fiscal year and in the event of a default in the payment of any installment, the Association may declare the entire balance of the Regular Assessment to be in default and pursue the remedies set forth in Section 6.12, below, as to the delinquency.

6.5.4 Increases in Regular Assessment. Pursuant to California Civil Code Sections 5605 and 5610 except as otherwise provided by law, the Board shall not increase the Regular Assessment for any fiscal year above the amount of the Regular Assessment for the preceding fiscal year by more than the maximum amount permitted by law, except upon the affirmative vote or written consent of a majority of Members voting on any such increase in the Regular Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members of the Association, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

6.6 Special Assessments.

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

6.6.2 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.

6.6.3 Approval of Special Assessments. Except in the case of an emergency situation as defined in California Civil Code Sections 5600 - 5650, 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 Special Individual Assessments. The Association shall levy a Special Individual 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 or her Lot into compliance, or to reimburse the Association for damage caused to the Common Area or Improvements thereon by any Owner or their family, guest, or tenant. The Association shall also levy a Special Individual 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 Special Individual 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 Special Individual Assessment shall be due and payable to the Association when levied.

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

6.9 Failure to Fix Assessments. The failure or omission by the Board to fix or levy any Regular Assessment provided for by the terms of this Declaration before the expiration of any fiscal year, for that fiscal year or the next fiscal year, shall not be deemed either a waiver or a modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay Assessments or any installment thereof for that or any subsequent year, but the amount of the Regular Assessment fixed for the preceding fiscal year shall be the amount of the Regular Assessment for the ensuing fiscal year until a new Regular Assessment is levied.

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

6.11 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 attorneys' fees, late charges, and interest, if any, pursuant to subdivision (b) of 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 (1) 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 of this Declaration.

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 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 Areas.

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 Common Facilities; Bids and Determination of Available Insurance. In the event any Common Facilities are ever damaged or destroyed, then, and in such event, as soon as practicable thereafter the Board of Directors shall: (a) obtain bids from at least two (2) reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct and restore the damaged or destroyed portions of the Common Facilities to substantially the same condition as they existed prior to the damage and the itemized price asked for such work; and (b) determine that amount of all insurance proceeds available to the Association for the purpose of effecting such repair, reconstruction and restoration.

7.2 Common Facilities; Sufficient Insurance Proceeds. Subject to the provisions of Section 7.1, above, if in the event of damage to or destruction of any portion of any Common Facility, the insurance proceeds available to the Association are sufficient to cover the costs of repair, reconstruction, and restoration, then the Association may cause such facilities to be repaired, reconstruction and restored; provided, however, that in the event of destruction of all or substantially all of a Common Facility, the Association shall not be obligated to restore the damaged Common Facility to its prior appearance and condition if the Board's opinion, architectural or design modifications to the Common Facilities will result in providing the Members with an improved facility which is suitable for substantially the same use and enjoyment as the destroyed facility. The insurance proceeds shall be deemed to be sufficient if the cost of repair or restoration, does not exceed available insurance and capital replacement reserve funds (for the damaged facility) by an amount that is more than five percent (5%) of the Association's budgeted gross expenses for the year in which bids are solicited for the repair project. Under such circumstances, any short-fall in available insurance and reserve funds shall be funded by imposition of a Special

Assessment.

7.3 Common Facilities; Insurance Proceeds Insufficient in an Amount Exceeding Five Percent (5%) of Budget. In the event that any Common Facility is totally or substantially damaged or destroyed or, if, in the event of damage to or destruction of only a portion of the Common Facilities, the insurance proceeds available to the Association are insufficient to fully restore or re-build the damaged improvements and the unfunded portion exceeds five percent (5%) of the budgeted gross expenses of the Association (determined for the year when bids are solicited for the repair or reconstruction project), then the Owners shall be presented with a written ballot to determine whether: (a) to repair, reconstruct, and restore the damaged or destroyed Common Facilities and specially assess all Owners for such additional funds as may be needed for such purpose; or (b) not to repair, reconstruct. or restore the damaged or destroyed Common Facilities but rather to utilize the insurance proceeds available for such reconstruction, together with any other sum otherwise available to the Association for such purpose, to demolish and remove the damaged or destroyed Improvements from the Common Area and to level and landscape the sites thereof and apply any balance of such proceeds and/or funds as the Members holding such voting power and their first Mortgagees may determine. If a majority of a Quorum of the Members approve a Special Assessment to fully fund the repair, reconstruction or restoration project, the project shall proceed.

7.4 Damage or Destruction of Residences.

7.4.1 Obligation to Rebuild. If all or any portion of any Residence is damaged or destroyed by fire or other casualty it shall be the duty of the Owner of that Residence to rebuild, repair, or reconstruct the residence or remove the damaged structure or portions thereof and restore the Lot to a neat and attractive appearance.

7.4.2 Design Review Committee Approval. Any Owner who has suffered damage shall apply to the Design Review Committee for approval of plans for the reconstruction, rebuilding, or repair of his or her Residence in accordance with Article 9, below. Application for such approval shall be made in writing together with full and complete plans, specifications, working drawing and elevations showing the proposed reconstruction and the end result of the reconstruction work.

7.4.3 Time Limitation for Reconstruction. In the event the Owner or Owners of any damaged Residence(s) applies for reconstruction per Section 7.4.2 above, the Design Review Committee shall be obligated to proceed with all due diligence hereunder, and the Owner(s) shall commence reconstruction or removal of the damaged Residence within three (3) months after the damage occurs and complete any reconstruction project within two (2) years after project approval pursuant to Article 9, below, unless an extension of the time of completion is granted by the Design Review Committee. Reasonable extensions of these construction commencement and completion deadlines shall be granted when the Committee; in its discretion, determines that adverse weather conditions or the nature or extent of the repair project merit additional time.

7.5 Condemnation. If all or part of the Common Area shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Lots, shall be payable to the Association as trustee for all Owners and Mortgagees according to the loss or damages to their respective interest in the Common Area. The Association, acting through its Board

of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation, settlement and litigation of the issues with respect to the taking and compensation affecting the Common Area. Each Owner hereby designates and appoints each Association as his or her attorney-in-fact for such purposes.

ARTICLE 8 MAINTENANCE OF PROPERTY

8.1 Association Responsibilities. The Association shall be solely responsible for all maintenance, repair, upkeep, and replacement of all portions of the Common Areas. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter, or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area. No person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area without express approval of the Association.

8.2 Owner Responsibilities. Each Owner shall be responsible for the maintenance, repair, and replacement of his or her Lot and Residence thereon, including, without limitation, the regular clearing and removal of weeds, trash, and adherence to fire safety.

8.3 Compliance With Architectural Provisions. An Owner's right and responsibility for maintaining, repairing, or replacing any portions of his or her Lot, including landscaping, shall be subject to any applicable provisions of the Governing Documents relating to landscaping and architectural control, including Article 9.

8.4 Owner Failure to Maintain. The Board has 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 8.6 of this Declaration, in the event an Owner fails to perform such work within thirty (30) days after notification by the Board to the Owner, the Board may, after written notice to the Owner and the right of a hearing before the Board, cause such work to be done and charge the cost thereof to the Owner as a Special Individual Assessment.

8.5 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 Special Individual Assessment.

8.6 Authority for Entry of Lot. The Association or its agents may enter any Lot, when 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 for which it is authorized to perform, including without limitation the authorization provided in Section 8.2 of this Declaration. 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 Special Individual Assessment. In the case of repairs the Owner has failed to perform, except in case of an emergency, twenty-four (24) hour advance notice shall be given to the Owner or occupant.

8.7 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 negligence or fault of the Association, its employees, contractors, or agents.

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

8.9 Cooperative Maintenance Obligations. Each Owner and occupant shall fully cooperate with the agents of the Association in the performance of the Association's maintenance and repair obligations described in Section 8.1 above. Such cooperation shall include, but is not limited to, immediate notification to the Board or its managing agent of any maintenance or repair problems for which the Association is responsible and access to the Owner's or occupant's Lot as may be necessary to inspect and, if appropriate, to perform any necessary maintenance or repairs.

8.10 Drainage Structures, Ditches, and Swales.

8.10.1 All drainage structures, culverts, and canals improved by the Association for the major collection of storm runoff and any natural drainage courses within Common Area shall be maintained regularly by the Association.

8.10.2 Except as provided in Section 8.10.1, each Owner shall keep drainage courses, ditches and swales on his or her Lot free and clear of all obstructions, and shall, in cooperation with contiguous property Owners (including the Association as to any contiguous parcels it owns), maintain all such drainage ditches, swales, and culverts common to their Lots in good order.

8.10.3 No Owner or Resident shall alter or obstruct a natural drainage course, or materially add to the natural water volume of the drainage course without making adequate provisions with respect to neighboring Lots and Common Area. Any such alterations, obstructions, or additions to water volume shall be considered a work of Improvement that is subject to prior review and approval by the Design Review Committee. Each Owner shall comply with regulations regarding stormwater as required by the Town of Truckee.

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, solar panels, fences, awnings, walls, landscaping, screens, doors, patio covers, or other structures of any kind which is visible from the Common Area, streets, or other Lot within the Development, may be commenced, located, erected, painted, or maintained within the Development, nor may 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 Design Review 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 Design Review Committee.

9.2.1 Except as provided in Sections 9.2.2 and 9.2.3, below, the Board shall appoint a Design Review Committee consisting of not less than three (3) and no more than five (5) 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 Design Review Committee. In the event of death, resignation, or removal of any member of the Design Review Committee, the Board shall have the full authority to designate a successor.

9.2.2 The Board may, in its discretion, elect to act as the Design Review Committee without appointing the separate committee provided for in Section 9.2.1.

9.2.3 If a duly-constituted Design Review Committee is not in existence, or if the Board elects to act as the Design Review Committee, the Board shall act as the Design Review Committee in accordance with the terms of this Article 9.

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

9.4 Meetings. The Design Review 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 Design Review Committee shall be the act or decision of the Design Review Committee. The Design Review Committee shall keep and maintain a record of all actions taken by it at any meetings or otherwise. The Design Review Committee and its members shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred by them in the performance of any Design Review Committee function.

9.5 Architectural Rules. The Design Review 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 Design Review 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 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, the Design Review 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 Design Review 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 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 Construction Plans for the Proposed Improvement. Two (2) complete sets of working drawings, including floor plans indicating net livable area (including garages, decks, accessory buildings, and other incidental structures) shall be presented. Plans should represent the actual construction that the Owner intends to undertake on the proposed site. The Design Review Committee, in its discretion, may require more detailed elevations and/or drawings and may disapprove elevations and drawings which the Design Review Committee finds to be aesthetically incompatible with the physical site, with improvements on neighboring Lots or the general environment and aesthetics of the Development.

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 (2) 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 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 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 Special Individual 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.

10.5.3 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, 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.

10.5.4 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 abridgement 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 of the Bylaws.

10.8 Alternative Dispute Resolution. Compliance with California Civil Code Sections 5925 through 5965 and Civil Code Sections 5900 through 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 Special Individual 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 for; (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 AMENDMENT

11.1 Amendments by Members. This Declaration may be amended by the affirmative vote or written consent of 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.

11.2 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.

11.3 Restatement of the Declaration. 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:

11.3.1 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;

11.3.2 Delete material that is no longer legally effective;

11.3.3 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

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

ARTICLE 12 GENERAL PROVISIONS

12.1 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.

12.2 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.

12.3 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.

12.4 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.

12.5 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.

IN WITNESS WHEREOF, Members of The Glenshire/Devonshire Residents' Association, Inc. consisting at least a majority of the Members hereby affirm, approve, and adopt this Third Restated Declaration of Covenants, Conditions, and Restrictions for Glenshire/Devonshire pursuant to the requirements of Section 16.01(b) of the Second Restated Declaration.

DATED: _____ , 2022

THE GLENSHIRE/DEVONSHIRE RESIDENTS' ASSOCIATION, INC.,
a California nonprofit mutual benefit corporation

_____

_____ , President

_____

_____ , Secretary

Exhibit "A"

Amendments to the Original Declaration

Amendment thereto recorded August 15, 1969, Book 483, Official Records of Nevada County, Page 498.

Amendment thereto recorded September 17, 1969, Book 486, Official Records of Nevada County, Page 493.

Supplemental thereto recorded March 17, 1970, Book 506, Official Records of Nevada County, Page 475.

Amendment thereto recorded December 12, 1990, Official Records of Nevada County, Document No. 90-39928.

Amendment thereto recorded June 26, 1991, Official Records of Nevada County, Document No. 91-18699.

Amendment thereto recorded September 10, 1991, Official Records of Nevada County, Document No. 91-27661.