

FIRST RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCHO TEHAMA UNITS NO. 1 AND NO. 2

This First Restated Declaration of Covenants, Conditions and Restrictions for Rancho Tehama Units No. 1 and No. 2 (the "Declaration") is made by The Rancho Tehama Association, a California nonprofit corporation (the "Association"), in reference to the following facts:

1. An instrument entitled "Amended Combined Declaration of Restrictions Rancho Tehama Units No. I and No. II" (the "Combined Declaration") was recorded on August 28, 1970, in Book 554, pages 272 through 287, inclusive, in the Official Records of Tehama County, California.

2. The Combined Declaration was subsequently amended by the "Amendment to the Amended Combined Declaration of Restrictions Rancho Tehama Units No. I and No. II" (the "Amendment"), recorded on January 28, 1971 in Book 561, page 254, in the Official Records of Tehama County, California.

The Combined Declaration and the Amendment are hereafter collectively referred to as the "Original Declaration".

3. The Original Declaration encumbers the real property in the County of Tehama, State of California more particularly described on attached Exhibit "A" (the "Development").

4. Article 2 of the Original Declaration requires the approval of a majority of the Owners of the Lots to amend the Original Declaration.

5. The balloting period for the membership vote ended on _____, 20__, and the secret ballots were counted and tabulated by the inspector of election at the _____, 20__ Board of Directors meeting. A majority of the Owners of the Lots voted to amend, supersede and restate the Original Declaration in its entirety to read as follows:

RECITALS

A. The Development is a "planned development", as that term is defined in California Civil Code Section 1351(k), and is managed by the Association.

B. The Development is comprised of 2020 Lots that are generally subject to assessment: 2003 residential Lots and 17 Lots that are zoned for commercial use. 13 of the 2003 residential Lots are zoned for multi-family housing. The "multi-family" Lots are lots 177,

195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205 and 206 of the Unit No. 1 Map. The "commercial" Lots are lots 512, 513, 514, 515, 516, 517, 518, 520, 521, 557, 558, 559, 582, 583, 584, 585 and 586 of the Unit No. 1 Map. The Development also contains 22 Common Area parcels owned by the Association and more particularly described in attached Exhibit "B", consisting of an airstrip, parks, open space areas, recreational facilities and other amenities. The Development also includes two churches (one located on lots 512 and 513 of the Unit No. 1 Map, and the other located on lots 178 and 179 of the Unit No. 1 Map) and a school (located on lots 15, 16 and 17 of the Unit No. 1 Map). The private streets within the Development are not owned, but are maintained, by the Association.

C. The Development was originally conveyed subject to certain easements, restrictions, covenants and conditions as set forth in the Original Declaration, all of which were for the purpose of enhancing and protecting the value, desirability and community-wide attractiveness of the Development and all of which run with the Development and are binding on all parties having or acquiring any right, title or interest in the Development, or any part thereof, their heirs, successors and assigns, and which inure to the benefit of each Owner thereof.

D. The Original Declaration established the Association to oversee, manage, maintain and operate the Development, subject to the Original Declaration.

E. The Members of the Association now desire to amend and restate the Original Declaration and to replace and supersede it in its entirety with this Declaration. Therefore, upon recordation of this Declaration, all of the property comprising the Development shall be subject to the covenants, conditions, restrictions, protective limitations, rights, rights-of-way, reservations, easements, equitable servitudes, liens and charges contained herein.

ARTICLE 1 DEFINITIONS

Section 1.1 "Architectural Committee" or "Committee" means the committee created in accordance with Article 7 of this Declaration.

Section 1.2 "Architectural Rules" means the architectural rules, regulations and/or guidelines which have been or shall be adopted by the Architectural Committee in accordance with Section 7.6 of this Declaration, as they may be amended from time to time.

Section 1.3 "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 amended from time to time.

Section 1.4 "Assessment" means:

(A) Any "Regular Assessment" made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of Section 5.3 of this Declaration;

(B) Any "Special Assessment" made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of Section 5.4 of this Declaration;

(C) Any "Reimbursement Assessment" made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of Section 5.5 of this Declaration; and/or

(D) Any other assessment made or assessed by the Association against an Owner and his or her Lot in accordance with this Declaration or California law.

Section 1.5 "Association" means THE RANCHO TEHAMA ASSOCIATION, a California nonprofit corporation, its successors and assigns. The Association is an "association" as that term is defined in California Civil Code Section 1351(a).

Section 1.6 "Board of Directors" or "Board" means the Board of Directors of the Association.

Section 1.7 "Bylaws" means the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 1.8 "Common Area" means all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area at the time this Declaration was recorded is more particularly described on attached Exhibit "B". Unless the context clearly indicates a contrary intention, any reference herein to the "Common Area" shall also include all improvements located thereon.

Section 1.9 "County" means the County of Tehama, State of California, and its various departments, divisions, employees and representatives.

Section 1.10 "Declaration" means this instrument, including all exhibits referred to herein (all of which shall be deemed incorporated herein by reference), as it may be amended from time to time.

Section 1.11 "Development" means all real property (Common Area and Lots) described and identified in attached Exhibit "A", together with all buildings, structures, utilities and all other improvements now located or hereafter constructed or installed thereon, and all appurtenances thereto.

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Section 1.12 "Governing Documents" is a collective term for all of the documents which govern the operation of the Development or the Association including, without limitation, this Declaration, the Articles, the Bylaws and the Rules (including the Architectural Rules).

Section 1.13 "Lot" means any parcel of real property shown upon the Subdivision Map, with the exception of the Common Area. Unless the context clearly requires otherwise, the term "Lot" shall include all improvements constructed on the Lot.

Section 1.14 "Member" means every person or entity who holds a membership in the Association, as more particularly set forth in the Governing Documents.

Section 1.15 "Mortgage" means any security device, including any deed of trust, encumbering any Lot. "Mortgagee" means the beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

Section 1.16 "Owner" means the owner of record, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation or as a contract purchaser. The term "Owner" shall include, except where the context otherwise requires, the family, guests, tenants and invitees of an Owner.

Section 1.17 "Rules" is a collective term for the rules, regulations and policies adopted by the Board of Directors of the Association, pursuant to Section 4.1(B) of this Declaration, as they may be amended from time to time, and the Architectural Rules.

Section 1.18 "Simple Majority" means a majority of the votes represented and voting at a meeting at which a quorum is present, by written ballot in conformity with California Corporations Code Section 7513 in which the number of votes cast by ballot equals or exceeds the number required to establish a quorum, or by secret ballot in conformity with California Civil Code Section 1363.03 in which the number of ballots received equals or exceeds the number required to establish a quorum.

Section 1.19 "Subdivision Map" means, collectively, the "Unit No. 1 Map and the Unit No. 2 Map.

Section 1.20 "Unit No. 1 Map" means the map entitled "Map of Rancho Tehama Unit No. 1 - A Private Road Subdivision", consisting of 22 sheets, filed in the Office of the County Recorder of Tehama County, California, on July 1, 1969, in Book P of Maps, Pages 93 to 114, inclusive.

Section 1.21 "Unit No. 2 Map" means the map entitled "Amended Map of Tract No. 1000 Rancho Tehama Unit No. 2 - A Private Road Subdivision", consisting of 73 sheets, filed in the Office of the County Recorder of Tehama County, California, on March 19, 1973, in Book R of Maps, Pages 1 through 73, inclusive.

Section 1.22 "Voting Power" means those Members who are eligible to vote for the election of Directors or with respect to any other matter, issue, or proposal properly presented to the Members for approval at the time any determination of voting power is made.

Section 1.23 Any reference in this Declaration to a specific statute shall be deemed to be a reference to any comparable successor statute if such referred-to statute is subsequently amended or renumbered by the legislative body having such power.

ARTICLE 2 PROPERTY RIGHTS

Section 2.1 Owners' Easements of Enjoyment. Each Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to each Lot, subject to all of the provisions of the Governing Documents including, without limitation, the following provisions:

(A) The right of the Association to establish reasonable Rules pertaining to the use of the Common Area, including charging reasonable admission and other fees and deposits for the use of any recreational facility situated upon the Common Area.

(B) The right of the Association to suspend the voting rights and right to the use of the recreational facilities by an Owner for any period during which any Assessment against his Lot remain unpaid. In addition, the Association may suspend an Owner's right to use the recreational facilities or impose fines for any infraction of the Governing Documents by that Owner, his lessees, or guests, as more particularly described in Section 4.2 of this Declaration.

(C) The right of the Association to dedicate or transfer all or any part of the Common Area, or grant easements on, over and under the Common Area, to any public agency, authority or utility for such purpose and subject to such conditions as the Association may deem proper.

The above easement is subject to exclusive easements appurtenant to the various Lots for encroachments on the Common Area, as originally constructed.

Section 2.2 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Owner's Lot. Any such delegation of right of enjoyment shall not be a delegation of the obligation to pay Assessments.

Section 2.3 Rental of Lots. The rental of Lots shall be subject to all the provisions of the Governing Documents including without limitation the following:

(A) Notification to Association. Each Owner renting a Lot shall notify the Association of the duration of the lease and shall provide the Association with (i) the tenants' names and telephone numbers, (ii) the names of the members of the tenants' household, (iii) information as may be required by Section 6.12 of this Declaration, and (iv) such other information as the Board deems appropriate. With respect to any Lot rented at the time of the recordation of this Declaration, the information set forth above shall be provided to the Association within 30 days of such recordation. With respect to all other Lots, such information shall be provided to the Association within 10 days following the commencement of the tenancy. If any Lot ceases to be rented, the Owner of such Lot must notify the Association within 10 days that such Lot is no longer rented.

(B) Owner Responsibility. Each Owner renting a Lot shall be strictly responsible and liable to the Association for the actions of such Owner's tenants within the Development and for each tenant's compliance with the provisions of all Governing Documents. An Owner leasing or renting a Lot shall provide the tenants with copies of the Governing Documents and all subsequent amendments.

(C) Written Rental Agreement Required. Any rental of any Lot within the Development shall be by written rental agreement. Such written rental agreement shall expressly provide that its terms are subject to all of the provisions of the Governing Documents, that the tenants shall comply with all provisions of the Governing Documents and that any violation of any provisions of the Governing Documents will be a breach and default of the terms of such rental agreement. No Lot may be rented for hotel or transient purposes and/or for a period of less than 30 days.

(D) Rules. The Board shall have the power to adopt and amend such further Rules as the Board deems necessary or appropriate to interpret and to facilitate the orderly implementation of this section.

(E) Enforcement by Eviction. Notwithstanding anything in this Declaration to the contrary, and without limiting any of the enforcement rights provided for elsewhere herein or under California law, in the event a tenant's conduct involves damage or misuse of any Common Area or facilities on any Common Area or constitutes an unreasonable nuisance to residents, the Association shall be entitled to maintain an eviction action against such tenant to the same extent as the Owner of the Lot, the Association being deemed to be (1) a third party beneficiary of any lease or rental agreement involving any Lot within the Development and (2) the Owner's attorney-in-fact for this purpose only. The Association's right to maintain an eviction action shall arise only in the event that (i) the Association has given notice to the Owner detailing the nature of the

infraction and the Owner has had a reasonable opportunity to take corrective action or to appear before the Board to present arguments as to why eviction by the Association is not necessary, and (ii) the Owner has not prevented and/or corrected the actions of the tenant giving rise to the damage or nuisance.

Section 2.4 Persons Subject to Governing Documents. All Owners, and any person using any portion of the Development or exercising any rights with respect to the Development or the Association through, with the permission of, or on behalf of, any Owner, shall be subject to, and shall comply with, each and every provision of the Governing Documents, unless a particular provision is specifically restricted in its application to a particular subset of such persons. Notwithstanding and without limiting the foregoing, 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 the Governing Documents shall be binding upon such person and that such person will observe and comply with the Governing Documents. Failure to comply with any Governing Document provision shall be grounds for an action to recover sums due, for damages, for injunctive relief, or for any other remedy permitted by law or permitted by the terms of the Governing Documents.

Section 2.5 Waiver of Use. No Owner may exempt himself or herself from personal liability for assessments duly levied by the Association, nor release the Lot owned by him or her from the liens, charges and other provisions of this Declaration or any other Governing Document by waiver of the use and enjoyment of the Common Area or the abandonment or non-use of his or her Lot or any other portion of the Development, by any alleged failure by the Association to perform services, or for any other reasons.

Section 2.6 Obligations of Owners. Owners of Lots shall be subject to the following:

(A) Payment of Assessments and Compliance With Rules. Each Owner shall pay when due each Assessment levied against the Owner and his or her Lot and shall observe, comply with and abide by any and all rules 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.

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

(C) 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 shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

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

**ARTICLE 3
MEMBERSHIP AND VOTING RIGHTS**

Section 3.1 Membership. Each Owner, by virtue of ownership of a Lot, shall be a Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot which is subject to Assessment. No Owner shall have more than one membership with respect to a Lot. Ownership of a Lot or interest therein shall be the sole qualification for and entitlement to membership in the Association. Each Owner shall remain a Member until such time as his ownership or ownership interest in all Lots in the Development ceases for any reason, at which time his or her membership in the Association shall automatically cease.

Section 3.2 One Class of Membership. The Association shall have one class of voting membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

Section 3.3 Transfer. Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of the Lot to which it is appurtenant, and then only to the purchaser. The transfer of title to a Lot shall automatically transfer the membership appurtenant to such Lot to the transferee. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association.

Section 3.4 Joint Owner Disputes. The vote for each Lot shall be cast as a single vote, and fractional votes shall not be allowed. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he or she was acting with the authority and consent of all other co-Owners of the Lot, and any ballot subsequently received in that election from another co-Owner shall not be counted.

**ARTICLE 4
POWER AND DUTIES OF THE ASSOCIATION**

Section 4.1 Management and Control. The Association, through the Board, except as otherwise provided herein, shall have the obligation, sole authority, and duty to manage, make decisions, operate, control, maintain, repair, replace or restore all of the Common Area, or any portion thereof, together with the improvements and landscape thereon. The specific and primary purposes and powers of the Association are to provide for the operation, control, repair,

maintenance and restoration of the Common Area, provide architectural control for the Development, provide recreational facilities for the Members, enforce the provisions of the Governing Documents and any other instruments relating to the management and control of the Association, and otherwise enhance and promote the use and enjoyment of the Common Area by the Owners in common.

(A) Responsibility for Damage. In the event the Board shall determine that any portion of the Development required to be maintained by the Association has been damaged or destroyed by any negligent or malicious act or omission of any Owner, his or her family members, guests, tenants, servants, agents or licensees, such Owner shall be responsible for the cost of repairing the damage. In the event that the Owner fails to pay the cost for the repairs, then the Association shall make such repairs or replacements and the cost thereof shall be levied against such Owner as a Reimbursement Assessment.

(B) Rules. Subject to the provisions of the Governing Documents and California law (including, if applicable, California Civil Code Section 1357.100 et seq.), the Board shall have the right to adopt reasonable Rules and to amend the same from time to time relating to the use of the Common Area and Lots by Owners and by their family members, tenants or guests, and the conduct of such persons anywhere within the Development with respect to vehicle parking, outside storage, disposal of waste materials, drying of laundry, number and control of pets and other activities reasonably contemplated under the Governing Documents.

The Rules shall be binding upon the Owners and occupants of the Lots, and their family members, guests and invitees, and shall be enforceable to the same extent as if they were specifically set forth as provisions in the Governing Documents. A copy of such Rules shall be maintained in the office of the Association and be available for inspection at all reasonable times.

Section 4.2 Powers and Responsibilities of the Board.

(A) Enforcement of Governing Documents. The Board shall have the power to enforce the Governing Documents by the imposition of reasonable monetary fines and other Reimbursement Assessments, and suspension of use of recreational facilities on the Common Area and voting privileges. These powers, however, shall not be construed as limiting any other legal means of enforcing the Governing Documents.

(1) Fines. The Board shall have the power to establish and impose reasonable fines for the infraction of any provision of the Governing Documents in accordance with a schedule of fines adopted by the Board and distributed to all Members in accordance with California Civil Code Section 1363(g). Any such fines shall be Reimbursement Assessments under

Section 5.5 of this Declaration. Such fines shall not exceed a maximum of \$100 per violation, including for continuing violations as described below.

(2) Suspension of Rights. The Board may suspend the voting rights and right to use the Common Area recreational facilities of any Owner who is in default in his or her payment of any Assessment or for any infraction of any of the Governing Documents. No suspension shall affect the rights of a Member to access his or her Lot. Any suspension of use privileges may not exceed a period of 90 days for any one violation.

(3) Continuing Violations. The Board may deem a continuing violation to constitute two or more separate and distinct violations of the same Governing Document provision and may impose separate and successive sanctions for each such violation. However, the Board shall not impose a separate sanction for violation of the same provision more frequently than once per day.

(4) Hearing Requirement. No suspension of rights or fine against a Member shall be effective until the Board gives such Member notice and the opportunity for a hearing before the Board which satisfies the minimum requirements of California Civil Code Section 1363(h).

(B) Deposits. The Board may impose and receive deposits or other administrative fees for the use or operation of the Common Area.

(C) Permits, Licenses, Etc. Subject to limitations set forth in the Bylaws, the Board may grant permits, licenses, utility easements, and other easements, permits, or licenses necessary for the proper maintenance or operation of the Development under, through, or over the Common Area, as may be reasonably necessary to or desirable for the ongoing development and operation of the Development.

(D) Maintenance. As more specifically set forth in Article 9 of this Declaration, the Board shall maintain and otherwise manage all of the Common Area and facilities, including all recreational facilities, improvements and landscaping thereon, and any property subsequently acquired by the Association. The Board shall also have the right to assign, rent, license or otherwise designate and control the use of the Common Area and/or the improvements thereon.

(E) Taxes and Assessments. The Board may pay real or personal property taxes or other charges assessed against the Common Area. Such taxes and assessments may be contested or compromised by the Association; provided, however, that they are paid or a bond insuring payment is posted to the sale or the disposition of any property to satisfy the payment of such taxes.

(F) Utility Services. The Board shall acquire, provide and/or pay for water, sewer, garbage disposal, gas, electrical, refuse and rubbish collection, telephone, cable and gardening service and other necessary utility services for the Common Area.

(G) Borrowing Money. The Board may borrow money for the purposes of improvement or restoration of the Common Area and facilities thereon.

(H) Delegation of Duties. The Board shall have the authority to delegate its powers, duties and responsibilities to committees, independent contractors or employees, including a professional managing agent (sometimes hereinafter referred to as "manager").

(I) Capital Improvements. The Board may make capital improvements to the Common Area. However, the aggregate expenditures for capital improvements to the Common Area in any fiscal year shall not exceed ten percent of the budgeted gross expenses of the Association for that fiscal year without the approval of a Simple Majority.

(J) Dedication. The Board may dedicate, sell or transfer all or a part of the Common Area, or grant easements on, over and under the Common Area, to any public utility or governmental entity, authority or agency; provided that any such easement shall not unreasonably interfere with the right of any Owner to the use and enjoyment of his or her Lot or the Common Area.

(K) Grant Licenses/Easements. The Board may grant licenses or easements to Owners; provided, however, that any license or easement shall not be made without approval of a majority of the Voting Power.

(L) Purchase of Lots. The Board shall have the power to purchase, or otherwise acquire, including acquisition in foreclosure proceedings, one or more Lots located within the Development.

Section 4.3 Right of Entry. The Association or its agents may enter any Lot whenever such entry is necessary, in the Board's sole discretion, in connection with the performance of any maintenance, repair, construction, or replacement for which the Board is responsible or which it is authorized to perform. Such entry shall be made with as little inconvenience to the residents as practicable and only upon reasonable advance written notice of not less than 24 hours, except in emergency situations.

ARTICLE 5
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 5.1 Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Association: (a) Regular Assessments or charges; (b) Special Assessments, to be established and collected as hereinafter provided; and (c) Reimbursement Assessments against any particular Lot which are established pursuant to the terms of the Governing Documents.

All such Assessments, together with late charges, interest, costs, and attorneys' fees reasonably incurred, as provided in this Declaration and in the maximum amount permitted by the laws of the State of California, whichever is greater, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each Assessment is made. Such amounts shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. In the event more than one person or entity was the Owner of a Lot, the personal obligation to pay such Assessment, or installment thereof, shall be joint and several. The personal obligation for delinquent Assessments, or delinquent installments thereof, and such other sums, shall not pass to an Owner's bona fide and for value successors in title unless expressly assumed by them.

Section 5.2 Purpose of Assessments. The Assessments levied by the Association shall be used for the general purpose of the preservation and proper operation of the Development, to promote the recreation, health, safety and welfare of the residents in the Development, and to improve and maintain the Common Area and specified portions of the residences, thereby preserving the architecture and appearance of the Development as a whole and thus benefitting the entire community.

Section 5.3 Regular Assessments.

(A) Preparation of Annual Budget. Not less than 30 nor more than 90 days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future maintenance, repairs, replacement or additions to the Common Area) by preparing and distributing to all Members a budget satisfying the requirements of California Civil Code Section 1365(a). If the Board fails to distribute the budget for any fiscal year within the time period provided for in this section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains the requisite approval of the Owners as set forth in California Civil Code Section 1366(a).

(B) Establishment of Regular Assessment. 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. Regular Assessments shall be paid on a monthly basis on the first day of each month or in such manner and on such dates as may be fixed by the Board.

(C) Membership Approval Requirements. Except as provided in California Civil Code Section 1366(b) [pertaining to Assessments for "emergency situations"], the Board of Directors may not impose a Regular Assessment that is more than 20% over the Regular Assessment for the Association's immediately preceding fiscal year without the requisite approval of the Owners as set forth in California Civil Code Section 1366(b). Prior to raising Regular Assessments at any time during the fiscal year without membership approval, up to the 20% limitation, the membership shall be given 30 days' notice of such increase in Regular Assessments.

(D) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to 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 the Assessments shall be payable on the regular payment dates established by the Board.

Section 5.4 Special Assessments. In addition to Regular Assessments, the Board may levy Special Assessments for the purpose of defraying, in whole or in part, the cost of any capital improvement to the Common Area or such other purpose as may be determined by the Board. Except as provided in California Civil Code Section 1366(b) [pertaining to Assessments for "emergency situations"], the Board may not levy Special Assessments that, in the aggregate during any fiscal year of the Association, exceed five percent of the budgeted gross expenses of the Association for that fiscal year, without the requisite approval of the Owners as set forth in California Civil Code Section 1366(b). Special Assessments shall be paid in such manner and on such dates as may be fixed by the Board.

Section 5.5 Reimbursement Assessments.

(A) Circumstances Giving Rise to Reimbursement Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 5.4, above, the Board of Directors may impose Reimbursement Assessments against an Owner in any of the circumstances described in subparagraphs (1) through (6) below, provided that no Reimbursement 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 this article, and, if appropriate, and except with respect to a Reimbursement Assessment imposed pursuant to subparagraph (6) below, 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 Reimbursement Assessments include the following:

(1) Damage to Common Area. In the event that any damage to, or destruction of, any portion of the Common Area, or any portion of the Lot which the Association is obligated to maintain, repair or replace, 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 may 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 Reimbursement Assessment. Reimbursement Assessments imposed under this subsection may be collected in the same manner as Regular and Special Assessments as allowed by California law.

(2) Expenses Incurred in Gaining Membership Compliance. In the event that the Association incurs any costs or expenses, to accomplish (a) the payment of delinquent Assessments, (b) any maintenance, repair or replacement to any portion of the Development that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion, or (c) to 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 attorneys fees, title company fees, accounting fees, administrative fees, and court costs) shall be assessed and charged solely to and against such Owner as a Reimbursement Assessment.

(3) Required Maintenance on Lots. In the event any Lot or improvement thereon is not maintained as described herein, the Association shall have the right, through its agents and employees, to enter thereon for the purpose of maintenance, restoration or repair, the reasonable cost of such action shall be recovered through imposition of a Reimbursement Assessment against the offending Owner.

(4) Unpaid Fines. If an Owner does not pay a fine levied against him or her for a violation of the Governing Documents within 30 days after the Board has notified the Owner of the fine, then the Board shall have the right to levy a Reimbursement Assessment against such Owner. Unless expressly permitted under California law, any lien against the Owner's Lot for nonpayment of a Reimbursement Assessment levied pursuant to this subsection shall not be enforceable by nonjudicial foreclosure of the Lot.

(B) Levy of Reimbursement Assessment and Payment. Once a Reimbursement Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed herein, notice thereof shall be mailed to the affected Owner and the Reimbursement Assessment shall thereafter

be due and payable in full to the Association within 30 days after the mailing of notice of the Assessment.

Section 5.6 Rate of Assessments. Regular and Special Assessments shall be allocated equally among all Lots.

Section 5.7 Notice; Certificate of Status. Written notice of an Assessment shall be given to every Owner subject thereto. The Association shall, upon demand and for a reasonable charge not exceeding \$20.00, furnish a certificate signed by an officer or other agent of the Association setting forth whether the Assessments of a specified Lot have been paid.

Section 5.8 Effect of Non-Payment of Assessments; Remedies of the Association.

(A) Any Assessment not paid within 15 days after the due date shall be delinquent. If an Assessment is delinquent, the Association may recover all of the following pursuant to Civil Code Section 1366(e):

- (1) collection costs,
- (2) attorneys' fees,
- (3) interest commencing 30 days after the due date at a simple annual rate of twelve percent, and
- (4) a late charge.

(B) The Association may collect all unpaid amounts by suit and/or by any other remedy permitted by law.

(C) In addition, as more particularly provided in California Civil Code Section 1367 et seq., the Association may create a lien against a Lot and may enforce such lien by foreclosure in the same manner as the foreclosure of a mortgage upon real property under the laws of the State of California, or by sale pursuant to California Civil Code Section 2924 et seq. and California Civil Code Section 1367.4, and to that end a power of sale is hereby conferred upon the Association.

Section 5.9 Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any first Mortgage of record made in good faith and for value upon any Lot, provided 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 a judicial foreclosure involving a default under such first Mortgage. Otherwise, sale or transfer of any Lot shall not affect the Assessment lien.

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Section 5.10 Property Exempt from Assessments. The following property subject to this Declaration shall be exempt from the Assessments and liens created herein:

(A) All property owned by, or dedicated to and accepted by the County or other local public authority;

(B) Any Lot which is owned by the Association as a result of the Association having acquired such Lot through foreclosure or gift; provided, however, that such exemption shall be applicable only during the period in which the Association is the Owner of such Lot;

(C) All Common Area;

(D) Lots 178 and 179 as shown on the Unit No. 1 Map (the location of the Rancho Tehama Community Church), so long as such Lots are used as a church or other formal place of worship;

(E) Lots 512 and 513 as shown on the Unit No. 1 Map (the location of the Christian Life Ministry Church), so long as such Lots are used as a church or other formal place of worship;

(F) Lots 15, 16, and 17 as shown on the Unit No. 1 Map (the location of the Rancho Tehama Elementary School), so long as such Lots are used as a school.

Section 5.11 Waiver of Exemptions. Each Owner does hereby waive, to the extent of any liens created pursuant to this article, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment, or installment thereof, becomes delinquent or any lien is imposed pursuant to the terms of this Declaration.

ARTICLE 6 USE RESTRICTIONS

Section 6.1 Residential Use. All Lots shall be used for residential purposes only. This provision shall not apply to any Lot which the Tehama County Board of Supervisors has zoned for commercial use.

Section 6.2 Animals. The raising and/or keeping of cattle, horses, sheep, rabbits, pigs, hogs, cats, dogs and/or other animals, poultry birds and/or reptiles, either in the singular or plural number, for commercial gain upon any portion of the Development is prohibited. Dogs, cats and other usual household pets (but not pigs or hogs), horses, cattle, poultry and/or birds may be kept for pleasure, provided that they do not become a nuisance. All animals must comply with Tehama County regulations and Association policy.

Section 6.3 Vehicles and Parking.

(A) No vehicles of any type shall be parked on any street within the Development except while loading or unloading.

(B) No stripped down, partially wrecked, or junk motor vehicle, or sizeable part thereof shall be permitted to be parked on the street or on any Lot in such manner as to be visible to occupants of other Lots, or to the users of any street therein.

(C) Unless otherwise permitted by the Board, Common Area parking spaces are "first-come, first-serve".

(D) There shall be no overnight parking on the Common Area.

(E) The Association shall have the power to enforce the parking rules by towing in accordance with California law.

(F) No trailers, boats, campers, tents, motor homes, RVs, ATVs, motorcycles or commercial vehicles shall be parked or stored within the Development unless they are registered and subject to Rules that may be adopted by the Board.

(G) No more than a collective total of two of any of the following vehicles may be stored on any Lot improved with a residence at any time: travel trailers, campers, motor homes, or RVs. Under no circumstances shall any such trailer, camper, motor home or RV be used as a residence.

(H) No commercial vehicles, with the exception of pickup trucks, may be stored or parked on any Lot, unless prior approval is given by the Board. The Board may further define the term "commercial vehicle" in the Rules in order to facilitate the operation of the Development in the manner the Board believes to be in the best interests of the overall community.

(H) No unimproved Lot may be used for the storage of any items, including without limitation: trailers, boats, campers, tents, motor homes, RVs, ATVs, motorcycles, commercial vehicles, cars, building materials or landscaping materials.

Section 6.4 Lot Upkeep. All Lots, whether occupied or unoccupied, and any improvements placed thereon shall at all times be maintained in a neat and orderly condition as to prevent their becoming unsightly by reason of unattractive growth on such Lot or the accumulation of rubbish or debris thereon. Carports and garages shall be kept in a neat and orderly condition. More specific maintenance requirements are described in Article 9 of this Declaration.

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Section 6.5 No Noxious Activities or Nuisances. No noxious or offensive activity shall be carried on on any Lot nor shall anything be done on any Lot that shall be or become an unreasonable annoyance or nuisance to the neighborhood.

Section 6.6 Oil & Natural Gas. No oil or natural gas drilling, refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot and no derrick or other structure designed for use in boring oil or natural gas shall be erected, maintained, or permitted on any Lot.

Section 6.7 Removal and Cutting Down of Trees. No tree over three inches in diameter shall be cut down or removed from any Lot without first obtaining the written consent of the Architectural Committee.

Section 6.8 Garbage and Trash. No trash, ashes, garbage or other refuse shall be dumped or stored on any Lot nor be thrown into or left on the shoreline of any pond in the Development. No outside burning of trash or garbage shall be permitted. Yard waste may be burned only on legally permitted burn days.

Section 6.9 Clearance Requirements. The use of each Lot shall be subject to all clearance requirements imposed by law, including without limitation California Public Resources Code Section 4291 and CalFire regulations for Tehama County.

Section 6.10 Basketball Standards. No basketball standards (including portables) or other fixed sports apparatus shall be attached, erected, placed or maintained on any portion of the streets or Common Area without prior Board approval.

Section 6.11 Use of Approved Temporary Structures. No temporary structures shall be used at any time as a residence; provided that, with approval of the Architectural Committee as to size, location and utility connections, house trailers may be used for residential purposes.

Section 6.12 Medical Marijuana Growth. It is the intent of the Association to allow, subject to the limitations set forth in this section, the growing of medical marijuana within the Development, while still restricting the illegal growing of marijuana. The purpose of this section is to enable persons who are in need of marijuana for medical purposes to do so without fear of enforcement by the Association. Nothing in this section shall be construed to condone or allow the use of marijuana for any non-medical purpose, or allow any activity relating to the cultivation, distribution, or consumption of marijuana that is otherwise illegal under Federal, State, or County law or ordinance. Nothing in this section shall be construed as any protection from criminal charges that may be brought by governmental agencies for marijuana-associated crimes. Any medical information the Association may become privy to shall be held as confidential. However, the Association reserves the right to verify the authenticity and validity of any medical marijuana certificate presented.

(A) Restricted Areas and Distances for Marijuana Cultivation.
Cultivation of any amount of marijuana shall be prohibited at locations or premises

within 1,000 feet of schools, bus stops (which may change yearly as needed and determined by the Corning school district), school evacuation sites, churches, parks, childcare centers, the Rancho Tehama Post Office, the Rancho Tehama Recreation Hall, The Rancho Tehama Administration Office, youth-oriented facilities, or any Common Area. The 1,000 foot restriction will be measured from the property line of any property involved in the restricted areas. If this 1,000 foot restriction ends up dividing a property, then no portion of that property will be allowed to cultivate marijuana. The potential for criminal activities associated with marijuana cultivation in such locations poses a heightened risk that juveniles will be involved or endangered.

(B) Property Owner Responsibilities. An Owner whose property is rented, or intended to be rented, must include in any rental/lease agreement a provision restricting the growth of marijuana on their property without prior notice. In addition, the following restrictions shall apply:

(1) A copy of any rental/lease agreements along with the names of all persons to occupy the property, and their phone numbers, must be put on file at the Association's office.

(2) If a tenant has a permit to grow medical marijuana, a copy of this permit must be on file with the Association before such growth will be allowed. The unauthorized growth of marijuana on any Lot, legally or otherwise, may result in fines levied against the Owner.

(3) Any person owning, leasing, occupying, or having charge or possession of any property where marijuana is intended to be grown must have registered their property with the Tehama County Health Services Agency, and provided the Agency with all required documentation (including, but not limited to, the "Marijuana Cultivation Site Registration Form" and the "Property Owner Consent to Cultivation of Marijuana" form). Proof of this registration and forms must be on file with the Association.

(4) Failure to comply with any portion of this section may result in fines or other discipline as determined by the Board.

(C) Additional Restrictions. The limited right of qualified patients and their primary caregivers under County, State, and Federal laws or regulations to cultivate marijuana plants for medical purposes does not confer the right to create or maintain a public nuisance or hazard. In addition, the following restrictions shall apply:

(1) Any person who is not the Owner of a property who wishes to grow medical marijuana must first receive permission from the Owner in writing (including the forms required by Section 6.12(B)(3)).

(2) Qualified patients and or care-givers who intend to grow medical marijuana must present their medical certificate, name and phone numbers, the Owner's written permission, and the Tehama County registration to the Association (including the forms required by Section 6.12(B)(3)).

(3) The qualified patient or their primary care-giver must comply with all provisions of this section and the Tehama County Health Services Agency registration requirements.

(4) Only one medical marijuana certificate per Lot is allowed.

(D) Growth Restrictions.

(1) If medical marijuana is being grown on a property, the holder of the required medical marijuana certificate must occupy the property full-time.

(2) The marijuana growing area may not be larger than 35' x 35'.

(3) If the premises is 20 acres in size or less, no more than 12 mature marijuana plants or 24 immature marijuana plants shall be cultivated on the premises at any one time. If both mature and immature marijuana plants are cultivated on the premises, there shall be no more than 12 mature marijuana plants and no more than 24 total marijuana plants.

(4) A growing area must be at least 50 feet from any property line and not readily apparent from any street. The Architectural Committee shall assist in determining the best location for a growing area on a given property with these considerations in mind.

(5) All marijuana grown outside of a building must be fully enclosed by a fence at least 6 feet high. The fence must be of a solid structure that eliminates visibility and provides security. The fence must include a gate capable of being locked, and must be locked at all times when no one is present. The construction of any such fence must comply with Article 7 of this Declaration as well as any other applicable Architectural Rules.

(6) Any vandalism to a growing area or its enclosure shall constitute a nuisance and endangerment to any neighbors and their property. If such vandalism occurs, the Board shall have the power, subject to appeal, to have a growing area removed from the property.

(7) The Board of Directors or its designated representatives shall have the right to inspect any property approved for the growing of medical marijuana for compliance under this section with a minimum of 24 hours' notice.

This inspection shall include all structures located on the property where marijuana could be grown.

(8) For the purposes of this section, a marijuana plant is considered "mature" when the plant starts to bud.

Section 6.13 Quiet Hours. The Board shall have the authority to establish reasonable rules pertaining to quiet hours within the Development.

ARTICLE 7 ARCHITECTURAL CONTROL

Section 7.1 Submission of Plans and Specifications. The following shall require the Architectural Committee's written approval before any such work is commenced:

(A) All plans and specifications for any structure or improvement whatsoever to be erected on or moved upon or to any Lot;

(B) The proposed location of any structure or improvement whatsoever to be erected on or moved upon or to any Lot;

(C) All plans and specifications for the construction material, the roofs and exterior color schemes, any later changes or additions after initial approval thereof on any Lot; and

(D) All plans and specifications for any remodeling, reconstruction, alterations, or additions to any structure or improvement whatsoever on any Lot.

There shall be submitted to the Committee plans and specifications for the erection or alteration of any and all proposed improvements. No structures or improvements of any kind shall be erected, altered, placed or maintained upon any Lot unless and until the final plans, elevations and specifications therefor have received such written approval as herein provided. Such plans shall include plot plans showing the location on the Lot of the building, wall, fence, or other structure proposed to be constructed, altered, placed, or maintained, together with the proposed construction material, color schemes for roofs and exteriors thereof and proposed landscape planting. In addition, topography maps prepared by a registered civil engineer or a licensed land surveyor shall be included as part of all plans relating to lakefront Lots.

Section 7.2 Establishment. The Committee shall be composed of three members to be appointed by the Board. All Committee members serve at the pleasure of the Board. If at any time there shall not be a duly-constituted Architectural Committee, the Board shall exercise the functions of the Architectural Committee in accordance with the terms of this article.

In selecting Members for the Committee, the Board shall endeavor to select individuals whose occupations or education will provide technical knowledge and expertise relevant to matters within the Committee's jurisdiction. If reasonably possible, at least one member of the Committee shall have the professional degree or other background in design, land planning, engineering, architecture, law or some other field which is related to the functions to be performed by the Committee. If the requirements imposed by the preceding sentence cannot be satisfied for any reason, the Committee may establish a client relationship with a California licensed architect for the purpose of rendering advice with respect to plan submittals and other review matters before the Committee. Failure to comply with the requirements of this section shall not affect the validity of any actions of the Committee with respect to specific submittals.

Section 7.3 Duties of the Committee. It shall be the duty of the Committee to consider and act upon proposals or plans submitted to it pursuant to the terms of this article to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by this Declaration.

Section 7.4 Approval of Improvements. The Committee shall grant the requested approval only if:

- (A) The Owner shall have complied with the provisions of Section 7.1 above;
- (B) The Committee shall find that the plans and specifications conform to this Declaration and to the Architectural Rules in effect at the time such plans were submitted to the Committee; and
- (C) The Committee shall determine that the proposed improvements would be consistent with the standards of the Development and the purposes of this Declaration as to quality of workmanship, design and materials, as to harmony of exterior design with the existing structures, and as to location with respect to topography and finished grade elevations.

Section 7.5 Meetings. The Committee shall meet as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the members shall constitute an act by the Committee. The Committee shall keep and maintain a record of all actions taken by it at such meetings or otherwise. The Committee members shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred by them in the performance of any Architectural Committee function.

The Owner-applicant shall be entitled to appear at any meeting of the Committee at which the Owner's proposal has been scheduled for review and consideration. The Owner shall be entitled to be heard on the matter and may be accompanied by his or her architect, engineer and/or contractor. Other Owners whose properties may be affected by the proposed improvement (in terms of the view or solar access or this Lot, noise or other considerations) shall also be entitled to attend the meeting.

Section 7.6 Architectural Rules. The Committee may, from time to time, and subject to the Board's approval, adopt, amend, and repeal rules and regulations to be known as "Architectural Rules". The Architectural Rules shall interpret and implement the provisions of this article by setting forth the standards and procedures for Committee review and guidelines for architectural design, placement, height and size of buildings and other structures, lot splits and mergers, setbacks, enclosures, and landscaping, color schemes, exterior finishes and materials, and similar features which are recommended for use in the Development; provided, however, that the Architectural Rules shall not be in derogation of the minimum standards required by this Declaration.

Section 7.7 Fees; Deposits. As a means of defraying its expenses, the Committee may institute and require a reasonable filing fee to accompany the submission of plans to it. No additional fee shall be required for re-submission of plans revised in accordance with Committee recommendations. The Committee may also require Owners to submit a deposit: (i) to assure full compliance with the Governing Documents, including without limitation the Construction and Architectural Standards, (ii) to assure proper and timely completion of the works of improvement in accordance with approved plans and specifications, and (iii) to reimburse the Association for any damage to roadways and other Common Area facilities resulting from the construction project. All such fees and deposits shall be consistent with the current Architectural Rules.

Section 7.8 Time for Architectural Committee Action. The Committee shall act on a request for approval within 30 days from the date of receipt thereof by the Committee. Any request for approval which has not been acted on by the Committee within the preceding time frame shall be deemed approved. The Owner requesting approval shall have the burden of establishing the date of receipt of the request for approval by the Committee by evidence in the form of either a copy of such request for approval date-stamped by the Association or by a return receipt provided by the U.S. Postal service acknowledging that such request for approval was delivered. A set of such plans and specifications and details with the approval, or disapproval, endorsed thereon, shall be returned to the person submitting them and a copy of the plans and specifications shall be retained by the Committee for its permanent files.

Section 7.9 Appeals to Board. This section shall only apply if there is a duly organized Committee, and shall not apply if the Board is acting in the capacity of an Architectural Committee pursuant to Section 7.2. Any Member submitting an application for approval may appeal a decision of the Committee regarding that Member's application to the Board, provided that any such request is presented to the Board within ten days from the date of the approval or denial of the request for approval by the Committee. When an appeal is considered by the Board, (i) it shall take place during an open meeting of the Board, (ii) the Board may affirm, reverse or modify the decision, and (iii) the Board shall notify the applicant Owner in writing of the Board's decision within 15 days following the review.

Section 7.10 Commencement and Completion. Upon receipt of approval pursuant to this article, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all installation, construction, reconstruction, refinishing, alterations, and excavations pursuant to such approval, commencement to occur, in

all cases, within six months from the date of such approval. In the case of original construction on a vacant Lot, "commencement of construction" means at least the completion of grading and the pouring of all or substantially all foundations for any improvements. If the Owner shall fail to comply with this section, any approval previously given shall be deemed revoked unless the Committee, upon written request of the Owner made prior to the expiration of the time for commencement, extends the time for such commencement.

Every building, residence, or other improvement, the construction or placement which is begun on any Lot, shall be completed within six months after the beginning of such construction or placement.

Section 7.11 Inspection. Inspection of work and correction of defects therein shall proceed as follows:

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

(B) Within 30 days thereafter, the Committee, or its duly authorized representative, may inspect such improvement to determine whether it was installed, constructed, reconstructed, altered, or refinished to substantial compliance with the approved plans. If the Committee finds that such installation, construction, reconstruction, alteration, or refinishing was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such non-compliance within such 30-day period, specifying particulars of non-compliance and shall require the Owner to remedy such non-compliance.

(C) If the Owner shall have failed to remedy such non-compliance upon the expiration of 30 days from the date of such notification, the Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged non-compliance. The hearing date shall be not more than 30 nor less than 15 days after notice of the non-compliance is given to the Board by the Committee. Notice of the hearing date shall be given at least 10 days in advance thereof by the Board to the Owner, to the Committee and, in the discretion of the Board, to any other interested party.

(D) At the hearing the Owner, the Committee and, in the Board's discretion, any other interested person, may present information relevant to the question of the alleged non-compliance. After considering all such information, the Board shall determine whether there is a non-compliance, and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a non-compliance exists, the Board shall require the Owner to remedy or remove the same within a period of not more than 45 days from the date of the Board's ruling.

If the Owner does not comply with the Board's ruling within such period or within any extension of such period as the Board, in its discretion, may grant, the Board, at its option, may either remove the non-complying improvement or remedy the non-compliance and all expenses incurred in connection therewith shall be assessed against the Owner as a Reimbursement Assessment.

(E) If, for any reason, the Committee fails to notify the Owner of any non-compliance within 60 days after receipt of a notice of completion from the Owner, the improvement shall be deemed to be in accordance with the approved plans.

Section 7.12 Variances. The Board, in its sole discretion, shall be entitled to allow reasonable variances in the Construction and Architectural Standards specified in Article 8 of this Declaration, in any use restrictions specified in Article 6 of this Declaration, or in the Architectural Rules, to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardship to Owner-applicants, provided all of the following conditions are met:

(A) If the requested variance will necessitate deviation from, or modification of, a property use restriction or a Construction and Architectural Standard that would otherwise be applicable under this Declaration, the Board must conduct a public hearing on the proposed variance after giving prior written notice to the Board and to all Owners of Lots located within 1,000 feet of the subject Lot. The notice shall also be posted in the Association's principal office within the Development. The notice shall be posted and mailed to the interested Owners at least 15 days prior to the date when the Board is scheduled to act on the requested variance. No decision shall be made with respect to the proposed variance until the 15-day comment period has elapsed. The procedure set forth in this subparagraph (A) does not apply to requests for exceptions to the Architectural Rules.

(B) The Board must make a good faith written determination that the variance is consistent with one or more of the following criteria: (i) the requested variance will not constitute a material deviation from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or (ii) the variance relates to a requirement, land use restriction or Construction and Architectural Standard otherwise applicable hereunder that is unnecessary or burdensome under the circumstances; or (iii) the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance with respect, to any other Lot or Common Area within the Development.

Section 7.13 Non-Waiver. The approval by the Committee of any plans, drawings, or specifications for any work done or proposed, or for any other matter requiring the approval of the Committee under this Declaration, shall not be deemed to constitute a waiver of any right

to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval.

Section 7.14 Liability. Neither the Board, the Committee nor any member thereof shall be liable to the Association or to any Owner for any damage, loss, or prejudice suffered or claimed on account of: (i) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (ii) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; or (iii) the development of any property within the Development; provided, however, that the Committee or such member has acted in good faith on the basis of such information as may be possessed by it or him. Without in any way limiting the generality of the foregoing, the Committee, or any member thereof, may, but is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Committee. Every purchaser, by acquiring title to a Lot or portion thereof agrees not to bring any action or suit against the Board, the Committee, or their members seeking to recover any such damages.

Section 7.15 Compliance With Governmental Requirements. The application to the Association and the review and approval of any proposals, plans, or other submittals shall in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements, the responsibility for which lies solely with the respective Owner, nor shall it constitute the assumption of any responsibility by or impose any liability on the Board, the Committee, or their members as to the accuracy, efficacy, or sufficiency thereof.

ARTICLE 8 CONSTRUCTION AND ARCHITECTURAL STANDARDS

Improvements constructed on any Lot shall conform to the following Construction and Architectural Standards, as more fully delineated in the Architectural Rules, unless a variance is requested from and granted in accordance with Section 7.12 of this Declaration.

Section 8.1 Types of Buildings. No structures shall be erected, placed or permitted to remain on any Lot other than one detached, single family residence dwelling and such outbuildings as are usually accessory to a single family residence dwelling, including a private garage or other similar structure approved as herein provided. This provision shall not apply to any Lot which the Tehama County Board of Supervisors has zoned for multiple residential or commercial use.

Section 8.2 Minimum Square Footage Requirements.

(A) Single Family Lots. Every residence constructed on a single-family Lot shall be 800 minimum square feet of fully enclosed floor area devoted to living purposes (exclusive of roofed or unroofed porches, terraces, garages, carports and other outbuildings).

(B) Multi-Family Lots. Each multi-family dwelling, duplex, triplex, etc. constructed on a multi-family Lot shall have a minimum living area of 1,200 square feet for each unit (excluding roofed or unroofed porches, terraces, garages, carports, and other outbuildings). Each living unit shall be a minimum of 600 square feet.

(C) Commercial Lots. Each building constructed on a commercial Lot shall be 2,000 minimum square feet. All improvements on commercial Lots shall be of a kind and quality permitted by the County and any Architectural Rules specifically addressed to commercial Lots by the Association.

Section 8.3 Number of Stories. Each residence shall be of single story construction; provided, however, that split level or two-story residences may be constructed on Lots where, in the opinion of the Committee, the terrain of such Lots lends itself to such construction, and Section 7.12(a) has been complied with.

Section 8.4 Fences. All fences or other enclosures must be approved by the Architectural Committee in accordance with Article 7 of this Declaration.

Section 8.5 Setback and Location of Structures. Each Lot has a specified and dimensioned area which limits the extent of the portion thereof upon which any improvement can be constructed without the express approval of the Committee. The following minimum dimensions shall govern for front, side and rear setbacks on all Lots (except fences or walls where approved or required by the Committee):

(A) 55 feet from the center of each frontage street;

(B) 10 feet from each Lot side line;

(C) 20 feet, or 25 percent of the depth of the Lot, whichever is greater, from the rear line of each Lot, unless such rear Lot line shall be contiguous to a boundary line of a pond, in which case the depth of the rear yard shall be 25 feet or 25 percent of the depth of the Lot, whichever is greater.

Section 8.6 Plumbing; Pumping Systems. No outside toilet shall be constructed on any Lot. All plumbing constructed on any lot, all plumbing fixtures, dishwashers, toilet or sewage disposal systems shall be connected to a septic tank or other sewage system constructed by the Owner and approved by the Tehama County Health Department.

Section 8.7 Temporary Structures. No temporary residence, house, tent, garage, or other outbuilding shall be placed or erected on any Lot; provided, however, that the Committee may grant permission for any such temporary structure for storage of materials during construction.

Section 8.8 General Construction Prohibitions and Requirements. The following general prohibitions and requirements shall prevail as to construction and related activities conducted on any Lot within the Development:

(A) No residence shall be occupied until the same has been substantially completed in accordance with its plans and specifications and a certificate of occupancy has been provided by the appropriate government agency.

(B) All structures constructed or placed on any Lot shall be constructed with a substantial quantity of new material and no used structures over 10 years old shall be relocated or placed on any such Lot. "Used structures" shall include mobile homes, manufactured homes, kit homes, etc.

(C) No portion of the Development shall be used for the storage of building materials other than in connection with approved construction.

(D) No Owner of any Lot shall build or permit the building thereon of any residence that is to be used as a model house or exhibit unless prior written permission to do so shall have been obtained from the Committee.

Section 8.9 Garages. Garages may be either attached to the residence or detached, and must be in conformance with the provisions of this article and the Architectural Rules.

Section 8.10 Further Subdivision of Lots. No Lot may be further subdivided for any reason without the prior written approval of both the County and the Architectural Committee, and no subdivision shall be approved if any of the resulting parcels is less than one acre in size. If the County and the Committee approve such further subdivision of a Lot, each resulting parcel of the subdivision shall be subject to Assessment starting on the first day of the immediately following calendar month after the completion of the subdivision. In addition, each resulting parcel shall be entitled to individual voting rights starting on the first day of the immediately following calendar month after the completion of the subdivision.

Section 8.11 Lot Mergers. Two or more contiguous Lots owned by the same person may be combined only with County approval and only for the purpose of creating a larger parcel to serve as a site for a single residence. The Lots proposed for merger and the Owner thereof shall remain responsible for the payment of the full share of Assessments as to each of the Lots until the beginning of the next Association fiscal year immediately following the completion of construction of a single residence on the resultant parcel, even if the resultant parcel is assessed by the County as a single parcel for property tax billings. For the purpose of this section, "completion of construction" occurs upon the issuance of a final Certificate of Occupancy by the County.

Section 8.12 Mother-in-Law / Caretaker Homes.

(A) The construction of any Mother-in-Law or caretaker home on any Lot shall not be permitted without the prior written approval of the Architectural Committee. In addition, any proposed and existing Mother-in-Law or caretaker homes must meet all relevant County requirements and regulations.

(B) Once the necessity for the Mother-in-Law or caretaker home no longer exists, the empty home must be removed from the Lot or demolished.

(C) Prior to allowing the use of a Mother-in-Law or caretaker home, the Owner of the Lot with the home must provide to the Association the name of the person who intends to reside in the home as well as photo identification of that person. If the resident of a Mother-in-Law or caretaker home changes at any time, the Owner of such home must inform the Association of the new resident's name and provide a photo identification of that new resident within 15 days of any such change.

(D) Under no circumstances may the Mother-in-Law or caretaker home be rented.

**ARTICLE 9
MAINTENANCE RESPONSIBILITIES**

Section 9.1 Association Maintenance Responsibilities. The Association shall be solely responsible for all maintenance, repair, upkeep and replacement within the Common Area. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any improvement upon, create any excavation or fill or change the natural or existing drainage of any portion of, or remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon, the Common Area without express written approval of the Board.

The cost of repair of damage to, or replacement of, any item for which the Association is responsible, arising out of the willful or negligent act or omission of an Owner, his or her family member, guest, tenant, or invitee, shall be the responsibility of the Owner.

Section 9.2 Owner Maintenance Responsibilities.

(A) Each Lot Owner shall be responsible for maintaining, repairing and replacing all improvements on his or her Lot. Each Owner's responsibility shall include, without limitation, maintenance, repair and replacement of all driveways, fencing, plumbing, electrical, heating, air conditioning and gas appliances and lines, conduits, and other utilities and related equipment located on the Lot or serving the residence, as well as the roofs, the doors, the door

frames, the windows and the window frames, any patio covers and arbors, roofs, any concrete patios, any irrigation systems and culverts.

(B) Without in any way limiting the foregoing, all improvements to be maintained, repaired and replaced by Owners shall be kept in a clean, safe, sanitary and attractive condition.

Section 9.3 Failure of Owner to Carry Out Maintenance Responsibilities. In the event the Owner of a Lot fails to perform his or her maintenance responsibilities, the Board shall have the right, but not the obligation, through itself or its agents, to perform appropriate maintenance and/or repairs at the expense of the Owner. In such event, in addition to other penalties and disciplinary measures imposed by the Board, the Board may levy a Reimbursement Assessment against such Owner in the amount equal to all direct and indirect costs and expenses incurred by the Board in its performance of such maintenance and/or repairs. Any claim against the Board shall not constitute a defense or offset in any action of the Board for nonpayment of any amounts which may have been assessed hereunder.

Section 9.4 Liability for Damage. Owners shall be responsible to the Association for repairs necessitated by the act(s) and/or negligence of the Owners, their family members, licensees, residents, tenants or guests. The Owner shall be liable for any damage or additional maintenance costs incurred as a result of Owner's unauthorized construction, erection or repair of the Common Area or areas of which the Association has the maintenance responsibility. At the discretion of the Board, damages incurred under this section may be a Reimbursement Assessment against the Owner's Lot.

Section 9.5 Cooperative Maintenance Obligations. To the extent necessary or desirable to accomplish the Association's maintenance obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

ARTICLE 10 EASEMENTS

Section 10.1 Generally. The Association has the following easements and/or rights-of-way:

(A) For the use and maintenance of drainage courses of all kinds designated on the Maps as "Drainage Easements";

(B) For maintenance and permanent stabilization control of slopes in the slope-control areas designated on the Maps; as "Slope Easements";

(C) For the installation and maintenance of radio and television transmission cables over strips of land five feet in width along side and rear property lines and ten feet in width along the front property line of each lot; and

Section 10.2 Public Utilities. The Association has right of way and easement areas for the installation and maintenance of public utilities over strips of land five feet in width along side and rear property lines and ten feet in width along the front property line of each Lot as contained in the respective offers of dedication set forth on Sheet 1 of each of the Maps.

On each Lot, the right-of-way and easement areas shall be maintained continuously by the Lot Owner, but no structures, plantings or other material shall be placed or permitted to remain, or other activities undertaken which may damage or interfere with the installation or maintenance of utilities; which may change the direction of flow of drainage channels in the easements; which may obstruct or retard the flow of water through drainage channels in the easements; or which damage or interfere with establish slope ratios or create erosion or sliding problems. Improvements within such areas shall also be maintained by the respective Owner except for those for which a public authority or utility company is responsible.

ARTICLE 11 DAMAGE OR DESTRUCTION OF BUILDINGS; CONDEMNATION

Section 11.1 Damage or Destruction of Common Area Facility. The following rules shall apply in the event of damage to, or destruction of, a Common Area facility, by fire or other casualty:

(A) Bids and Determination of Available Insurance Proceeds. As soon as practicable after the casualty, the Board of Directors shall (i) obtain bids from at least two reputable, licensed contractors which bids shall set forth in detail the work required to repair, to demolish, or to rebuild and the itemized price for such work, and (ii) determine the amount of insurance proceeds available to the Association for the purpose of effecting the repair, demolition, or rebuilding.

(B) Rebuild with Insurance Proceeds. If at least 90% of the estimated cost of the repair, or the reconstruction of a substantially similar facility, can be funded through insurance proceeds, then the Board shall have the authority to undertake the repair or reconstruction without the obligation to obtain membership approval.

(C) Insurance Proceeds Insufficient or Reconstruction Not Desired. If insurance proceeds are less than 90% of the estimated cost of the repair or reconstruction of a substantially similar facility, or if the Board recommends not reconstructing a substantially similar facility in place of the damaged or destroyed facility, then a Simple Majority shall determine whether (i) to repair, reconstruct

and restore the damaged or destroyed Common Area facility to its prior appearance and condition; (ii) to provide an improved and/or alternate Common Area facility, or (iii) to demolish and to remove the damaged or destroyed improvements from the Common Area and to level and to landscape the sites thereof. If the Owners decide to repair, reconstruct and restore the damaged or destroyed Common Area facility to its prior appearance and condition, or to provide an improved and/or alternate Common Area facility, the Board shall levy a Special Assessment to fund the work, subject to the Board's obligation to obtain membership approval if required pursuant to Section 5.4 of this Declaration.

Section 11.2 Damage or Destruction of Residences.

(A) Obligation to Rebuild or Clear Lot. In the event of damage to, or destruction of, any structure by fire or other casualty, the Owner or Owners thereof shall either:

(1) Diligently commence to rebuild the structure in accordance with this Declaration and the Architectural Rules; or

(2) and level the Lot, removing all wreckage, debris and other evidence of damage to the property.

The time limitations for action hereunder can be modified, in the discretion of the Architectural Committee, if necessary to accommodate delays due to weather or other factors. Any request for additional time shall be submitted to the Committee in accordance with Section 7.10 of this Declaration.

(B) Architectural Committee Approval. Any Owner whose structure has suffered damage shall apply to the Committee for approval of plans for the reconstruction, rebuilding, or repair of the structure. Application for such approval shall be made in accordance with the procedure outlined in Article 7 of this Declaration.

(C) Time Limitation for Reconstruction or Removal. No improvement which has been partially or totally destroyed by fire, earthquake or otherwise, shall be allowed to remain in such state for more than six months from the time of such destruction.

Section 11.3 Condemnation of Common Area. If all or part of the Common Area shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Lots, shall be payable to the Association as trustee for all Owners and mortgagees according to the loss of damages to their respective interest in the Common Area. The Association, acting through its Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation, settlement and litigation of the

issues with respect to the taking and compensation affecting the Common Area. Each Owner hereby designates and appoints the Association as his or her attorney-in-fact for such purposes.

**ARTICLE 12
GENERAL PROVISIONS**

Section 12.1 Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all provisions of this Declaration. Failure by the Association or by any Owner to enforce any provision hereof shall in no event be deemed a waiver of the right to do so thereafter. In the event the Association, or any Owner, shall commence litigation to enforce any of the covenants, conditions or restrictions herein contained, the prevailing party in such action shall be entitled to actual attorneys' fees and costs reasonably incurred. Each and all legal or equitable remedies provided for herein shall be deemed to be cumulative.

Section 12.2 Partial Invalidity. In the event that any one or more of the restrictions herein set forth shall be held by any court of competent jurisdiction to be null and void, all remaining restrictions shall continue unimpaired and in full force and effect.

Section 12.3 Term. This Declaration continues in full force and effect unless an amendment terminating this Declaration is approved by the Owners and recorded in accordance with Section 12.4 below.

Section 12.4 Amendment.

(A) General. This Declaration may be amended at any time and from time to time by the vote or written consent of a Simple Majority. For the purpose of this subsection, the quorum shall be 25% of the Members eligible to vote.

(B) Amendments to Comply with Statutory Requirements. Notwithstanding the foregoing, amendments to the Declaration made solely for the purpose of addressing and complying with statutory changes in Federal, State or County law may be made by the Board.

(C) Recordation of Amendment Document. Any amendments shall be effective upon the recording thereof with the Office of the County Recorder of Tehama County, California.

Section 12.5 Notices. Any notice to be given to an Owner or Mortgagee under the provisions of the Governing Documents shall be in writing and may be delivered personally or by first class, certified, or registered mail, postage prepaid to the latest recorded address in the business records of the Association. If delivery is made by first class mail, it shall be deemed to have been delivered upon deposit into the United States mail. Notice may also be given via e-mail, facsimile, or other electronic means, if the recipient has agreed to that method of

delivery. If a document is delivered by electronic means, delivery is complete at the time of transmission.

Section 12.6 Limitation of Liability. In discharging their duties and responsibilities, the Board, officers and committee members act on behalf of and as representatives of the Association, which acts on behalf of and as representative of the Owners, and no member of the Board of Directors, officer or committee member shall be individually or personally liable or obligated for performance or failure of performance of such duties or responsibilities unless he or she acts in bad faith. The person alleging bad faith shall have the burden of proving the bad faith.

Section 12.7 Liberal Interpretation of Declaration. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the Development for the mutual benefit of all Owners.

Section 12.8 Indemnification. Every director and every officer past or present of the Association shall be indemnified by the Association against expenses and liabilities, including reasonable attorneys' fees and cost incurred or imposed upon him or her in connection with any proceeding in which such director or officer may be a party, or in which such officer or director may become involved, by reason of his or her being, or having been, a director or an officer of the Association, or any settlement thereof, except in such cases wherein the director or officer is adjudged guilty of gross negligence or malfeasance in the performance of his or her duties. Indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

Section 12.9 Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the context requires.

Section 12.10 Successors and Assigns. This Declaration shall be binding upon and shall inure to the benefit of all heirs, personal representatives, successors, assigns, personal representatives, grantees, lessees, licensees and renters of Owners.

Section 12.11 Conflicts. If there are conflicts or inconsistencies between the provisions of Federal, State or County law, this Declaration, the Articles of Incorporation, the Bylaws and the Rules, the provisions of Federal, State and County laws, the Declaration, the Articles of Incorporation, the Bylaws, and then the Rules (in that order) shall prevail.

Section 12.12 Waiver of Partition and/or Subdivision. There shall be no judicial partition and/or subdivision of the Common Area and/or any one or more Lots, nor shall any person acquiring any interest in the Development or any part thereof seek any such judicial partition and/or subdivision thereof; provided, however, that if any Lot shall be owned by two or more co-tenants, as tenants in common, or as joint tenants, nothing contained herein shall be deemed to prevent a judicial partition as between such co-tenants, so long as such judicial partition does

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not result in any physical partition. No Owner shall in any way sever his Lot from his interest in the Common Area.

Section 12.13 Captions. The captions of the various paragraphs of this Declaration are for convenience only and are not a part of this Declaration and do not in any way limit or amplify the terms or provisions hereof.

EXHIBIT "A"

LEGAL DESCRIPTION OF THE DEVELOPMENT

That certain real property the County of Tehama, State of California, which is more particularly described as follows:

All property shown on that certain map entitled "Map of Rancho Tehama Unit No. 1 - A Private Road Subdivision", consisting of 22 sheets, filed in the Office of the County Recorder of Tehama County, California, on July 1, 1969, in Book P of Maps, Pages 93 to 114, inclusive; and

All property shown on that certain map entitled "Amended Map of Tract No. 1000 Rancho Tehama Unit No. 2 - A Private Road Subdivision", consisting of 73 sheets, filed in the Office of the County Recorder of Tehama County, California, on March 19, 1973, in Book R of Maps, Pages 1 through 73, inclusive.

EXHIBIT "B"

LEGAL DESCRIPTION OF THE COMMON AREA

That certain real property the County of Tehama, State of California, which is more particularly described as follows:

Lots A, B, C, D, E and F as shown on that certain map entitled "Map of Rancho Tehama Unit No. 1 - A Private Road Subdivision", consisting of 22 sheets, filed in the Office of the County Recorder of Tehama County, California, on July 1, 1969, in Book P of Maps, Pages 93 to 114, inclusive; and

Lots G, G-G, G-G-G, G-G-G-G, H, H-H, I, I-I, J, J-J, K, K-K, L, L-L, M and 91 as shown on that certain map entitled "Amended Map of Tract No. 1000 Rancho Tehama Unit No. 2 - A Private Road Subdivision", consisting of 73 sheets, filed in the Office of the County Recorder of Tehama County, California, on March 19, 1973, in Book R of Maps, Pages 1 through 73, inclusive.