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DECLARATION

OF

COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

LITTLE GRASS VALLEY PROPERTY OWNERS' ASSOCIATION, INC.

Effective FEBRUARY 23, 1995

**DECLARATION
OF
COVENANTS CONDITIONS, AND RESTRICTIONS
FOR
LITTLE GRASS VALLEY PROPERTY OWNERS' ASSOCIATION, INC.**

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**DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
LITTLE GRASS VALLEY PROPERTY OWNERS' ASSOCIATION, INC.**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR LITTLE GRASS VALLEY PROPERTY OWNERS' ASSOCIATION, INC. (this "Declaration") made this 23rd day of February, 1995, hereinafter set forth by Brian L. Benson; Curtis L. Benson; Cathie Walton; Eileen J. Bird; Dianne Rae Higgins; Spencer Robinson, Jr.; Renee L. Robinson; Ricke Robinson; Cindy Robinson; Dennis Robinson; Vicki Robinson; William E. Lauer; Pauline A. Lauer; Kenfield L. Alldrin; Janette L. Alldrin; Kass Kilpatric; Shiela Woodmansee; Larry Corr; Linda Corr; Dorothy Spangler; James Spangler; Timothy R. Hunzeker; Regina Hunzeker; Ray Frandrup; Betty Frandrup; Edgar Meyer; Lillian Meyer; James H. Brink; Lucy J. Brink; Sherman S. Hinaman, Jr., as executor of the estate of the Sherman S. Hinaman, deceased; Sherman S. Hinaman, Jr. and Lynn K. Hinaman, as Executrixes of the estate of Louise A. Hinaman, deceased, (hereinafter referred to collectively as the "Declarant") is made with reference to the following facts:

R E C I T A L S

A. Declarant is the owner of certain real property in the unincorporated territory of Plumas County, California, which is more particularly described on EXHIBIT "A" attached hereto and incorporated herein.

B. Declarant has or intends to develop each part of the Property described on EXHIBIT "A" for residential purposes.

D E C L A R A T I O N

Declarant hereby declares that all of the property described on EXHIBIT "A" plus any property subsequently annexed thereto, shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title, or interest in the described property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE 1

DEFINITIONS

1.1 Association Defined. "Association" shall mean and refer to LITTLE GRASS VALLEY PROPERTY OWNERS' ASSOCIATION, INC., its successors and assigns.

- 1.2 **Board Defined.** "Board" shall mean and refer to the Board of Directors of the Association.
- 1.3 **Common Area Defined.** "Common Area" shall mean and refer to all property (including the improvements thereto) owned by the Association. Lot 6 is designated for the common use and enjoyment of the Members, and Lots 20 and 21 will remain in a nature condition and not for common use and enjoyment by the Members. The Common Area to be owned by the Association is described in EXHIBIT "B" attached hereto and incorporated herein by reference.
- 1.4 **Declarant Defined.** "Declarant" shall mean and collectively refer to Brian L. Benson; Curtis L. Benson; Cathie Walton; Eileen J. Bird; Dianne Rae Higgins; Spencer Robinson, Jr.; Renee L. Robinson; Ricke Robinson; Cindy Robinson; Dennis Robinson; Vicki Robinson; William E. Lauer; Pauline A. Lauer; Kenfield L. Alldrin; Janette L. Alldrin; Kass Kilpatric; Shiela Woodmansee; Larry Corr; Linda Corr; Dorothy Spangler; James Spangler; Timothy R. Hunzeker; Regina Hunzeker; Ray Frandrup; Betty Frandrup; Edgar Meyer; Lillian Meyer; James H. Brink; Lucy J. Brink; Sherman S. Hinaman, Jr. as executor of the estate of the Sherman S. Hinaman, deceased; Sherman S. Hinaman, Jr. and Lynn K. Hinaman, as Executrixes of the estate of Louise A. Hinaman, deceased, their successors and assigns.
- 1.5 **Governing Instruments Defined.** "Governing Instruments" shall mean and refer to the Articles of Incorporation, Bylaws, and Rules of the Association, and this Declaration.
- 1.6 **Lot Defined.** "Lot" shall mean and refer to any plot of land or parcel shown upon any recorded subdivision map of the Property.
- 1.7 **Member Defined.** "Member" shall mean and refer to a person who is a member of the Association pursuant to Article 3, below.
- 1.8 **Owner Defined.** "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract purchasers residing on the Lot, but excluding those having such interest merely as security for the performance of an obligation.
- 1.9 **Principal Office Defined.** The "Principal Office" of the Association shall be at a place designated by the Board.
- 1.10 **Property Defined.** "Property" shall mean and refer to that certain real property hereinbefore described on EXHIBIT "A" and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- 1.11 **Rules Defined.** "Rules" shall mean and refer to the rules adopted by the Board, as they may be from time to time in effect.

ARTICLE 2

THE PROPERTY

- 2.1 Property Subject to Declaration. All the real property described in EXHIBIT "A", and the improvements thereon, shall be subject to this Declaration.
- 2.2 Annexation of Additional Property. Additional parcels may be annexed to and become subject to this Declaration by the method set forth in this Section. Upon annexation, additional parcels shall become subject to this Declaration without the necessity of amending individual sections hereof.
- (a.) Annexation Pursuant to Approval. Upon approval in writing of the Association, pursuant to a two-thirds (2/3rds) majority of the voting power of its Members, or the written assent of such Members, excluding the voting powers or written assent of Declarant, the owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may file or record a declaration of annexation.
- (b.) Reservation of Easements. Declarant hereby reserves non-exclusive easements and the right to grant same to others for ingress and egress, both pedestrian and vehicular, use, support, and enjoyment, through, over, under across, and on the Common Area, and subject to the covenants, conditions, and restrictions set forth in this Declaration, or any amendment thereto, in favor of Lot Owners of any property which might be annexed to the Property pursuant to this Section 2.2.
- 2.3 Owners' Easements of Enjoyment. Each Lot and Lot Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with title to every Lot, subject to the following provisions:
- (a.) The right of the Association to suspend the voting rights and the right to use the facilities by an Owner for any period during which any assessment against its Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations after a hearing by the Board;
- (b.) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless approved by vote or written consent of two-thirds (2/3rds) of voting Membership.

- 2.4 **Delegation of Use.** Any Owner may delegate, in accordance with the Bylaws, its rights of enjoyment to the Common Area and facilities to the members of its family or visiting guests.

ARTICLE 3

MEMBERSHIP AND VOTING RIGHTS

- 3.1 **Membership.** Every Owner of a Lot which is subject to assessment may be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.
- 3.2 **Voting Rights.** Each Lot shall be entitled to one vote per Lot by the Association Member.

Any action by the Association which must have the approval of the membership before undertaken shall require a vote by written ballot of a majority of the votes, except as otherwise required in the Governing Instruments or the Nonprofit Mutual Benefit Corporation Law. Voting rights shall not vest until assessments have been levied against those Lots by the Association. All voting shall be tallied by the Association Secretary and at least one other Officer.

- 3.3 **General Powers and Authority.** The Association shall have all the powers of a nonprofit mutual benefit corporation under California law, subject only to the limitations in the Governing Instruments. It may perform all acts which may be necessary for or incidental to the performance of the obligations and duties imposed upon it the Governing Instruments. Its powers shall include, but are not limited to, the following:
- (a.) **Assessments.** The Association shall have the power to establish, fix, and levy assessments against the Lot Owners in accordance with the procedures set out in Article 4 of this Declaration and subject to the limitations therein.
- (b.) **Operating Rules.** The Association shall have the power to adopt reasonable operating rules governing the use of the Common Area and any facilities located thereon, and of any other Association property. A copy of the current Association Rules shall be given to each Lot Owner and may be posted at conspicuous places in the Common Area.
- (c.) **Enforcement Power.** The Association has the right to institute and maintain actions for damages or to restrain any actual or threatened breach of any of the provisions of the Governing Instruments, in its own name and on its own behalf, on behalf of any consenting Lot Owner. It may enforce payment of assessments in accordance with the provisions of Article 4 of this Declaration.
- (d.) **Discipline of Members.** In addition to the general power of enforcement above, the Association may discipline its Members for violation of any of the provisions of the

Governing Instruments by temporarily suspending the violator's voting rights, privileges for use of the Common Area, or by imposing monetary penalties for such violations, subject to the following limitations:

- (1) The accused Member must be given at least fifteen (15) days prior written notice and a hearing not less than five (5) days before the effective date of the proposed expulsion, suspension, or termination;
 - (2) Any suspension of a Member's Association privileges shall be revoked until the Board reinstates such privilege;
 - (3) A monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Instruments or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Area and facilities for which the Member was allegedly responsible or in bringing the Member and its Lot into compliance with the Governing Instruments may not be characterized nor treated as an assessment which may become a lien against the Member's Lot enforceable by a sale of the Lot in accordance with the provisions of Sections 2924, 2924(b), and 2924(c) of the California Civil Code, but any such assessment shall be subject to the provisions of Section 2792.26(c) of Article 10 of the California Administrative Code;
 - (4) The provisions of Subsection (3), above, do not apply to charges imposed against an Owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent assessments;
 - (5) Except under the provisions of Article 4 of this Declaration relating to foreclosure for failure to pay assessments or as a result of the judgment of a court or a decision arising out of arbitration, the Association shall in no way abridge the right of any Owner to the full use and enjoyment of its Lot.
- (e.) Delegation of Authority. The Association acting through the Board, shall have the power to delegate its authority, duties, and responsibilities to such committees, officers, or employees as are allowed under the Governing Instruments to be appointed or retained, as the case may be.
- (f.) Right of Entry. The Association's Board and officers shall have the right to enter any Lot when necessary in connection with any maintenance, landscaping, or construction for which the Association is responsible.

Such entry shall be made only upon notice to the Owner (except in the case of an emergency) and with as little inconvenience to the Owner as is practicable, and any damage caused thereby shall be repaired by the Association at its own expense.

3.4 Duties of the Association. In addition to the duties delegated to the Association or its agents and employees elsewhere in the Governing Instruments, the Association shall be responsible for the following:

- (a.) **Maintenance of Common Area.** The Association, acting through the Board, shall operate and maintain the Common Area and the facilities located thereon. Such duties shall include, but shall not be limited to, maintenance, repair, and all of the landscaping of the Common Area; and the procurement of such furnishings and equipment for the Common Area as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same for the Common Area.
- (b.) **Exterior Maintenance.** It shall be the responsibility of each individual Lot Owner to maintain the exterior of the structure which is located on its Lot, including, but not limited to the following: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, and walks.

Exterior maintenance and repair is not the primary responsibility of the Board. After notice and hearing, the Board may, in its discretion, determine that such maintenance or repair protect the Common Area so as to preserve the appearance and performing any maintenance and repair on any Lot pursuant to this thereto, the Board shall send written notice to the Owner and shall provide the Owner with an opportunity for a hearing which hearing shall be held at least five (5) days before such work is to be performed by the Association. The Board, after notice and hearing as herein provided, shall levy a reimbursement charge against said Lot Owner for the cost of any maintenance or repair work it determines is necessary.

(c.) **Acquisition of Vital Services and Insurance.** The Association shall acquire and pay for out of the maintenance funds hereinafter provided for, the following:

- (1) A policy or policies of fire insurance with extended coverage endorsement for the full insurable replacement value of the Common Area, or such other fire and casualty insurance as the Board shall determine gives substantially equal or greater protection to the Owners, and their mortgagees, as their respective interest may appear;

- (2) A policy or policies insuring the Board and the Association against any liability to the public or to the Owners, their tenants and invitees, incident to the ownership and/or use of the Common Area. Limits of liability under such insurance shall not be less than \$300,000 for any one person injured, \$500,000 for any one accident, and \$100,000 for property damage. Such limits and coverage shall be reviewed at least annually by the Board and increased in its discretion. Said policy or policies provide cross-liability endorsement where the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured;
 - (3) Workers' compensation insurance to the extent necessary to comply with any applicable laws;
 - (4) The services of such personnel as the Board shall determine to be necessary or proper for the operation of the Common Area; and
 - (5) Legal and accounting services necessary or proper in the operation of the Common Area or the enforcement of this Declaration.
- (d) Enforcement of Bonded Obligations. If the Association is obligee under a bond or other arrangement to secure the performance of Declarant as to any Common Area improvements on the Property, the following provisions relative to the initiation of action to enforce such a bond shall be applicable:
- (1) The Board shall consider and vote on the questions of action by the Association to enforce the obligations under the bond with respect to any improvement for such a notice of completion has not been filed within sixty (60) days after the completion date specified for the improvement in the planned construction statement appended to the bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the aforesaid question if a notice of completion has not been filed within thirty (30) days after the expiration of the extension.
 - (2) If the Board votes not to initiate action to enforce the obligations under the bond, or if it fails to consider and vote on the matter as required, a special meeting of the Members of the Association shall be called for the purpose of overriding the Board's decision or for taking action on the matter, upon receipt of a petition calling for such a meeting signed by Members representing at least five

percent (5%) of the total voting power of the Association. The meeting shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt of the petition by the Board. At such special meeting, the Members shall be allowed to vote on the matter. A vote by a majority of the voting power of the Association residing in Members to take action to enforce the obligations under the bond shall be deemed to be the decision of the Association and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

- (e.) **Budgets and Financial Statements.** The Association shall regularly prepare and distribute financial statements to the Members in accordance with the following:
- (1) A budget for each fiscal year consisting of at least the following information shall be distributed at the annual meeting:
 - (A) Estimated revenue and expenses on an accrual basis;
 - (B) The amount of the total case reserves of the Association currently available for replacement or major repair of common facilities and for contingencies;
 - (C) An estimate of the current replacement costs and of the estimated remaining useful life of, costs of repair, replacement, or additions to those major components of which the Association is obligated to maintain; and
 - (D) A general statement setting forth the procedures used by the Association in the calculation and establishment of reserves to defray the costs of repair, replacement, or additions to major components of the Common Area for which the Association is responsible.
 - (2) A balance sheet, shall be kept by the Association Treasure and made available to the Membership upon request and at each annual meeting. This operating statement shall include a schedule of assessments received and receivable identified by the number of the Lots and the name of the entity assessed.
 - (3) In addition to financial statements, the Association shall maintain a statement of the Association's policies and practices in enforcing its remedies against Owners for defaults in the payment of regular and special assessments including the

recording and foreclosing of liens against Owner's Lots.

3.5 Powers of the Board of Directors.

- (a.) Powers. The Board shall have certain powers and duties with respect to governing the Members including, but not limited to the following:
- (1) Enforcement of Provisions in Governing Instruments. Enforcement of the applicable provisions of the Governing Instruments.
 - (2) Payment of Taxes. Payment of taxes and assessments which are, or could become a lien on the Common Area or a portion thereof.
 - (3) Contracting for Insurance. Contracting for casualty, liability, and other insurance on behalf of the Association.
 - (4) Contracting for Goods and Services. Contracting for goods and services for the Common Area, facilities, and interests of the Association.
 - (5) Delegation of Powers. Delegation of its powers to such committees, officers, or employees of the Association as are expressly authorized by the Governing Instruments.
 - (6) Preparation of Budgets. Preparation of budgets and financial statements for the Association as prescribed in the Governing Instruments.
 - (7) Formulation of Rules. Formulation of rules of operation for the Common Area and facilities owned or controlled by the Association.
 - (8) Disciplinary Proceedings. Initiation and execution of disciplinary proceedings against Members of the Association for violations of provisions of the Governing Instruments in accordance with procedures set forth in the Governing Instruments.
 - (9) Entering Lots. Entering any Lot as necessary, in connection with construction, maintenance, or emergency repair for the benefit of the Common Area or the Owners in the aggregate.
 - (10) Filling Vacancies on Board of Directors. Filling of vacancies on the Board, except for a vacancy created by the removal of member of the Board.

(11) **Reconciliation and Review of Association Financial Data.** The Board shall do the following not less frequently than biannually:

- (A) Cause a current reconciliation of the Association's operating accounts to be made and review the same.
- (B) Cause a current reconciliation of the Association's Reserve Fund (as defined below in Section 4.7) to be made and review the same.
- (C) Review the current year's actual reserve revenues and expenses compared to the current year's budget.
- (D) Review the most current account statements prepared by the financial institution where the Association has its Operating Fund (as defined below in Section 4.7) and Reserve Fund.
- (E) Review an income and expense statement for the Association's Operating and Reserve Funds.

(12) **Withdrawal of Funds.** Withdrawal of funds from the Association's Reserve Fund shall require the signatures of two (2) members of the elected Officers of the Association:

(b.) **Limitations.** Notwithstanding the powers set out above, the Board shall be prohibited from taking any of the following actions, except with the vote of a majority of the voting power of the Association residing in Members other than Declarant:

- (1) **Contracts.** Entering into a contract with a third person wherein the third person will furnish goods or services for a term longer than one (1) year with the following exceptions: (i) a management contract approved by the Federal Housing Administration or Veterans Administration; (ii) a contract with a public utility if the rates charged are regulated by the Public Utilities Commission, provided that the term shall not exceed the shortest term for which the utility will contract at the regulated rate; (iii) prepaid casualty and/or liability insurance of not more than three (3) years duration, provided that the policy provides for short-rate cancellation by the insured;
- (2) **Expenditures.** Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

- (3) **Compensation.** Paying compensation to directors or to officers of the Association for services rendered in the conduct of the Association's business; provided, however, that the Board may cause a director or officer to be reimbursed for expenses incurred in carrying on the business of the Association; and
- (4) **Filling Vacancies on Board of Directors.** Filling of a vacancy on the Board created by the removal of a member of the Board.

3.6 Inspection of Books and Records. The Association's Governing Instruments and the Association's membership records, books of account, and minutes of the meetings of the Members, of the Board, and of committees of the Board shall be made available for inspection as follows:

- (a.) **By Member of the Association.** Any Member shall have the right to inspect the above records and copy them at any reasonable time and for a purpose reasonably related to its interest as a Member. This right is subject to the power of the Board to set reasonable times for inspection, notice requirements, and fees to cover the cost of making copies of the documents requested by a Member.
- (b.) **By Directors.** Every Director shall have the absolute right to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association at any reasonable time. The right of inspection by a Director includes the right to make extracts and copies of documents.

ARTICLE 4 COVENANT FOR MAINTENANCE ASSESSMENTS

4.1 Levy of Assessments; Limitation On Increases; Delinquent Assessments; Interest.

- (a.) The Association shall levy regular and special assessments sufficient to perform its obligations pursuant to the Governing Instruments and the California Civil Code Sections 1350 et. seq.
- (b.) The Board may not impose a regular assessment that is more than twenty percent (20%) greater than the regular assessment for the Association's preceding fiscal year or impose special assessments without the approval of Members constituting a quorum casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Title 1 of the California Corporations Code and Chapter 6 (commencing with Section 7610) of the California Corporations Code. The provisions of this Subsection (b) do not limit assessment increases in the

case of emergency situations which are any of the following purposes:

- (1) An extraordinary expense required by court order;
 - (2) An extraordinary expense necessary to repair or maintain the Common Area of the Property, or any part of it for which the Association is responsible where a threat to safety of persons is discovered; and
 - (3) Repairs to or maintenance of the Common Area of the Property that could not have been reasonably foreseen in preparing the Association's budget. Prior to imposition of any assessment hereunder, the Board is required to make written findings, distributed to the Lot Owners, as to the necessity of the expense and why it could not have been foreseen.
- (c.) Regular and special assessments levied pursuant to the Governing Instruments are delinquent fifteen (15) days after they become due. If an assessment is delinquent the Association may recover all of the following:
- (1) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorneys' fees;
 - (2) A late charge not exceeding twenty-five percent (25%) of the delinquent assessment of twenty-five (\$25); and
 - (3) Interest on all sums imposed in accordance with California Civil Code Sections 1350 et. seq., including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing thirty (30) days after the assessment becomes due.

4.2 Assessments; Debt of Owner; Lien; Notice; Enforcement of Lien.

- (a.) A regular or special assessment and any late charges reasonable costs of collection, and interest, as assessed in accordance with Section 4.1 above, and Section 1366 of the California Civil Code, shall be a debt of the Owner at the time the assessment is levied.
- (b.) The amount of the assessment, plus any costs of collection, late charges, and interest assessed in accordance with Section 4.1, above, and California Civil Code Section 1368, shall be a lien on the Owner's Lot from and after the time the Association causes to be

recorded with the Plumas County Recorder, a notice of delinquent assessment, which shall state the amount of the assessment and other sums imposed in accordance with California Civil Code Section 1366, a description of the Owner's Lot against which the assessment and other sums are levied, the name of the recorded owner of the Lot against which the non-judicial foreclosure as provided in Section 4.2(d) below, the enforce the lien by sale. The notice of delinquent assessment shall be signed the president of the Association, or any other person designated by the Board. Upon payment of the sums specified in the notice of delinquent assessment, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof.

- (c.) A lien created pursuant to Section 4.2(b), above, shall be prior to all other liens recorded subsequent to the notice of delinquent assessment, except eligible mortgages as provided in Section 7.4 below.
- (d.) A lien created pursuant to Section 4.2(b) above, may be enforced in any manner permitted by law, including sale by court, sale by the trustee designated in the notice of delinquent assessment, or sale of a trustee pursuant to California Civil Code Section 2934(a). Any sale by the trustee shall be conducted in accordance with the provisions of California Civil Code Sections 2924, 2924(b), and 2924(c) applicable to the exercise of powers of sale in mortgages and deeds of trust.
- (e.) Nothing in this Section 4.2 prohibits actions against an Owner to recover sums for which a lien is created pursuant to this Section 4.2 or prohibits the Association from taking a deed in lieu of foreclosure.

4.3 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the health, safety and welfare, and recreation of the members and for the improvement and maintenance of the Common Area.

4.4 Notice and Quorum for any Action Authorized Under Section 4.1. Any action authorized under Section 4.1 shall be taken at a meeting called for that purpose. Notice shall be given in the manner prescribed for special meetings in the Bylaws of the Association. At the first such meeting called, the presence of Members or proxies entitled to cast a vote a majority of the voting power of the Association must be present to constitute a quorum.

If the required quorum is not present, the meeting may be adjourned to a subsequent time and place or the Board may take the necessary action for which the meeting was called.

4.5 Establishing Assessments:

(a.) Regular assessments shall be fixed by the Board at an annual rate based on the Association's annual budget estimating funds needed for the Association to perform its duties and for maintaining appropriate reserves to meet the costs of future repair, replacement, or addition to improvements maintained by the Association, and will be collected annually in the first quarter of the year. Regular assessments shall be equally allocated to each Lot.

(b.) Subject to the restrictions described in Section 4.1, above, the Board may levy special assessments if the Board in its discretion determines that the Association's available funds are or will become inadequate to meet the estimated expenses of the Association, including the maintenance of appropriate reserves. Such special assessments shall be equally allocated to each Lot.

4.6 Date of Commencement of Assessments and Due Dates. The assessments provided for herein shall commence as to all Lots on the first day of the month following the closing of the sale of the first Lot in the Property, and each annexed phase, if any. the first regular assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the regular assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the regular assessment and special assessment, if any, and respective due dates shall be sent to every Owner subject thereto. The due dates shall be established by the Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

4.7 Maintenance Funds of Association. The Board of Directors shall establish an account into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under this Declaration. The maintenance funds shall be established at a banking or savings institution. All amounts deposited into the account must be used solely for the common benefit of all of the Members for purposes authorized by this Declaration.

4.8 Agreement to Pay and Effect of Nonpayment of Assessments and Remedies of the Association: Each Lot Owner or Owners covenant and agree for each Lot owned on the Property that is expressly made subject to assessments as set forth in this Declaration, and each Owner by acceptance of a deed covenants and agrees for each Lot owned, to pay to the Association the regular and special assessments levied in accordance with the

provisions of this Declaration, and to allow the Association to enforce any assessment lien established in accordance with the provisions of this Declaration by non-judicial proceedings under a power of sale or by any other means authorized by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. No Owner may waive or otherwise except liability for the assessments provided for herein by non-use of the Common Area or abandonment of its Lot.

ARTICLE 5

USE RESTRICTIONS

- 5.1 Use.** No Lot shall be used for any purpose other than one single-family residence, together with outbuildings permitted by the appropriate Plumas County agency. No property or residence shall be used for rental purposes without prior approval by the members of the Association.
- 5.2 Nuisance.** No activity shall be taken nor shall any use be made of properties within the Property which would tend to injure the reputation thereof or to disturb the neighborhood or occupants of adjoining property, or to constitute a nuisance or in violation of any public law, ordinance, or regulation in anyway applicable thereto.
- 5.3 Use of Common Area.** The Common Area shall be used for purposes directly related to the uses authorized or reserved as provided in this Declaration. No Lot Owner shall have the right to construct improvements in the Common Area unless approved by the majority of the Membership.
- 5.4 Structural Interference.** No building, structure, or improvement shall be constructed, erected, altered, placed, or permitted to remain on any Lot in such location or manner as will unreasonably obstruct or interfere with the view of any other Lot or which exceeds the height limit allowed by applicable local ordinances. No building, structure, or improvements shall be constructed, erected, altered, placed, or permitted to remain on any Lot which does not conform with the building setback distance requirements as specified by applicable local ordinances.
- 5.5 Temporary Structures.** No shed, tent, or temporary building shall be erected, maintained, or used on any Lot, provided, however, that temporary buildings for use and used only for purposes incidental to the initial construction of improvements and dwellings on any Lot may be constructed and maintained provided that said temporary buildings shall be promptly removed on the completion of such construction work. No satellite dishes shall exceed 36 inches in diameter and shall be installed in a manner that will not reasonably interfere with the view of the lake.
- 5.6 Animals.** No animals, fowl, reptiles, or poultry shall be kept within a Lot, except that domestic dogs, cats, birds, and fish

may be kept; however, the same shall not be bred or raised thereon for commercial purposes or in unreasonable quantities.

- 5.7 **Weeds and Debris.** No weeds rubbish, debris, objects or materials of any kind shall be placed or permitted to accumulate on any portion of any Lot which render such portion unsanitary, unsightly, offensive, or detrimental to any Lot in the vicinity thereof or to the occupants of any such Lot in the vicinity. No plants or seeds infected with noxious insect or plant diseases shall be brought on, grown, or maintained upon any portion of any Lot.
- 5.8 **Garbage Containment.** No dumpsters or open garbage cans are permitted within the property. All garbage shall be kept in closed containers and disposed of on a weekly basis.
- 5.9 **Activities.** No noxious or offensive trade or activity shall be carried on upon any portion of the Property, nor shall anything be done or maintained thereon which may be or become an annoyance or nuisance to the neighborhood.
- 5.10 **Repair.** All Lots and structures within the Property and each portion thereof shall at all times be maintained in good condition and repair and well and properly painted.
- 5.11 **Landscape.** All landscaping of every kind and character, including shrubs, trees, grass and other plantings shall be neatly trimmed, properly cultivated and maintained continuously by the Owner thereof in a neat and orderly condition and in a manner to enhance its appearance.
- 5.12 **Parking.** Each Lot shall be developed in a manner which provides adequate off-street parking. No Lot Owner shall park boats, travel trailers, recreational vehicles or other equipment in a manner which obstructs travel on Lakeview Drive. At no time will a recreational vehicle be permitted to park and connect to the existing utilities and sewer systems on any Lot.
- 5.13 **Firearm Prohibition.** The use of firearms is prohibited within the property, except for emergency reasons.
- 5.14 **Vehicular Restrictions.** The use of motorcycles, quadrunners, etc. are permitted to be driven only on established roadways and driveways for ingress to and egress from the property.
- 5.15 **Speed Control.** Vehicles shall drive no faster on Lakeview Drive than the posted speed.
- 5.16 **Lake Access.** Access to the Lake by the Members shall be limited to the Common Area, Lot 6 or via the Lot owned by themselves. Members and guests shall not traverse across Lots owned individually by a property owner without permission.

ARTICLE 6

ARCHITECTURAL AND DESIGN CONTROL

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

The Board shall not approve plans for residences containing less than 800 square feet of living area on the main floor in multiple story residences, and no less than 1,000 square feet of living area on the main floor in one-story residences.

ARTICLE 7

GENERAL PROVISIONS

- 7.1 Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration, and failure to so enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.
- 7.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.
- 7.3 Amendment. This Declaration may be amended by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the total voting power of the Association. However, the percentage of voting power necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for the action to be taken under that clause. Any amendment must be recorded. Any amendment may be signed by two (2) members of the Board starting the proper number of votes have approved said amendment.
- 7.4 Destruction or Condemnation. Except as provided by statute or by other provisions of the Governing Instruments, in case of condemnation or substantial loss to the Lots and (or common elements of the Property):
- (a.) Approval of Action. Unless a majority of the Owners of the individual Lots, have given their prior written approval, the Association and/or the Owners shall not be entitled to:

- (1) By act or omission, seek to abandon or terminate the Property (except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of taking by condemnation or eminent domain);
- (2) Change the pro-rata interest or obligations of any individual Lot for the purpose of: (I) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (ii) determining the pro-rata share of ownership of each Lot in the Common Area;
- (3) Partition or subdivide and Lot;
- (4) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Property shall not be deemed a transfer within the meaning of this clause); or
- (5) Use hazard insurance proceeds for losses to the Property (whether to Lots or to Common Area) for other than the repair, replacement or reconstruction of such property.

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

7.6 Inspection of Books and Records. The membership register, books of account, and minutes of meetings of the Members and Board shall be available for inspection by any Member or its duly appointed representative upon giving notice three (3) days in advance of the desired inspection time; provided, however, that inspection shall only be available during normal business hours on Monday through Friday, holidays excluded. members may, upon inspection, make copies of the records at the Member's own expense.

7.7 Term of Declaration. The provisions of this Declaration shall continue in effect for a term of forty (40) years from the date of execution after which time it shall be automatically extended for successive period of five (5) years, until the membership of the Association decides to terminate it. The

decision to terminate must be made pursuant to Sections 7.3 of this Declaration.

- 7.8 Nonwaiver of Remedies.** Each remedy provided for in this Declaration is separate, distinct, and nonexclusive. Failure to exercise particular remedy shall not be construed as a waiver thereof.
- 7.9 Binding.** this Declaration, as well as any amendment thereto, and any valid action or directive made pursuant to it, shall be binding on the Declarant and the Owners and their heirs, grantees, tenants, successors, and assigns.
- 7.10 Interpretation.** The provisions of this Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the development and operation of a planned development project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.
- 7.11 Limitation of Liability.** The liability of any Owner for performance of any of the provisions of this Declaration shall terminate upon sale, transfer, assignment, or other divestment of said Owner's entire interest in its Lot with respect to obligations arising from and after the date of such divestment.
- 7.12 Fair Housing.** Neither Declarant nor any Owner shall, either directly or indirectly, forbid the conveyance, encumbrance, or occupancy of its Lot to any person on the basis of race, color, sex, religion, ancestry, or national origin.
- 7.13 Number, Gender, and Headings.** A used in this Declaration, the singular shall include the plural and the masculine shall include the feminine and the neuter, unless the context requires the contrary. All headings are not a part hereof, and shall not affect the interpretation of any provision.
- 7.14 Notice.** Any notice permitted by the Governing Instrument may be delivered either personally or by mail. If delivery is by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, first class or registered, postage prepaid, addressed to each person at the current address given by such person to the secretary of the Board or addressed to the Lot of such person if no address has been given to the secretary.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has hereunto set its hand on the date first above written.

DECLARANT:

Brian L. Benson
BRIAN L. BENSON

Curtis L. Benson
CURTIS L. BENSON

Cathy Walton
CATHIE WALTON

Eileen J. Bird
EILEEN J. BIRD

Dianne R. Higgins
DIANNE R. HIGGINS

Spencer Robinson Jr.
SPENCER ROBINSON JR.

Renee L. Robinson
RENEE L. ROBINSON

Ricke Robinson
RICKE ROBINSON

Cindy Robinson
CINDY ROBINSON

Dennis Robinson
DENNIS ROBINSON

Vicki Robinson
VICKI ROBINSON

William E. Lauer
WILLIAM E. LAUER

Pauline M. Lauer
PAULINE M. LAUER

Kenfield L. Alldrin
KENFIELD L. ALLDRIN

Janette L. Alldrin
JANETTE L. ALLDRIN

Larry Corr
LARRY CORR

Linda R. Corr
LINDA CORR

Kass Kilpatrick
KASS KILPATRIC

Shiela Woodmansee
SHIELA WOODMANSEE

Dorothy Spangler
DOROTHY SPANGLER

James J. Spangler
JAMES SPANGLER

Timothy R. Hunzeker
TIMOTHY R. HUNZEKER

Regina Hunzeker
REGINA HUNZEKER

Ray Frandrup
RAY FRANDRUP

Betty Frandrup
BETTY FRANDRUP

Edgar Meyer
EDGAR MEYER

Lillian Meyer
LILLIAN MEYER

Sherman S. Hinaman, Jr.
SHERMAN S. HINAMAN, JR.,
Executor as aforesaid

Sherman S. Hinaman, Jr.
SHERMAN S. HINAMAN, JR.,
Executrix as aforesaid

Lynn K. Hinaman
LYNN K. HINAMAN,
Executrix as aforesaid

James H. Brink
JAMES H. BRINK

Lucy J. Brink
LUCY J. BRINK

EXHIBIT "A"

Lots A, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, and 21, and Lakeview Drive as shown upon the map filed for record in Book 4 of Maps, at Page 69 and 70, Plumas County Records.

EXHIBIT "B"

Lot 6 and Lakeview Drive as shown upon the map filed for record in Book 4 of Maps, at Page 69 and 70, Plumas County Records.