

**SECOND RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
GREEN SPRINGS RANCH**

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**SECOND RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
GREEN SPRINGS RANCH**

Those certain Declarations of Covenants and Restrictions, Recorded in the Official Records of El Dorado County on the dates and at the Book and Page numbers set forth in Exhibit A, restated in the First Restatement of Covenants, Conditions & Restrictions, recorded October 10, 1995, as Document No. 046001, and amended by the First Amendment to the First Restatement of Covenants, Conditions & Restrictions, recorded March 19, 2004 as Document No. 0020647-00 (collectively, the "Original Declarations"), are hereby amended, consolidated and restated in their entirety to read as follows:

RECITALS

A. Edwin Greenhalgh and Ethel A. Greenhalgh (collectively "Declarant") were the original owners of that certain real property ("Properties") located in the County of El Dorado, State of California, which is more particularly described in Exhibit B.

B. Declarant conveyed the Properties, subject to certain easements and protective covenants, conditions, restrictions, reservations, as set forth in the documents referred to above and contained within Exhibit A, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of Properties and all of which shall run with the Properties and be binding on all parties having or acquiring any rights, title or interest in the Properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof. Thereafter, the Association elected, pursuant to the provisions of the initial declaration to restate and amend the documents for the same purposes and effect through the other documents constituting the Original Declarations.

C. It was the further intention of the Declarant to sell and convey residential Lots to the Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes between Declarant and such Owners which were set forth in the Original Declarations and which have now been amended and restated in this Declaration. those equitable servitudes are intended to be in furtherance of a general plan for the subdivision, development, sale and use of the Properties as a "planned development" as that term is defined in section 1351(k) of the California Civil Code.

D. Finally, it was the intention of the Declarant to form an association, whose members would be comprised of all owners of Lots within the Properties for purposes of maintaining the private roads within the Properties, enforcing the property use restrictions contained here and otherwise promoting the health, safety and welfare of the residents of Green Springs Ranch. That association of owners is called the Green Springs Ranch Landowners Association and is referred to herein as the "Association".

E. On November 16, 2003, the Owners holding more than 51% of the voting power of the Association voted by written ballot to amend, consolidate and restate the Original

Declarations, all in accordance with the procedures for amendment set forth in the Original Declarations. It was the intention of the Owners to replace the Original Declarations, in their entirety, with the Recordation of this Declaration. The Owners' action to amend and restate the Original Declarations as set forth herein and the fact that the requisite percentage of affirmative votes required in the Original Declarations was achieved, is attested by the execution of this Second Restated Declaration by duly authorized officers of the Association, as required by section 1355(a) of the California Civil Code. As so amended and restated, the easements, covenants, restrictions, and conditions set forth herein shall run with the Properties and shall be binding upon all parties having or acquiring any right, title or interest in the Properties or any portion thereof, and shall inure to the benefit of each Owner thereof.

ARTICLE I

Definitions

Section 1. "Articles" means the Articles of Incorporation of the Association, which are filed in the Office of the California Secretary of State, as such Articles may be emended from time to time.

Section 2. "Assessment" means any Regular, Special or Special Individual Assessment made or assessed by the Association against any Owner and his or her Lot in accordance with the provisions of Article IV of this Declaration.

Section 3. "Association" means Green Springs Ranch Landowners Association, a California nonprofit corporation (formed pursuant to the Nonprofit Mutual Benefit Corporation Law of the State of California), its successors and assigns. the Association is an "association" as defined in section 1353(a) of the California Civil Code.

Section 4. "Association Rules" means the rules, regulations and policies adopted by the Board of Directors pursuant to Article III, section 7 of this Declaration, as the same may be in effect from time to time.

Section 5. "Board of Directors" or "Board" means the Board of Directors of the Association.

Section 6. "Bylaws" means the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 7. "Common Expense" means any use of Association funds authorized by Article IV hereof and Article IX of the Bylaws and includes, without limitation: (a) All expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Facilities within the property; (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors; (c) any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Facilities, and for nonpayment of any Assessments; and (d) the use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board of Directors as provided in the Governing Documents.

Section 8. "Common Facilities" means the system of private roads within the Properties and any set-back areas, culverts, drainage systems, berms or other facilities

constructed or installed or to be constructed or installed, in connection with said private roadways.

Section 9. "County" means the County of El Dorado, State of California, and its various departments, divisions, employees and representatives.

Section 10. "Declarant" means the original developers of the Properties, namely Edwin w. Greenhalgh and Ethel A. Greenhalgh.

Section 11. "Declaration" means this instrument, as it may be amended from time to time. The "Original Declarations" means and refers to the documents referenced in Exhibit A attached to this Declaration together with the First Restatement and First Amendment referenced above, and all amendments, supplemental declarations and annexations thereto adopted prior to adoption of this Declaration.

Section 12. "Governing Documents" is a collective term that means and refers to this Declaration and the Articles, the Bylaws and the Association rules.

Section 13. "Lot" means any parcel of real property designated by a number on any Subdivision Map recorded within the Properties, excluding the Common Area.

Section 14. "Member" means every person or entity who holds a membership in the Association and whose rights as a Member are not suspended.

Section 15. "Owner" means any person, firm, corporation or other entity which owns a fee simple interest in any Lot.

Section 16. "Owner of Record" includes any Owner and means any person, firm, corporation or other entity in which title to a Lot is vested as shown by the Official Records of the Office of the County Recorder.

Section 17. "Partial Assessment" means a prorated or reduced Assessment levied against an Owner and his or her Lot in accordance with Article IV, section 3, hereof.

Section 18. "Properties" means all parcels of real property described in Exhibit B.

Section 19. "Record" means, with respect to any document, the recordation or filing of such document in the Office of the El Dorado County Recorder.

Section 20. "Regular Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with Article IV, section 2, hereof.

Section 21. "Residence" means a private, single-family dwelling constructed on a Lot.

Section 22. "Single Family Residential Use" means occupancy and use of a Residence for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single family residential dwellings.

Section 23. "Special Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with Article IV, section 3, hereof.

Section 24. "Special Individual Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with Article IV, section 4, hereof.

Section 25. "Subdivision Map" means the map for any portion of the Properties.

ARTICLE II

Property Rights and Obligations of Owners

Section 1. Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the private roads within the Properties, including ingress and egress to and from his or her Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to adopt Association Rules as provided in Article III, section 7 hereof, regulating the use and enjoyment of the private roads for the benefit and well-being of the Owners in common; and

(b) The right of the Association to dedicate or transfer all or any part of the roads within the Properties to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners, provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least two-thirds of the voting power of the Members, and their first Mortgagees consenting to such dedication or transfer has been Recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot. The instrument approving the dedication may be executed in counterparts so long as each counterpart is in recordable form.

Section 2. Persons Subject to Governing Documents. All present and future Owners, tenants and occupants of Lots within the Properties shall be subject to , and shall comply with, each and every provision of the Governing Documents, as the same or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application to one or more of such classes of persons (i.e. Owners, tenants, invitees, etc.). The acceptance of a deed to any Lot, the entering into a lease, sublease or contract of sale with respect to any Lot, or the occupancy of any Lot shall constitute the consent and agreement of such Owner, tenant or occupant that each and all of the provisions of this Declaration, as the same or any of them may be amended from time to time, shall be binding upon him or her and that he or she will observe and comply with the Governing Documents.

Section 3. Delegation of Use.

(a) Leasing of Residences. Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents all of which shall be deemed incorporated by reference in the lease or rental agreement. It shall be the obligation of each Owner-lessor to advise any tenant or lessee of the restrictions imposed on the use and enjoyment of Lots within Green Springs Ranch subdivision imposed by this Declaration and the Association rules. Each Owner-lessor shall be responsible for compliance by the tenant or lessee with all of the provisions of the Governing Documents during the tenant's/lessee's occupancy and use of the Residence.

(b) Discipline of Lessees. Subject to subparagraph (c) below, in the event that any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action against the Owner-lessor and/or the tenant/lessee as it deems necessary or appropriate under the circumstances.

(c) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to the

Properties or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner-lessor (or the Owner's lessee or tenant) on account of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied: (i) the Owner has received written notice from the Board of Directors, the Association's property manager or an authorized committee of the Board of Directors detailing the nature of the lessee's/tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter in the event the Owner believes that remedial or disciplinary action is unwarranted or unnecessary; (ii) the Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and (iii) the Owner has failed to prevent or correct the tenant's objectionable actions or misconduct. Any hearing requested hereunder shall be conducted in accordance with Article XI, section 6, hereof.

Section 4. Complaints About Non-Compliance with Property Use Restrictions.

(a) Who May Make a Complaint. Any Member of the Association may file a complaint with the Board of Directors regarding another Owners non-compliance with one or more of the property use restrictions as stated in this Declaration.

(b) Complaint Process. In order for the Board of Directors to take formal action on a complaint, the following procedures must be followed:

(i) All complaints shall be in writing and shall: (1) identify the alleged property use violation or violations, (2) contain sufficient information to indicate that an Owner, Owner's lessee or tenant, or Owner's invitee is creating, or has created, the non-compliance condition, (3) identify the Lot or Lots where the alleged violation has occurred or is occurring, by street address or Lot number, and (4) be signed by the Member(s) alleging the non-compliance.

(ii) Written complaints will be hand delivered or mailed first-class to a member of the Board of Directors. The Board of Directors member receiving the complaint will make a record of the date of receipt, keep a copy for the Board of Directors and, as soon as possible, but no later than seven days, forward the complaint to the CC&R Enforcement Committee. The CC&R Enforcement Committee will investigate and evaluate the validity of the complaint.

(iii) If the CC&R Enforcement Committee determines that the complaint is valid the CC&R Enforcement Committee will, except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to the Properties or to preserve the rights of quiet enjoyment of other Owners, notify in writing by registered mail the Owner or Owners of the Lot where the alleged violation or violations occurred, or are occurring. Each notification will contain the alleged violations and supporting information, a request for compliance, a date in which to comply, the action to be taken if compliance is not achieved by the established abatement date, and the Owner or Owners recourse and rights under these Governing Documents. The CC&R Enforcement Committee will also notify the Board of Directors of the results of their evaluation and the action they are taking. The Board of Directors will then respond back to the complainant explaining the action taken.

(c) Owners Failure to Correct. If the Owner or Owners of a Lot have been notified by the CC&R Enforcement Committee of non-compliance with property use restrictions and fail to correct the conditions as stated in the notification by the established correction date, or correct the condition and then repeat the violation at a later time, the CC&R Enforcement Committee may issue a second notice. This second notice shall comply with the requirements for a first notice as stated in this Article, section 4, subpart (b)(iii). In the event that, after the second notification, any Owner or Owners fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action against the Owner or

Owners as it deems necessary or appropriate under the circumstances, subject to the provisions of Article III, section 6.

(d) Non-substantiated Complaints. If the CC&R Enforcement Committee determines that the complaint is not valid, the Committee will respond back to the Board of Directors in writing explaining the basis for the Committee's determination. The Board of Directors will then respond in writing to the complainant explaining why no action will be taken.

(e) Due Process. The Owner of any Lot accused of violating any of Governing Document will be allowed a hearing before the Board of Directors as per Article XI. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to the Properties or to preserve the rights of quiet enjoyment of other Owners, the Association shall have no right to initiate disciplinary action against an Owner-lessor (or the Owner's lessee or tenant) on account of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied: (i) the Owner has received written notice from the Board of Directors, the Association's property manager or an authorized committee of the Board of Directors detailing the nature of the lessee's/tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter in the event the Owner believes that remedial or disciplinary action is unwarranted or unnecessary; (ii) the Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and (iii) the Owner has failed to prevent or correct the tenant's objectionable actions or misconduct. Any hearing requested hereunder shall be conducted in accordance with Article XI, section 6, hereof.

Section 5. Obligation of Owners. Owners of Lots within the Properties shall be subject to the following:

(a) Notification Regarding Governing Documents.

(i) As more particularly provided in section 1368 of the California Civil Code, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser:

(A) A copy of the governing Documents;

(B) The Association's most recent financial statement;

(C) A true statement in writing from an authorized representative of the Association as to: (1) the amount of any delinquent Assessments, together with information relating to late charges, attorneys' fees, interest, and costs of collection which, as of the date the statement is issued, are or may become a lien on the Lot being sold; and (2) the amount of the Association's current Regular Assessment or if applicable Partial Assessments, and Special Assessments and fees; and

(D) Any change in the Association's current Regular, Partial and Special Assessments and fees which have been approved by the Board of Directors but have not become due and payable as of the date the information is provided.

(ii) Within 10 days of the Association's receipt of a request for the information described in subparagraph (a)(i), above, the Association shall provide the Owner with copies of the requested items. The Association shall be entitled to impose a fee for providing the requested items equal to (but not more than) the reasonable cost of preparing and reproducing the requested items.

(b) Payment of Assessments and Compliance with Rules. Each Owner shall pay, when due, each Regular, Partial, Special and Special Individual Assessment levied against the

Owner and his or her Lot and shall observe, comply and abide by any and all rules and regulations set forth in, or promulgated by the Association pursuant to, any Governing Document for the purpose of protecting the interests of all Owners or protecting the Common Area and Common Facilities.

(c) Discharge of Assessment Liens. Each Owner shall promptly discharge any Assessment lien that may hereafter become a charge against his or her Lot.

(d) Joint Ownership of Lots. In the event of joint ownership of any Lot, the obligations and liabilities of the multiple Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph (d) shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

(e) Prohibition on Avoidance of Obligations. No Owner, by abandonment of the Owner's Lot or otherwise, may avoid the burdens and obligations imposed on such Owner by the Governing Documents, including, without limitation, the payment of Assessments levied against the Owner and his or her Lot pursuant to Article IV of this Declaration.

(f) Termination of Obligations. Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferor-Owner shall not be liable for any Assessments levied with respect to such Lot which become due after the date of Recording of the deed evidencing the transfer and, upon such Recording, all Association membership rights possessed by the transferor by virtue of the ownership of the Lot shall automatically cease.

ARTICLE III

Property Owners' Association

Section 1. Association Membership. Every Owner of a Lot shall be a Member of the Green Springs Ranch Landowners' Association. Each Owner shall hold one membership in the Association for each Lot owned and the membership shall be appurtenant to such Lot. Sole or joint ownership of a Lot shall be the sole qualification for membership in the Association. Each Owner shall remain a Member until his or her ownership in all Lots in the Properties ceases, at which time his or her membership in the Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or deed in lieu hereof.

Section 2. One Class of Membership. The Association shall have one class of membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

Section 3. Voting Rights of Members. Each Member shall be entitled to one vote for each Lot owned by that Member. When more than one person holds an interest in any Lot, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in Article XI, section 6 hereof.

Section 4. Assessments. The Association shall have the power to establish, fix and levy Assessments against the Owners of Lots within the Properties and to enforce payment of such Assessments in accordance with Article IV of this Declaration. Any Assessments levied by

the Association against its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

Section 5. Transfer of Membership. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale of the Lot to which it is appurtenant and then, only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Lot shall pass automatically to the purchaser upon Recording of a deed evidencing the transfer of title. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to Article II, section 3 hereof do not thereby become Members, although the tenant and his or her family and guests shall, at all times, be subject to the provisions of all Governing Documents. Any attempt to make a prohibited transfer is void. If any Owner fails or refuses to transfer the membership registered in his or her name to the purchaser of his or her Lot, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 6. Powers and Authority of the Association.

(a) Powers, Generally. The Association shall have the responsibility of owning, managing and maintaining the roads and other Common Facilities within Green Springs Ranch and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of its properties and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon shall be as set forth in Article VIII of the Bylaws.

(b) Association's Right of Entry.

(i) Right of Entry, Generally. Without limiting the generality of the foregoing enumeration of corporation powers, the Association is hereby authorized and empowered directly or through its agents to enter any Lot when necessary to perform the Association's obligations under this Declaration, including: (i) obligations to enforce the minimum construction standards and land use restrictions of Articles V and VIII hereof; and (ii) any obligations with respect to construction, maintenance and repair of adjacent roadways.

(ii) Limitations on Exercise of Right. The Association's right of entry pursuant to this subparagraph (b) shall be subject to the following:

(A) The right of entry may be exercised immediately and without prior notice to the Owner or resident in case of an emergency originating in or threatening the Lot where entry is required or any adjoining roadway. The Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present.

(B) In all nonemergency situations involving routine repair and/or maintenance activities, the Association, or its agents, shall furnish the Owner or his or her lessee with at least 24 hours prior written notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry, and shall make every reasonable effort to perform its

work and schedule its entry in a manner that respects the privacy of the persons residing on the Lot. This notice can take the form of a general notice to all affected Owners when work is being performed on adjacent roadways.

(C) In all nonemergency situations involving access by the Association for purposes of enforcing the Governing Documents against an Owner in default, the Association's entry shall be subject to observance of the notice and hearing requirements imposed in Article II, section 4(e) hereof.

(D) In no event shall the Association's right of entry hereunder be construed to permit the Association or its agents to enter any Residence.

Section 7. Association Rules.

(a) Rule Making Power. The Board of Directors may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners ("Association Rules"). The Association Rules may concern , but need not be limited to: (i) matters pertaining to the maintenance, repair, management and use of the roads; (ii) the conduct of disciplinary proceedings in accordance with Article II, section 4 hereof; (iii) regulation of all matters subject to regulation and restriction under Article VII, hereof; and (iv) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the other Governing Documents or the rights, preferences and privileges of Members thereunder. In the event of any material conflict between any Association Rule and any provision of the other Governing Documents, the conflicting provisions contained in the other Governing Documents shall be deemed to prevail.

(b) Distribution of Rules. A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner.

(c) Adoption and Amendment of Rules. Association Rules may be adopted or amended from time to time by a majority vote of the Members in good standing, provided, however, that no Association rule or amendment thereto shall be voted upon until at least 30 days after the proposed rule or rule amendment has been communicated to the Members in writing. The notice describing the proposed rule or amendment shall also set forth the date, time and location of the Board of Directors meeting at which action on the proposal is scheduled to be taken. Any duly adopted rule or amendment to the Association Rules shall become effective immediately following the date of adoption thereof by the Board of Directors, or at such later date as the Board of Directors may deem appropriate. Any duly adopted rule or rule amendment shall be distributed to the Owners by mail.

Section 8. Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article II section 4 hereof.

Section 9. Limitation on Liability of the Association's Directors and Officers; Indemnification.

(a) Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortious act or omission by a volunteer member of the Board of Directors or volunteer officer of the Association shall recover damages from such Board of Directors member or officer if the following conditions are satisfied:

(i) The Board of Directors member or officer is the Owner of no more than two Lots;

(ii) The act or omission was performed within the scope of the volunteer Board of Directors member's or officer's Association duties;

(iii) The act or omission was performed in good faith;

(iv) The act or omission was not willful, wanton, or grossly negligent;

(v) The Association maintained and had in effect at the time the act or omission occurred general liability insurance in at least the amount of One Million Dollars (\$1,000,000).

The payment of actual expenses incurred by a board member or officer in the execution of such Person's Association duties shall not affect such Person's status as a volunteer Board of Directors member or officer for the purposes of this section. A Board of Directors member or officer who at the time of the act or omission received either direct or indirect compensation as an employee from Declarant or from a financial institution that purchased a Residence at a judicial or non-judicial foreclosure of a Mortgage is not a volunteer for purposes of this section. The provisions of this subparagraph(b) are intended to reflect the protections accorded to volunteer directors and officers of community associations pursuant to California Civil Code section 1365.7. In the event said civil code section is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended to correspond to the amended or successor code provision.

(c) Indemnification. The Association shall pay all expenses incurred by, and satisfy any judgment or fine levied against, any officer, director, officer or committee member of the Association ("Indemnified Person") as a result of any action or threatened action against such Indemnified Person to impose liability on such Indemnified Person for acts or omissions which he or she reasonably believed to be within the scope of his or her Association duties, provided that:

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

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

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

Any determination of the Board of Directors to authorize indemnification under this section must be approved by a majority vote of at least a quorum consisting of directors who are

not parties to the action or threatened action giving rise to the indemnification. If the Board of Directors fails or refuses to make any such determination, a Majority of a Quorum of the Member majority vote of at least a quorum of Members in good standing may authorize indemnification of an Indemnified Person or Persons provided that the Indemnified Person(s) to be indemnified shall not be entitled to vote.

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

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

ARTICLE IV

Assessments

Section 1. Assessments Generally.

(a) Covenant to Pay Assessments. Each Owner of one or more Lots, by acceptance of a deed or other conveyance therefor (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association: (i) Regular Assessments; (ii) Partial Assessments; (iii) Special Assessments; and (iv) Special Individual Assessments. Each such Assessment shall be established and collected as hereinafter provided.

(b) Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the Person who was the Owner of the Lot at the time the Assessment was levied. Each Owner who acquires title to a Lot (whether at judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot which become due and payable after the date of such sale, and shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. Any unpaid Assessment of a previous Owner against whom assessed.

(c) Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this Article may be subject to foreclosure as provided in section 10(b) hereof.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself/herself from personal liability for Assessments duly levied by the Association, nor release the Lot or other property owned by him/her from the liens and charges hereof, by abandonment or non-use of his/her Lot or any other portion of the Properties.

Section 2. Regular Assessments.

(a) Preparation of Annual Budget. Establishment of Regular Assessments. Not less than 45 days nor more than 60 days prior to the beginning of the Association's fiscal year,

the Board of Directors shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities) by preparing and distributing to all Members a budget satisfying the requirement of Article XI, section 5 or the Bylaws. If the Board of Directors fails to distribute the budget for any fiscal year within the time period provided for in this section, the Board of Directors shall not be permitted to increase Regular Assessments for that fiscal year unless the Board of Directors first obtains the Members' approval in accordance with section 8, below.

(b) Application and Use of Assessments Proceeds. The assessment funds collected by the Association in accordance with this Article IV shall be expended for the following purposes:

(i) The principal use of the assessment proceeds shall be to maintain and improve the private roads (including culverts and drainage systems), open areas, gateways and fences established and maintained within the Properties;

(ii) Any remaining funds may be utilized for emergency work necessary to keep the community safe; and

(iii) Any remaining funds may be used to defray the expense of proceedings required by the Association to enforce the terms of this Declaration or the other Governing Documents of the Association, including, without limitation, the collection of delinquent assessments.

(c) Establishment of Regular Assessment by Board of Directors/Membership Approval

Requirements. The Total annual expenses estimated in the Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year; provided, however, that, except as provided in section 5 or this Article, the Board of Directors may not impose a Regular Assessment that is more than 20 percent greater than the Regular Assessment for the Association's immediately preceding fiscal year without the Members' prior approval in accordance with section 8, below.

(d) Allocation of Regular Assessment. The total estimated Common Expenses, determined in accordance with subparagraph (a), shall be allocated among, assessed against, and charges to each Owner according to the ratio of the number of Lots within the Properties owned by the assessed Owner to the total number of Lots subject to Assessments so that each Lot bears equal share of the total Regular Assessment.

(e) Exception to Regular Assessment: Partial Assessment. The Owner of any Lot whose only vehicular passage to that Lot does not access the Association's roads (including associated culverts and drainage systems) may have his/her share of the Regular Assessment prorated to a Partial Assessment that includes no less than his/her share of the Regular Assessment allocated for in this section 2(b)(ii) and

section 2(b)(iii). This prorated assessment can only be established by a majority vote of at least a quorum of the Board of Directors and must be approved each time the Regular Assessment is established or modified.

(f) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member. The Assessment roll (which may be maintained in the form of a computer printout) shall show, for each Lot, the name and address of the Owner of Record, all Regular, Partial, Special and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments which have been paid or remain unpaid. The delinquency statement required by Article II, section 4(a) hereof shall be conclusive upon the Association and the Owner of such Lot as to the amount of such indebtedness appearing on the Association's Assessment roll as of the date of such statement, in favor of all persons who rely thereon in good faith.

(g) Mailing Notice of Assessment. Within the time requirements specified in subparagraph (a), above, the Board of Directors shall mail to each Owner, at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year.

(h) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to section 3(a)(i) of this Article for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Board of Directors.

(i) Payment of Assessment. The total Regular Assessment and any Partial Assessments levied against each Owner and his or her Lot shall be all due and payable to the Association on or before March 1 of each year.

Section 3. Special Assessments.

(a) Purposes for which Special Assessments May be Levied. Subject to the membership approval requirements set forth in subparagraph(b) below, the Board of Director shall have the authority to levy Special Assessments against the Owners and their Lots, if at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for that fiscal year. The Special Assessment shall be applicable to the remainder of such year only.

(b) Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with section 8, below: (i) any Special Assessments which, in the aggregate, exceed 5 percent of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied; and (ii) any Special Assessments imposed pursuant to subparagraph (a)(i) of this section when the Board of Directors has failed to distribute a budget to the Members within the time specified in section 2(a) of this article. The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any "emergency situation" as defined in section 5 of this Article.

(c) Allocation and payment of Special Assessments. When levied by the Board of Directors or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to subparagraph 2(d) above. The Special Assessment so levied shall be recorded on the Association's Assessment roll, notice thereof shall be mailed to each Owner, and the Assessment shall be payable to the Association within 30 days after the mailing of such notice or within such extended period as the Board of Directors shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

(d) Lots Exempt From Special Assessments. The Board of Directors may vote to exempt certain Lots from Special Assessments where those Lots will not benefit from the uses of the Assessment. The Board of Directors must have a quorum of Directors in order to vote and there must be a majority of votes by the Directors in favor of exempting the Lot.

Section 4. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with section 3, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below; provided, however, that no Special Individual Assessments may be imposed against an Owner pursuant to this section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Article XI, section 6 hereof, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Damage to Common Facilities. In the event that any damage to, or destruction of, any portion of the Common Facilities is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees or invitees, the Board of Directors shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses to: (A) accomplish the payment of delinquent Assessments, (B) perform any repair, maintenance or replacement to any portion of the Properties that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion or (C) otherwise bring the Owner and/or his or her Lot into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable fines and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorneys fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iii) Required Maintenance on Lots. If any Lot is maintained so as to become a nuisance, fire or safety hazard as recognized by public authorities for any reason, the Association shall have the right to enter the Lot, correct the condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Association shall be effected in accordance with Article III, section 6(b) hereof.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the

conditions imposed in subparagraph (a) of this section, such Special Individual Assessment shall be recorded on the Association's roll and thereafter be due as a separate debt of the Owner payable in full to the Association within 30 days after the mailing of notice of the Assessment.

Section 5. Assessments to Address Emergency Situations. The requirement of a membership vote to approve (a) Regular Assessment increased in excess of 20 percent of the previous year's Regular Assessment, or (b) Special Assessments which, in the aggregate, exceed 5 percent of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied, shall not apply to Assessments which are necessary to address emergency situations. For purposes of this section, an emergency situation is any of the following:

- (i) An extraordinary expense required by an order of a court.
- (ii) An extraordinary expense necessary to repair or maintain the Common Areas and/or Common Facilities where a threat to personal safety is discovered.
- (iii) An extraordinary expense necessary to repair or maintain the Common Areas and/or Common Facilities that could not have been reasonably foreseen by the Board of Directors in preparing and distributing the budget pursuant to section 2(a) of this Article; provided, however, that prior to the imposition or collection of an assessment under this subparagraph (iii), the Board of Directors shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board of Directors' resolution shall be distributed to the Members together with the notice of assessment.

Section 6. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively: (a) to promote the recreation, health, safety and welfare of individuals residing within the Properties; (b) to promote the enjoyment and use of the Properties by the Owners and their families, tenants, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Area and Common Facilities. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns; provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 7. Exemption of Certain of the Properties From Assessments. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

- (a) Any portion of the Properties dedicated and accepted by a local public authority;
and
- (b) Any Lot owned by the Association.

Section 8. Notice and Procedure for Member Approval Pursuant to Sections 2 and 3. If Member approval is required in connection with any increase or imposition of Assessments pursuant to sections 2 and 3 of this Article, the affirmative vote required to approve the increase shall be a majority vote by at least a quorum of Members.

Section 9. Maintenance of Assessment Funds.

(a) Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors. In addition, the Board of Directors shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board of Directors and such officers or agents of the Association as the Board of Directors shall designate, shall have exclusive control of the account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from the Association accounts shall require the signatures of at least two officers.

To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b), below.

(b) Separate Accounts; Commingling of Funds. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board of Directors, in its discretion, may make appropriate adjustments among the various line items in the Board of Directors' approved general operating budget if the Board of Directors determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was levied, such surplus may, in the Board of Directors' discretion, be: (i) returned proportionately to the contributors thereof; (ii) reallocated among the Association's reserve accounts if any such account is, in the Board of Directors' opinion, underfunded; or (iii) credited proportionately on account of the Owners' future Regular Assessment obligations.

(c) Reserve Funds. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components of the Properties which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash-flow requirements or other expenses, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund.

The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Properties, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this subparagraph (c). This Special Assessment is subject to the Member approval requirements of California Civil Code section 1366 and Section 3(b), above, if the aggregate amount of the Special Assessment exceeds five percent (5%) of the budgeted gross expenses of the Association for the year in which the Special Assessment is imposed. The Board may, at its discretion, extend the date the payment on the

Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

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

(d) Limitations on Association's Authority to Assign or Pledge Assessment Obligations. The Association may not voluntarily assign or pledge its right to collect payments or Assessments, or to enforce or foreclosure a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association. However, the restrictions imposed by this subparagraph (d) shall not restrict the right or ability of the Association to assign any unpaid obligations to a former Member to a third party for purposes of collection.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate account of all funds received by it in payment of each Assessment and of all disbursements made therefrom; provided, however, that receipts and disbursements of Special Assessments made pursuant to section 3(a)(i) of this Article shall be accounted for together with receipts and disbursements of Regular Assessments, and separate liability accounts shall be maintained for each capital Improvement for which reserve funds for replacement are allocated.

Unless the Association is exempt from federal or state taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board of Directors that will prevent such funds from being taxed as income of the Association.

Section 10. Collection of Assessments; Enforcement of Liens. The Association may elect to pursue one or both of the following remedies in the event of a delinquent assessment:

(a) Personal Obligation. The Association may bring a legal action directly against the Owner for breach of the Owner's personal obligation to pay the assessment and in such action shall be entitled to recover the delinquent assessment or assessments, accompanying late charges, interest, costs and reasonable attorneys' fees. Commencement of a legal action shall not constitute a waiver of any lien rights as described in subparagraph (b), below.

(b) Assessment Lien. Except as otherwise provided in Section 4, above, with respect to the limitation on the imposition of liens for Special Individual Assessments, the Association may impose a lien against the Owner's Lot for the amount of the delinquent assessment or assessments, plus any reasonable costs of collection (including reasonable attorneys fees), late charges and interest by taking the following steps:

(i) At least thirty (30) days prior to recording a lien upon the Owner's Lot to collect a delinquent assessment, the Association shall notify the Owner in writing by certified mail of the following (the "Delinquency Notice"):

(A) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount, a statement that the Owner of the Lot has the right to inspect the Association records, pursuant to Section 8333 of the Corporations Code, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed: "IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."

(B) An itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorneys' fees, any late charges, and interest, if any.

(C) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the Association.

(D) The right of the notified Owner to request a meeting with the Board as provided in subparagraph (iv), below.

(ii) Any payments made by the Lot Owner toward the delinquent assessment shall first be applied to the assessments owed; and only after the assessments owed are paid in full shall the payments be applied to the fees and the costs of collection, attorneys' fees, late charges or interest. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the Person who received it. The Association shall provide its Members with a mailing address for overnight payment of Assessments.

(iii) An Owner may dispute the amounts claimed as due and owing in the Delinquency Notice by submitting to the Board a written explanation of the reasons for his or her dispute. If the Owner wishes to submit an explanation, it must be mailed to the Association within fifteen (15) days of the postmark of the Delinquency Notice. The Board shall respond in writing to the Owner within fifteen (15) days of the date of the postmark of the Owner's explanation.

(iv) An Owner may also submit a written request to meet with the Board to discuss a payment plan for the delinquent assessment. This request must also be made within fifteen (25) days of the postmark of the Delinquency Notice. The Association shall provide the Owners with the standards for payment plans, if such standards have been adopted. So long as a timely request for a meeting has been tendered, the Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request for a meeting, unless there is no regularly-scheduled Board meeting within that period, in which case the Board may designate a committee of one or more Members to meet with the Owner.

(v) The amount of the Assessment, plus any costs of collection, late charges, and interest assessed in accordance with Civil Code section 1366 shall be a lien on the Owner's Lot from and after the time the Association causes to be recorded with the County Recorder a Notice of Delinquent Assessment, which shall state the amount of the Assessment and other sums imposed in accordance with Civil Code Section 1366, a legal description of the Owner's Lot against which the Assessment and other sums are levied, the name of the record owner of the Owner's Lot against which the lien is imposed. In order for the lien to be imposed by non-judicial foreclosure as provided in subparagraph (viii), below, the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed by any officer of the Association or by the person designated by the Association for that purpose and mailed in the manner set forth in Civil Code Section 2924b to all record owners of the Owner's Lot no later

than ten (10) calendar days after recordation. Within twenty-one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Lot Owner a copy of the lien release or notice that the delinquent assessment has been satisfied.

(vi) Only those Special Individual Assessments imposed by the Association as a means of reimbursing the Association for costs incurred in the repair of damage to Common Areas and Common Facilities for which the Member or the Member's guests or tenants were responsible may become a lien against the Member's Lot that is enforceable by sale of the Lot in non-judicial foreclosure pursuant to Civil Code sections 2924, 2924b and 2924c. Other Special Individual Assessments shall be subject to collection in an action at law.

(vii) A lien created pursuant to subparagraph (v), above, shall be prior to all other liens recorded against the Owner's Lot subsequent to the Notice of Delinquent Assessment, except as described in Section 12, below.

(viii) Subject to the limitations of this Section 10(b), after the expiration of thirty (30) days following the recording of a Notice of Delinquent Assessment, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent assessment, or sale by a trustee substituted pursuant to Civil Code section 2934a. Any sale by the trustee shall be conducted in accordance with Civil Code sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trusts. The fees of a trustee may not exceed the amounts prescribed in Civil Code sections 2924c and 2924d.

(ix) If it is determined that a lien previously recorded against a Lot was recorded in error, the party who recorded the lien, within twenty-one (21) calendar days, shall record or cause to be recorded in the Office of the County a lien release or notice of rescission and provide the Lot Owner with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission.

(x) If the Association fails to comply with the procedures set forth in this Section 10(b) prior to recording a lien, the Association shall recommence the required notice process. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Lot Owner.

The provisions of this Section 10(b) are intended to comply with the requirements of Civil Code Section 1367.1 in effect as of January 1, 2003. If these sections are amended or modified in any manner, the provisions of this Section 10(b) automatically shall be amended or rescinded in the same manner. Civil Code Section 1367.1 may have been amended by the State Legislature, and the Board should confirm the current statutory requirements.

Section 11. Transfer of Lot by Sale or Foreclosure. Except as otherwise provided herein, the sale or transfer of any Lot shall not affect any Assessment lien duly Recorded with respect to such Lot prior to the sale or transfer. However, the sale or transfer of any lot pursuant to the foreclosure of any first Mortgage or other mortgage or lien recorded prior to the Association's Assessment lien (collectively, "prior encumbrance") shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No sale or transfer of a Lot as a result of foreclosure, exercise of a power of

sale or otherwise shall relieve the new Owner of such Lot, whether it be the former beneficiary of the first Mortgage or other prior encumbrance or a third party acquiring an interest in the Lot, from liability for any Assessments thereafter becoming due or from the lien thereof.

Where the first Mortgagee or other purchaser of a Lot obtains title to the same as a result of foreclosure of any such first Mortgage or other prior encumbrance or exercise of a power of sale contained therein, the person acquiring title, his or her successors and assigns, shall not be solely liable for the Assessments chargeable to such Lot which became due prior to the acquisition of title. Instead, such unpaid Assessments shall be deemed to be a Common Expense collectible from the Owners of all of the Lots, including such acquirer, his or her successors and assigns. Furthermore, foreclosure shall not affect the Association's right to maintain an action for the collection of delinquent Assessments against the foreclosed party personally.

Section 12. Priorities. When a Notice of Delinquent Assessment has been Recorded, such notice shall constitute a lien on the Lot prior and superior to all other liens or encumbrances Recorded subsequent thereto, except: (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (b) the lien or charge of any first Mortgage or record (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or judicial foreclosure involving a default under such first Mortgage or other prior encumbrances.

Section 13. Unallocated Taxes. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments imposed pursuant to section 2 of this Article and, if necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes to be paid in two installments, thirty days prior to the due date of each tax installment.

Section 14. Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption law of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed.

ARTICLE V

Minimum Construction Standards

Section 1. Review by Architectural Control Committee. No building or structure shall be erected, placed or altered in external design or color on any Lot until construction plans and specifications, the exterior color scheme, and a plan showing the location of the structure on the Lot have been approved by the Architectural Control Committee as to conformity and harmony of external design and appearance with surrounding development, and as to location of the building and finished ground elevation.

(a) Procedure: Requests for approval shall be submitted on forms as supplied by the Committee along with one complete set of plans. The Committee will have thirty (30) days from receipt of plans to approve or disapprove the plans. Approvals and disapprovals shall be in writing back to the

submitter with a copy of the approval or disapproval recorded with the Association. If the Committee fails to provide an approval or disapproval within the thirty (30) day period then approval is deemed to have been obtained as required by this Article.

(b) The Architectural Control Committee: The Board of Directors will appoint Members to the Architectural Control Committee from the Membership of the Association. At least one of the Committee members shall be an Association Member who is involved with the maintenance of the roads.

Section 2. Improvements. Improvements constructed on any Lot shall conform to the following minimum construction standards:

(a) Single Family Residential Use of Lots. Nothing but one single, private dwelling, or residence, together with garage or carport, and one guest house without kitchen facilities for the use solely of the Owner or occupant of the single-family dwelling, and outbuildings subject to approval by the Board of Directors.

(b) Minimum Square Footage of Residence. No dwelling having a floor area of less than twelve hundred (1200) square feet, exclusive of porches, patios, terraces and garages, shall be erected or maintained on any residential Lot.

(c) Quality of Construction. All buildings and other structures erected on any Lot within said subdivision shall be built in good workmanlike manner and shall be maintained in good condition.

(d) Completion of Construction. When the construction of any structure is commenced upon any of said Lots, the Owner thereof shall proceed, with all reasonable diligence, with the completion thereof and shall complete the construction thereof within twelve (12) months from the date of commencement. Extensions may be considered by the Board of Directors.

(e) Set-Back Requirements. No part or portion of any building of any kind shall be constructed or maintained upon any residence Lot closer than fifty (50) feet from any front or street line, or twenty-five (25) feet from any side line and fifty (50) feet from any back line.

ARTICLE VI

Association and Owner Maintenance Responsibilities

Section 1. Roads. The Association shall be responsible for all maintenance, repair, upkeep and replacement of all portions of the roads and related Common Facilities. 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 roads and related Common Facilities, except that each Owner shall be responsible for the maintenance and repair of his or her road easement set-back areas, driveway culverts, and driveway approaches. A driveway approach is considered to be that area between the Association's chipseal or asphalt road and the road easement set-back line of the Lot.

Section 2. Other Owner Maintenance Responsibility. Each Owner shall be responsible for the maintenance and repair of his or her Residence and Lot.

Section 3. Association Recovery of Costs of Certain Repairs and Maintenance.

(a) Association Maintenance necessitated by Owner Negligence. If the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder, is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants, or invitees, and is not covered or paid for by insurance policies maintained by the Association or the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Article IV, section 4 hereof.

(b) Owner Defaults in Maintenance Responsibilities. If an Owner fails to perform maintenance or repair functions for which he or she responsible, the Association may give written notice to the offending Owner with a request to correct the failure within 15 days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Association may exercise its rights under Article III, section 6(b) to enter the Owner's Lot and perform the repair or maintenance so long as the Owner has been given notice and the opportunity for a hearing in accordance with Article XI, section 6, hereof.

Section 4. Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's maintenance and repair obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

ARTICLE VII

Easements

Section 1. Road Easements. Each Owner and the Association shall have and is hereby granted a nonexclusive easement for roadway and vehicular traffic purposes over and along the private roads within the Properties. The nonexclusive easement granted hereby to each Owner and to the Association is subject to the offer of dedication of such streets made upon the Subdivision Maps, and upon complete or partial acceptance of such offer by the County, the easement shall terminate and be of no further force or effect as to those streets or portions thereof accepted by the County.

Section 2. Drainage and Maintenance Easements. Easements, within the existing property, are reserved for the construction, maintenance and operation therein or thereupon of pipes, conduits, ditches, and appurtenances, for the purpose of providing drainage or public services and facilities. No interference shall be made with the free use of such easements for the purposes for which they are intended.

Section 3. Other Easements. Each Lot and its Owner, and the Association as to the roadways, are hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Properties as shown on any Subdivision Map recorded with respect to the Properties.

ARTICLE VIII

Use of Properties and Restrictions

In addition to the restrictions established by law or Association Rules promulgated by the Board of Directors (consistent with this Declaration), the following restrictions are hereby imposed upon the use of Lots, Common Areas and other parcels within the Properties.

Section 1. Prohibition on Business and Commercial Activities. No business or profession shall be carried on or conducted upon any portion of any Lot that increases normal traffic of the neighborhood, has the appearance of a business, or in any way disturbs the environment of the neighborhood.

Section 2. Prohibition on Further Subdivision of Lots. No Lot in this subdivision shall be subdivided into Lots or parcels of land less than five (5) acres.

Section 3. Restrictions on Pets and Other Animals. No Lot, plot or building in this subdivision shall be used for the keeping or breeding of fowl, or animals of any kind for commercial purposes. A reasonable and usual number of family pets and livestock may be kept for the pleasure of the occupants of the premises where kept, but the same shall not be kept in numbers or under conditions reasonably objectionable to other residents in the subdivision. Reasonably objectionable conditions include, but are not limited to, odor, dust, noise, insects and other vermin.

Section 4. Trash and Refuse. No garbage, refuses or obnoxious materials shall be permitted to accumulate on any of said Lots, and the Owner thereof shall cause all garbage and other like materials to be disposed of by and in accordance with accepted sanitary practice. All garbage or trash containers, oil tanks, and other such facilities must be underground or placed in walled in areas so that they shall not be visible from the adjoining Lots, from the streets, or any pedestrian walkways.

Section 5. Prohibition of Noxious or Offensive Activities. No obnoxious or offensive activity shall be carried on any Lot, or any portion thereof, nor shall anything be done which shall be or become an annoyance or a nuisance to the neighborhood.

Section 6. Restrictions on Signs. No permanent sign of a commercial nature shall be displayed.

Section 7. Prohibition of Drilling or Mining Operations. 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 material of any nature shall be conducted on any Lots or portions of this subdivision, nor shall any excavation of any nature be made upon any Lot or any portion thereof, except as may be incident to the installation of utility services, drainage lines, excavations incident to the grading and preparation of building sites, and the construction of dwellings.

Section 8. Fire Prevention. Fire prevention is the responsibility of all Lot owners, residents and their invitees. Lots are to be maintained free of dry grass, brush, dead trees and other flammable refuse for a distance of thirty (30) feet from all structures. Lots will not be maintained in a manner that constitutes a fire hazard to any surrounding properties as may be determined by the Board of Directors.

Section 9. Removal of Trees. No native living oak trees six (6) inches or greater in diameter measured twelve (12) inches above the ground shall be cut down or in any way mutilated unless removal or trimming of the same is necessary to provide space upon which to erect a principal residential type dwelling or appurtenant structure. The removal of native oak trees for any other reasons shall be first approved by the Association's Board of Directors.

Section 10. Maintenance of Lots. All Lots, including their set-backs, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly by reason of unattractive growth on such Lot or the accumulation of rubbish or debris thereon. In the event any such Lot or improvement thereon is not so maintained, the directors shall have the right, through the Board of Directors' agents and employees, to enter thereon for the purpose of maintenance, restoration or repair, the cost of which shall be added to and become a part of the annual assessment of which such Lot is subject.

Section 11. Parking and Storage of Vehicles. No Owners or occupants of any Lot in this subdivision shall place, store, park or keep boats, house trailers, campers or heavy commercial vehicles of any kind on the streets of this subdivision. Vehicles of these types stored on the Lots shall be enclosed, undercover or stored on the property to minimize their view from the street or neighboring property.

Section 12. Waste Disposal Systems. Each residence shall be provided with a sewage disposal system consisting of an individual septic tank, or other equally sanitary structure for the storage or disposal of sewage, constructed, located and connected with a drain field, and all such facilities shall conform to the Health and Safety Regulations of the County of El Dorado, State of California.

Section 13. Prohibition on Obstruction of Visibility From Streets. Nothing within the set-back areas shall be constructed or permitted to remain or allowed to grow that will obstruct the visibility of the street by motorists.

Section 14. Roadside Tree Maintenance. All trees shall be trimmed and maintained in such a manner as to provide fourteen (14) feet of clearance above the roads and, if possible, six (6) feet of clearance from the sides of the roads. Dead trees or limbs that have the potential of falling in the roadway shall be removed.

Section 15. Enforcement of Property Use Restrictions. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Association becomes aware of any property use infraction that does not necessitate immediate corrective action under Article III, section 5 hereof, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her right to be heard on the matter.

ARTICLE IX

Insurance

Section 1. Types of Insurance Coverage. The Association shall purchase, obtain and maintain, with the premiums therefor being paid out of Common Funds, the following types of insurance, if and to the extent such insurance, with the coverage described below, is available at a reasonable premium cost:

(a) Public Liability and Property Damage Insurance. To the extent such insurance is reasonably obtainable, a policy of comprehensive public liability and property damage insurance

naming as parties insured the Association, Each member of the Board of Directors, any manager, the Owners and occupants of Lots, and such other persons as the Board of Directors may determine. The policy will insure each named party against any liability incident to the ownership and use of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for nonowned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location and use.

(b) Additional Insurance and Bonds. To the extent such insurance is reasonably obtainable, the Association may also purchase with Common Funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this section, demolition insurance, flood insurance, and workers' compensation insurance. The Board of Directors shall also purchase and maintain fidelity bonds or insurance in an amount not less than 100 percent of each year's estimated annual operating expenses and shall contain an endorsement of any person who may serve without compensation. The Board of Directors shall purchase and maintain such insurance on personal property owned by the Association and any other insurance, including directors and officers liability insurance, that it deems necessary or desirable.

Section 2. Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by section 1 is for any reason not available, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage hereinabove described. The Board of Directors shall notify the Owners of any material adverse changes in the Association's insurance coverage.

Section 3. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

Section 4. Trustee. All insurance proceeds payable under section 1 of this Article, may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. The trustee shall be a commercial bank in the County that agrees in writing to accept such trust.

Section 5. Adjustment of Losses. The Board of Directors is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to section 1 of this Article. The Board of Directors is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

Section 6. Insurance on Lots and Residences. An Owner may carry whatever personal liability, property damage liability, fire and casualty insurance with respect to his or her Lot, Residence and personal property as the Owner desires. The Association shall have no responsibility for the adequacy or extent of such insurance coverage.

ARTICLE X

Damage or Destruction

Section 1. Common Facilities; Bids and Determination of Available Insurance Proceeds. 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 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.

Section 2. Common Facilities; Sufficient Insurance Proceeds. Subject to the provisions of section 1 hereof, 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, reconstructed 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 of Directors' opinion, architectural or design modifications to the 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.

Section 3. Common Facilities; Insurance Proceeds Insufficient in an Amount Exceeding

\$5,000. 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 in an amount exceeding \$5,000 to cover the estimated cost of repair, reconstruction and restoration, then the Owners entitled to vote 75 percent of the voting power of each class of membership of the Association shall 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 sums 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.

Section 4. Damage or Destruction of Residences. In the event of damage or destruction by fire or other casualty affecting a Residence, the Owner thereof shall, within six months thereafter, either:

(a) Diligently commence to rebuild the Residence in accordance with the minimum construction requirements imposed by Article V, above; or

(b) Clear the Lot, removing all wreckage, debris and remains of the Residence therefrom and leaving the same in a clean condition.

ARTICLE XI

Breach and Default

Section 1. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservation, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration are inadequate and that the failure of any Owner, tenant, occupant or user of any Lot, to comply with any provision of the Governing Documents

may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors, or by their respective successors in interest.

Section 2. Nuisance. Without limiting the generality of the foregoing section, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 3. Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the court may award to any party to such action such attorneys' fees and other costs as it may deem just and reasonable.

Section 4. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 5. Failure Not a Waiver. The failure of any Owner, the Board of Directors, the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Association or the Board of Directors, or any of its officers or agents.

Section 6. Rights and Remedies of the Association.

(a) Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board of Directors, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board of Directors and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or suspension of the Owner's voting rights as a Member; provided, however, the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this section.

The decision of whether it is appropriate or necessary for the Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Board of Directors or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement as exist by virtue of section 1354 of the California Civil Code or otherwise by law.

(b) Schedule of Fines. The Board of Directors may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment.

(c) Definition of "Violation". A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board of Directors may include one component for the violation and, according to the Board of Directors' discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures.

(d) Limitations of Disciplinary Rights. No penalty or temporary suspension of rights shall be imposed pursuant to this Article unless the Owner alleged to be in violation is given at least 15 days prior notice of the proposed penalty or temporary suspension and is given an opportunity to be heard before the Board of Directors or appropriate committee established by the Board of Directors with respect to the alleged violation(s) at a hearing conducted at least 5 days before the effective date of the proposed disciplinary action.

Notwithstanding the foregoing, under circumstances involving conduct that constitutes: (i) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring residents; (ii) a traffic or fire hazard; (iii) a threat of material damage to, or destruction of, the roads or other Common Facilities; or (iv) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors, or its duly authorized agents, may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Association, in Writing, within five days following the Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

If the Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than five days following the date when the fine is levied.

The hearing shall be held no more than 15 days following the date of the disciplinary action or 15 days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

At the hearing the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The Board of Directors shall notify the accused Owner, in writing, of the Board of Directors' decision within three business days following conclusion of the hearing. In no event shall the effective date of any disciplinary action commence sooner than five days following conclusion of the hearing unless (i) the hearing merely affirms summary disciplinary action initiated pursuant to the immediately preceding paragraph or (ii) earlier commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to, or destruction of, the Properties or any portion thereof.

(e) Notices. Any notice required by this Article shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents and a reference to the specific Governing Document provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice; provided, however, that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Association.

(f) Rules Regarding Disciplinary Proceedings. The Board of Directors shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings. Such rules, when approved and adopted by the Board of Directors, shall become a part of the Association Rules.

ARTICLE XII

Notices

Section 1. Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner: To the street address of his or her Lot or to such other address as he or she may from time to time designate in writing to the Association.

If to the Association: Green Springs Ranch Landowners Association, at the principal office of the Association (or to such other address as the Association may from time to time designate in writing to the Owners).

Section 2. Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the co-Owners of any Lot, to any general partner of a partnership which is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Lot, shall be deemed delivered to all such co-Owners, to such partnership, or to such corporation, as the case may be.

Section 3. Deposit in United States Mails. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered four days after deposit in the United States mail in the County.

ARTICLE XIII

No Public Rights in the Properties

Nothing contained in this Declaration shall be deemed to be gift or dedication of all or any portion of the Properties to the general public or for any public use or purpose whatsoever.

ARTICLE XIV

Amendment of Declaration

Section 1. Amendment in General. This Declaration may be amended or revoked in any respect by the vote or assent by written ballot of the holders of not less than 51 percent of the voting power of the Association. Notwithstanding the foregoing, the percentage of affirmative votes necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

Section 2. Effective Date of Amendment. The amendment will be effective upon the Recording a Certificate of Amendment, duly executed and certified by the president and secretary of the Association, setting forth in full the amendment so approved and that the approval requirements of section 1 above have been duly met.

Section 3. Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE XV

General Provisions

Section 1. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Lots as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of 60 years from the date of the Recording of this Declaration. After the expiration of the initial term, the term of this Declaration shall be automatically extended for successive periods of 10 years each unless, within 6 months prior to the expiration of the initial 60-year term or any such 10-year extension period, a recordable written instrument, approved by Owners entitled to vote and holding at least a majority of the voting power of the Association terminating the effectiveness of this Declaration, is Recorded.

Section 2. Construction.

(a) Restrictions Construed Together. All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Properties as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

(b) Restrictions Severable. Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.

(d) Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of any of the substantive terms or provisions of this Declaration.

DATED: _____, 2004.

GREEN SPRINGS RANCH LANDOWNERS ASSOCIATION,
a California nonprofit mutual benefit corporation

By _____, President

By _____, Secretary

Exhibit "A"

***ORIGINAL DECLARATIONS BEING AMENDED, CONSOLIDATED AND
RESTATED***

1. Declaration of Covenants and Restrictions, Green Springs Ranch Subdivision, recorded on September 30, 1976, in Book 1433, Page 225, of the Official Records of El Dorado County.
2. Declaration of Covenants and Restrictions, Green Springs Ranch Subdivision, recorded on December 16, 1977, as Instrument No. 59597, in Book 1580, Page 737 of the Official Records of El Dorado County.
3. Declaration of Covenants and Restrictions, Green Springs Ranch Subdivision, recorded on June 22, 1979, as Instrument No. 28835, in Book 1773, Page 350, of the Official Records of El Dorado County.