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FOUNDERS TITLE COMPANY
When recorded return to:
FOUNDERS TITLE COMPANY
Attention: Becky Slak
6355 Riverside Boulevard
Sacramento, CA 95831
File: Riverlake

MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RIVERLAKE

THIS DECLARATION is made on the date hereinafter set forth
by L & P PACIFIC/TEICHERT, a California general partnership,
hereinafter referred to as "Declarant."

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EXHIBITS:

- A-1 Plat of the Overall Property
- A-2 Description of the Overall Property
- B Description of Phase 1 (the Initial Property)
- C Description of the Lake
- D Reduced-size Copy of Preliminary Final Map of Cobble Shores
- E Description of Linear Park With Portions Owned in Fee or Easement By the City of Sacramento Described Separately From the Portions Which are Privately Owned
- F Lake Association Assessments
- G Initial Maximum Regular Annual Assessments of Association by Lot and Parcel
- H Commitment to Pay Reserves After Annexation

ARTICLE 2. INTRODUCTION.

2.01. The Overall Property. Declarant is the owner of certain land which is shown in Exhibit A-1 attached hereto and which is more particularly described in Exhibit A-2 attached hereto, both of which exhibits are incorporated herein by this reference. That land is referred to herein as "the overall Property."

2.02. Parcels Shown on Exhibit A-1. Exhibit A-I shows the Overall Property as being divided into twenty-six (26) separate parcels or areas. This division is intended for ease of reference only, and nothing contained herein shall obligate Declarant to divide the Overall Property in the manner shown on Exhibit A-1. References in this Declaration to numbered parcels (e.g., Parcel 8) are to the numbered parcels shown on Exhibit A-1.

2.03. The Property. This Declaration shall apply only to that portion of the Overall Property which is described in Exhibit B attached hereto and incorporated herein by this reference, unless and until other portions of the Overall Property are hereafter specifically made subject to this Declaration by annexation in accordance with the terms of Article 15 of this Declaration. The terms "the Property" and "Riverlake Community" shall mean only the portion of the Overall Property described in Exhibit B and, from the times of such annexations, such specifically annexed lands. Unless and until such annexation occurs, such other portions shall be referred to as "Subsequent Phase Property."

2.03.A. The Property includes the right to use a private lake occupying approximately 31 acres ("the Lake"), and Lot 46 within the Dutra Bend subdivision which is the subject of the heritage agreement (the "Heritage Area"). The Lake is more particularly described in Exhibit C attached hereto.

2.03.3. The Lake will be maintained and regulated by the "Lake Association," as hereinafter defined.

2.04. Anticipated Development. The Property is planned to include residential subdivisions, townhouses and multifamily developments, lake access facilities and linear parks. The Subsequent Phase Property is planned so that it may include residential subdivisions, townhouses, multifamily developments, elderly residential and elderly care facilities, a day care facility, a specialty commercial development, a neighborhood public park, an old Italianate home to be restored, office facilities, recreational facilities and levee areas.

Notwithstanding the anticipated development of the Overall Property, except for the Second Phase which shall consist of the proposed Cobble Shores subdivision, nothing in this Declaration shall be construed or interpreted to commit Declarant to the development of the Subsequent Phase Property in accordance with any present planning, or to the annexation of all or any part of the Subsequent Phase Property to this Declaration or the Riverlake Community. Declarant does commit to the development and annexation of Cobble Shores except for Lot E thereof substantially in accordance with present plans as described herein, including Lot C (the Association Office Parcel) and Lake Access Facilities A, B, C and D no later than June 30, 1987.

2.05. Community Common Area. The initial Riverlake Community Common Area shall include the linear park, the median strip in Pocket Road, an entry area to Dutra Bend (which shall include landscaping, monument sign and related wall, entryway lighting, and which may include special paving), entry area landscaped median in Dutra Bend Drive and mail structures. As Subsequent Phase Property is annexed, it is contemplated that the Community Common Area will include the Association Office Parcel (Lot C on Exhibit D attached hereto), private streets and entry gates in Cobble Shores, landscaped medians in West Shore Drive

and East Shore Drive and mail structures, and may include additional private streets, gates into private streets, entry areas and signs, landscaping and other improvements, all of which shall be maintained by the Riverlake Community Association (the Association"). Community Common Area may also include the Heritage Area.

2.05.A. As more fully described below, it is also contemplated that the Association may have certain maintenance rights and responsibilities with respect to portions of privately-owned Lots and Parcels located along the linear park and with respect to private streets. Although the Association will have easements over the affected areas in order to carry out its responsibilities, these areas shall not become Community Common Area unless such areas are expressly identified as Community Common Area in the Declaration of Annexation bringing such areas into the Association.

2.05.B. Declarant is presently restoring an old Italianate home located on Lot B in Dutra Bend. This area shall not be Community Common Area. Declarant intends to devote this Italianate home property to a use which, in Declarant's sole discretion, is beneficial or useful to the Riverlake Community. Such beneficial uses may include, by way of example rather than limitation, day care facilities, private school, library facilities, meeting halls or rooms, sales offices for the Riverlake Community development and, perhaps, Association facilities. Nothing in this Declaration shall be construed or interpreted to commit Declarant to any particular use of such Italianate home property.

2.05.C. The Lake is not Community Common Area, nor will Lake Access Facilities be Community Common Area. Instead, the Lake and Lake Access Facilities shall be Lake Common Area, owned, administered and maintained by the Lake Association. Members of the Association may have the right

to use the Lake Common Area, however, in accordance with this Declaration.

2.06. The Association. In order to provide for the orderly and proper administration and maintenance of the Community Common Area, and the maintenance of those other areas provided for in this Declaration, and to collect assessments to pay the expenses thereof and to enforce the architectural controls set forth herein, the Declarant has formed the Riverlake Community Association, a California nonprofit corporation. The Association shall have responsibility for operating and maintaining the Community Common Area, for maintaining the other specific areas provided for in this Declaration, and shall set budgets and fix assessments to pay the expenses of the Association as provided in and subject to this Declaration.

2.07. Declaration. Declarant hereby declares that the Property is, and shall be, held, conveyed, hypothecated, encumbered, subject to the following limitations, restrictions, easements, covenants, conditions, liens and charges, all of which are declared and agreed to be in furtherance of a planned development as described in California Civil Code Sections 1350-1372 for the subdivision, improvement, protection, maintenance and sale of lots and parcels within the real Property, and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the real Property. All of the limitations, restrictions, easements, covenants, conditions, liens and charges shall run with the land, shall be binding on and inure to the benefit of all parties having or acquiring any right, title or interest in the real Property, and shall be binding on and inure to the benefit of the successors in interest of such parties. Declarant further declares that it is the express intent that this Declaration satisfy the requirements of California Civil Code Section 1354.

ARTICLE 3. DEFINITIONS.

3.01. Article. "Article" means any separate, numbered Article in this Declaration. For example, this Section 3.01 is contained in Article 3.

3.02. Articles. "Articles" mean the Articles of Incorporation of the Riverlake Community Association or the Riverlake Lake Association, as the case may be, and all amendments thereto.

3.03. Association. "Association" or "Owners Association" means the Riverlake Community Association, a California nonprofit mutual benefit corporation, created to maintain and administer the Community Common Area for the use and enjoyment of all the Owners within the Community and to enforce the provisions of this Declaration, and to own certain Community Common Area.

3.04. Association Office Parcel. "Association Office Parcel" shall mean Lot C shown on Exhibit D, which shall be initially improved with landscaping and a building of approximately 1,000 square feet consisting of an office for use by the employees of the Association and Lake Association, a conference room for use by the Board of the Association and the Board of the Lake Association and such other uses as the Association from time to time determines to be appropriate, restrooms, an eight (8)-car parking lot, a boat ramp, a wood pier, a metal barrier fence and accent paving.

3.05. Bylaws. "Bylaws" means the Bylaws adopted by and for the Riverlake Community Association or the Lake Association, as the case may be, and all amendments thereto.

3.06. Cobble Shores. "Cobble Shores" means the proposed subdivision shown on the preliminary plat of Cobble Shores at Riverlake, a reduced-size copy of which is attached hereto as Exhibit D.

3.07. Common Area. "Community Common Area" or "Common Area" means all that portion of the Property which is owned or controlled or maintained by the Association. The Community Common Area to be maintained or owned by the Association at the

time of the first conveyance of any Lot or Parcel within the Property shall be the linear park, the median strip in Pocket Road, the entry area to Dutra Bend (including landscaping, monument sign and related wall, entryway lighting and which may include special paving), entry area landscaped median in Dutra Bend Drive and mail structures.

3.07.A. It is contemplated that Community Common Area to be added as, if and when Subsequent Phase Property is annexed may include additional private streets, gates for private streets, entry areas and signs, landscaping and other improvements. When Cobble Shores is annexed, Community Common Area shall include private streets and entry gates in Cobble Shores, landscaped medians in West Shore Drive and East Shore Drive, mail structures and the Association Office Parcel.

3.07.B. The Community Common Area may also include the Heritage Area.

3.07.C. The Community Common Area does not mean or include the Lake, Lake Access Facilities or property which is described as common area in any declaration pertaining to a separate Residential Subdivision within the Community and which is owned or controlled by a separate homeowners association applicable only to that subdivision.

3.08. Declarant. "Declarant" means L & P – Pacific/Teichert, a California general partnership, and any successor or assignee who acquires an undeveloped portion of the Property for purposes of development and sale and who is designated as a successor Declarant by written instrument recorded in Sacramento County.

3.09. Development Agreement. That certain development agreement dated August 27, 1985, between Declarant and the City of Sacramento.

3.10. Dutra Bend. "Dutra Bend" means the Dutra Bend at Riverlake subdivision created by map recorded November 17, 1986, in Book 171 of Maps, Map No. 81.

3.11. Heritage Agreement. That certain agreement dated August 20, 1985, between Declarant, the Miwok People and the Native American Heritage Commission.

3.12. Heritage Area. "Heritage Area" means Lot 46 of Dutra Bend.

3.13. Lake. "Lake" shall mean the Lake described in Exhibit C together with all wells, pumps, pipes, dams, weirs, pipes and equipment related thereto or to the operation thereof.

3.14. Lake Access Facility. "Lake Access Facility" shall refer to an area to be owned by the Lake Association intended to facilitate access to the Lake either by Lake Association members whose Lot or Parcel does not have frontage on the Lake, or, in the case of Lake Access Facility C, by certain members of the Association who are not members of the Lake Association. Initially there shall be four (4) Lake Access Facilities. The Declarant reserves the right to develop and construct additional Lake Access Facilities which the Lake Association shall accept and maintain. The land areas (i.e., the non-Lake area) of Lake Access Facilities A, B and D are Lots A, B and D shown on Exhibit D. Lake Access Facility C shall have no land area, but shall consist of docks in the Lake contiguous to the Association Office Parcel.

3.14.A. Lake Access Facility D (also called East Shore Drive Dock Area) shall initially consist of landscaped area, floating docks for twenty-two (22) boats, a marginal walkway, two (2) wood piers and gazebos, a metal barrier fence, gate and accent paving, and shall initially be for the use of residents of Cobble Shores Lots which neither front on a private street nor have Lake frontage. It is contemplated that as other Residential Subdivisions are annexed, Declarant may entitle additional Lake Association

members to use Lake Access Facility D. Declarant is hereby given that right. Because Lake Access Facility D will be adjacent to a public street, it will be locked to prevent use by unauthorized persons. Lake Access Facility D and other facilities like it which may be constructed as Subsequent Phase Property is annexed are referred to as "Locked" Lake Access Facilities. Lake Access Facility C, which shall be available only to certain Owners who are not Lake Association Members and to residents of an elderly housing project on Parcel 20, may be locked, but is not a Locked Lake Access Facility as that term is used herein.

3.14.B. Lake Access Facilities A and B (also called West Lake and East Lake Access Nodes, respectively), shall initially consist of landscaped area and docks for fifteen (15) and twenty-eight (26) boats, respectively, wood piers, gazebos, metal barrier fences, gates and accent paving and shall be for the use of residents of Cobble Shores Lots which front on a private street but do not have Lake frontage. Since these facilities will be located adjacent to private streets, they will not necessarily be locked. Lake Access Facilities A and B and other facilities like them which may be constructed as Subsequent Phase Property is annexed are referred to as "Open" Lake Access Facilities.

3.14.C. Lake Access Facility C shall initially consist of floating docks for twenty-two (22) boats. Lake Access Facility C shall be for the use of members of the Association (including members whose membership is created when Subsequent Phase Property is annexed) who are not members of the Lake Association and who are Owners of Lots rather than Parcels. It may also be used by residents in an elderly housing project on Parcel 20.

3.14.D. The Association may charge user fees for use of Lake Access Facility C.

3.15. Lake Association. "Lake Association" means the Riverlake Lake Association, a California nonprofit mutual benefit corporation created for the purpose of owning, maintaining and administering the Lake and Lake Access Facilities, and for enforcing the provisions of this Declaration with respect to the Lake.

3.16. Lake Common Area. "Lake Common Area" means the Lake and Lake Access Facilities.

3.17. Linear Park. See Section 4.04.

3.18. Member. A "member" shall mean and refer to a person entitled to membership in an Association or the Lake Association, as the case may be, as provided in this Declaration.

3.19. Mortgage. A "mortgage" shall mean and include a deed of trust as well as a mortgage in the conventional sense.

3.20. Mortgagee. A "mortgagee" shall mean and include a beneficiary under or holder of a deed of trust as well as the owner or holder of a mortgage.

3.21. Owner. "Owner" shall mean and refer to the record owner, whether one or more person or entity, of fee simple title to any Lot or Parcel within the Property, except any governmental agency or special district which might acquire a Parcel. If a Lot or Parcel is subject to a recorded land sale installment contract, "Owner"-shall mean the contract. vendee. "Owner" shall exclude those holding any such interest merely as security for the performance of an obligation.

3.22. Phase. A "phase" shall mean and refer to any portion of the Property which is developed as a separate increment of the entire subdivision. For example, Phase I is the property described in Exhibit "B"; and the first portion of the Subsequent Phase Property to be annexed will be Phase 2.

3.23. Property Terms. The various terms used in this Declaration to refer to various real properties have the following meanings:

3.23.A. The Property As indicated in Section 2.03, the Property refers to that portion of the Overall Property which at any particular time is subject to this Declaration. Upon the recordation of this Declaration, the Property shall consist of the land described in Exhibit B.

3.23.8. The Overall Property. As indicated in Section 2.01, the Overall Property is described in Exhibit A-2.

3.23.C. Subsequent Phase Property. As indicated in Section 2.03, those portions of the Overall Property which are not at a particular time subject to this Declaration are referred to as Subsequent Phase Property."

3.23.D. Residential Subdivision. The term "Residential Subdivision" shall mean and refer to any development consisting of detached single-family homes, duplexes and/or halfplexes, any residential condominium project, any duplex, halfplex, cluster home, townhouse, or any other type of residential subdivision or residential planned development within the Property as the term "planned development" is (used in the California Real Estate Law.

3.23.E. Lot. The term "Lot" means:

(1) any separate Arabic numbered plot of real property shown on any final, recorded subdivision map for a Residential Subdivision other than a condominium subdivision map within the Property, with the exception of any Common Area or dedicated property shown on such subdivision map, and

(2) any residential condominium unit shown upon any recorded residential condominium plan within the Property.

3.23.F. Parcel. The term "Parcel" shall mean and refer to any separate plot of land within the Property which is shown on any recorded subdivision map or recorded parcel map as a lettered rather than an Arabic numbered plot, and

which is not Common Area. For example, the final subdivision map of Dutra Bend creates Parcels A, B and C. Similarly, a Parcel might consist of a plot of land intended for or actually used for commercial, office or multi-residential purposes; or, it might consist of a residential condominium project either prior to recordation of the condominium plan or after recordation of the plan but prior to the Parcel's change in status pursuant to Section 7.04. As mentioned above, however, any reference in this Declaration to a specific numbered Parcel (e.g., Parcel 8), is a reference to that numbered parcel as shown on Exhibit A-1.

3.24. Rules. Rules adopted by the Association or the Lake Association in accordance with this Declaration and applicable Bylaws.

3.25. Section. "Section" means any separate, numbered subdivision of an Article, e.g., this Section 3.25.

ARTICLE 4. PROPERTY RIGHTS.

4.01. Owners' Easements of Enjoyment --Heritage Area.

Declarant may at any time, but need not, convey the Heritage Area to the Association. Notwithstanding the fact that upon such conveyance the Heritage Area shall thereupon become Community Common Area, no Owner shall have any easement or rights with respect to the Heritage Area.

4.02. Owners' Easements of Enjoyment--Community Common Area, Including that in Subsequent Phase Property. Community Common Area, including that, if any, to be owned by the Association in any portion of the Subsequent Phase Property hereafter annexed to the Riverlake Community, shall be conveyed to the Association prior to the first transfer to an Owner of a Lot or Parcel in such Subsequent Phase Property. Except as may specifically be provided to the contrary by this Declaration, or in the Declaration annexing such Subsequent Phase Property, Owners shall have rights and easements of enjoyment in and to such Community Common Area as provided herein or in such Declaration of annexation. Such easements shall be appurtenant to and shall pass with the title to Lots and Parcels, subject to the following provisions:

4.02.A. The right of the Association to impose reasonable monetary fines or penalties and/or suspend the voting rights of an Owner for his failure, or the failure of any person to whom such Owner has delegated the right to use the Common Area, to comply with the provisions of this Declaration or the published Rules of the Association as determined by the Board of Directors of the Association following notice and an opportunity to be heard on the alleged infraction;

4.02.B. The right of the Association to dedicate or transfer any part of the Common Area to any public agency, authority or utility willing to accept the same 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 it has the prior authorization (by vote or written consent) of a majority of each class of members and such dedication or transfer has been documented by a written instrument recorded in Sacramento County; provided, however, no such dedication shall impair the ingress and egress to any individual Lot or Parcel within the Property.

4.02.C. The right of the Association to grant permits, licenses and easements on, over, under or through the Common Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

402.D. The right of the Lake Association and its officers, employees and agents to use the private streets to gain access to and from the Lake in order to perform the Lake Association's duties and obligations as hereinafter set forth.

4.03. Owners Easements of Enjoyment - Association Office Parcel. The Association Office Parcel shall be Community Common Area owned by the Association when Cobble Shores is annexed. It is expected that employees of the Association who use the office facilities in the building on such parcel may also be employees of the Lake Association. Also, the Lake Association Board shall be entitled to make reasonable use of the conference or meeting room in such building, and the officers, employees and agents of the Lake Association shall be entitled to cross the parking lot and other land area of the Association Office Parcel for ingress and egress from the Lake. The Lake Association shall pay to the Association, monthly, an amount to defray a portion of the costs incurred by the Association in connection with such building, based upon proportionate use. All members of the Association shall have the right to use the restrooms and landscaped areas of the Association Office Parcel, subject to rights of the Association to promulgate Rules respecting such use and subject

to rights of the Association as stated in subsections 4.02A, 4.023 and 4.02C, above.

4.04. Owners' Easements of Enjoyment—Median Strips and Linear Park.

4.04.A. No Owner shall have any easement in any median strip. Rather, such strips shall be maintained by the Association to enhance the beauty and attractiveness of the Overall Property.

4.04.3. The linear park shall be located partly on property owned in fee or easement by the City of Sacramento (usually a 20' to 35' strip) and partly on Lots or Parcels (usually a 25' strip thereof that would constitute a nonbuildable setback area in any event). The linear park is described in Exhibit E.

4.04.C. The rights of Owners in the publicly owned portion of the linear park shall be no different from those of the general public. That shall be true of the privately owned portion of the linear park as well, except for the rights of an Owner who owns the Lot or Parcel lying partly within the linear park. Each such Owner shall retain all rights in his/her own respective Lot or Parcel subject only to scenic, landscape and landscape maintenance easements in favor of the Association provided for in this Declaration. However, those easements shall prevent the construction by any such Owner of any fence or other structure within the easement area. Prior to the first transfer of a Lot or Parcel by Declarant to an Owner, Declarant shall grant to the Association an easement to install and maintain attractive landscaping over that portion of the linear park which is not owned in fee or easement by the City of Sacramento. The privately owned portion of the linear park shall satisfy applicable setback requirements to the full extent of the depth of the privately owned portion of the linear park.

4.05. Rights of Enjoyment in the Lake and Lake Access Facilities. As of the date of this Declaration, the Lake Association shall have an easement to use, enjoy and maintain the Lake. As soon as reasonably possible following the creation of the Lake as a separate Lot or Parcel on a recorded map, Declarant shall convey fee title for the Lake to the Lake Association. Rights, easements and limitations with respect to the Lake are set forth in Article 8; those with respect to Lake Access Facilities A, B, C and D are set forth in Section 3.14. Lake Access Facilities, if any, in any portion of the Subsequent Phase Property shall be conveyed to the Lake Association prior to the first transfer to an Owner of a Lot or Parcel in such Subsequent Phase Property. Rights, easements and limitations with respect to Lake Access Facilities other than A, B, C and D shall be as stated in the Declaration annexing such Subsequent Phase Property. Rights and easements to use Lake Common Area shall be appurtenant to and shall pass with the title to Lots and Parcels subject to rights of the Lake Association identical to those conferred upon the Riverlake Community Association with respect to Community Common Area by subsections 4.02A, 4.023 and 4.02C.

4.06. Delegation of Use; Leases. Any Owner may rent or lease his Lot or Parcel and, except for developer-owned Lots, may delegate his right of enjoyment to the Common Area and Lake Common Area to his tenants or to the members of his family or contract purchasers who reside in the Property, subject to the terms of this section.

4.06.A. No Lot may be leased or rented for a period of less than thirty (30) days.

4.06.3. The rental shall apply to not less than the entire Lot including its appurtenant rights, except its voting rights in the Association and the Lake Association.

4.06.C. Any rental shall be by a written agreement which shall provide that the tenancy is subject to the terms

of this Declaration, Bylaws and Rules and that any failure of the tenant to comply with the terms of this Declaration, Bylaws or Rules shall constitute a default under such agreement and shall entitle the Owner to terminate the tenancy upon thirty (30) days' written notice.

4.06.D. During the term of any such permitted delegation under a lease, the Owner's rights to use the Common Area and Lake Common Area shall be suspended.

4.07. Association Easements for Maintenance.

407.A. The Association shall have an easement in and to that portion of a Lot or Parcel which adjoins the Community Common Area for the limited purpose of access to and maintenance of the adjoining Common Area. The Association shall have easements for access over such portions of Lots or Parcels as are reasonably necessary for the Association to maintain the Community Common Area. The Lake Association shall have the same with respect to Lake Common Area.

4.07.3. The Association shall also have a scenic easement and an easement for landscape installation and landscape maintenance in and to each Lot or Parcel which lies partly within the linear park. The landscape easements shall affect not only that portion of such Lot or Parcel which actually lies within the linear park, but also those portions of such Lot or Parcel which are visible from Pocket Road. The latter portion of this easement shall terminate as to the portions of such Lot or Parcel which cease to be visible from Pocket Road, as a result of the construction of buildings, planters or other line-of-sight barriers. The purpose of this easement is to enable the Association to maintain the beauty and appearance of the linear park, and to prevent an unsightly condition on the portions of Lots and Parcels which adjoin the linear park.

407.C. The Association shall also have easements for maintenance of those streets and drives which are not dedicated to the public and which are not to be maintained by a separate association applicable only to the Residential or other subdivision in which such street or drive is located. Any Declaration annexing any such streets and drives shall identify those streets and drives, if any, which are to be maintained by the Association.

4.07.D. The Lake Association, its officers, employees and agents shall have easements over the private streets and drives within the Property for ingress to and egress from the Lake Access Facilities and the Lake.

ARTICLE 5. ASSOCIATION MEMBERSHIP, VOTING RIGHTS AND ASSESSMENT LEVELS.

5.01. Membership in Association. Every Owner of a Lot or Parcel which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Parcel which is subject to assessment. The voting rights of a membership shall vest as of the date when the Lots and Parcels to which membership is appurtenant become subject to assessment, and as provided in Section 7.04.

5.02. Classes of Membership. The Association shall have two classes of voting membership:

Class A: Except as provided below with respect to Lots owned by Declarant within a Residential Subdivision, all Owners of a Lot or a Parcel within the Property shall be Class A members. Except as provided below, a Class A member who owns a Lot shall be entitled to one (1) vote for each Lot owned. A Class A member who owns a Parcel shall be entitled to one (1) vote for each deemed Lot within the Parcel (calculated as provided in subsection 5.07F). The Declarant shall hold Class A membership with respect to any Parcel it owns within the Property. Developers of residential condominiums, townhouses, cluster homes or other common interest subdivisions shall have voting rights with respect to residential units owned by them calculated as if they were a multifamily Parcel under subsection 5.07F(3). Persons who develop such units or who acquire five (5) or more such units shall be deemed to be developers. If more than one person holds an interest in any Lot or Parcel, all such persons shall be members, but the vote(s) attributable to such Lot or Parcel shall be exercised as they determine among themselves and no fractional votes may be cast.

Class B: The Declarant shall be the Class B member with respect to Lots owned by Declarant within a Residential Subdivision and shall be entitled to three (3) votes for each Lot owned by Declarant.

5.03. Termination of Class B Membership. The Class B membership referred to above shall be converted to Class A membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

5.03.A. The second anniversary of the issuance of the original subdivision public report by the California Department of Real Estate pertaining to the most recent phase of the Property; or

5.03.3. The date which is four (4) years from the date of the issuance of the original subdivision public report pertaining to the first Residential Subdivision within the Property.

5.04. Association Action. Except as to matters requiring the approval of members as set forth in this Declaration, the Articles or the Bylaws, the affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint. Such election or appointment shall be in accordance with this Declaration or the Bylaws and their amendments. Except as otherwise provided in this Declaration, the Articles or the Bylaws, all matters requiring the approval of members shall be deemed approved if members holding a majority of the total voting rights of each class assent to them by written consent as provided in the Bylaws or if approved by a majority vote of a quorum of members of each class at any regular or special meeting held in accordance with the Bylaws.

5.05. Creation of the Lien and Personal Obligation of Assessments. Except as otherwise provided in Section 7.02, the Declarant, for each Lot or Parcel it owns, hereby covenants, and each Owner of any Lot or Parcel by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed

to covenant and agree to pay to the Association: (a) annual assessments or charges; (b) special assessments for capital improvements or unusual expenses to be established and collected as hereinafter provided; and (c) fines, penalties and other costs which may be levied against individual Lot Owners to reimburse the Association for extra costs for maintenance and repairs caused by the willful or negligent acts of the individual Owner and not caused by ordinary wear and tear (such fines, penalties and costs are not assessments and are not enforceable by assessment lien). The annual and special assessments, together with late payment charges, costs and reasonable attorneys' fees, shall be a charge on and a continuing lien upon the Lot or Parcel against which each such assessment is made from and after the time the Association causes a notice of delinquent assessment to be recorded pursuant to Section 7.09 below. Each such assessment, together with late payment penalties, interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person or entity who was the Owner of such Lot or Parcel at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

5.06. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents in the Community, for the improvement and maintenance of the Community Common Area, and for the maintenance and repair of such other areas as are specifically provided for in this Declaration. Regular assessments shall include an adequate reserve fund for maintenance, repair and replacement of those elements of the Common Area that must be replaced on a periodic basis.

5.07. Calculation of Regular Annual Assessments. The regular annual assessments shall be calculated separately for Lots and Parcels within the Property. Certain categories of

Association expenses shall be allocated to certain Owners according to the benefit derived there from as specifically provided herein or in any declaration of annexation, and all others (such as expenses of the Association Office Parcel, when annexed, to the extent they are borne by the Association) shall be allocated equally among Lots and deemed Lots" as provided in this Section 5.07.

5.07.A. No Association assessments shall be allocated against any parcel(s) owned by the Association, by the Lake Association or by any governmental agency or special district.

5.07.B. While the Owners of Lots and Parcels, portions of which are located in the linear park, derive a greater benefit from Association maintenance of the linear park and adjoining privately-owned areas than the remaining Owners, the extent of that greater benefit is extremely difficult, if not impossible, to measure precisely. This is true because: the Association will, in all likelihood, maintain the Pocket Road medians, the publicly-and privately-owned portions of the linear park, and the visible areas of privately-owned Lots and Parcels adjoining the linear park as a single landscaped corridor making a cost-effective use of-supplies and services; the nature, degree and maintenance requirements of the landscaping may vary between such areas; and, the City of Sacramento will contribute a sum towards such maintenance based upon the development agreement. Consequently, that portion of the Association's budget attributable to such expenses shall be allocated as follows:

(1) The Association shall first estimate its total anticipated cost for maintenance of all of the areas mentioned above in this subsection 5.07B, and

shall derive a cost per square foot estimate by dividing the anticipated cost by the total square footage of such areas.

(2) The Owner of a Lot or Parcel, a portion of which is located in the linear park, shall pay one-half (1/2) of the per square foot cost for that portion.

(3) An Owner of a Lot or Parcel, a portion of which is outside the linear park but is maintained by the Association because of its visibility, shall pay the entire per square foot cost for such portion.

(4) The remaining maintenance costs, less the amount to be contributed by the City, shall be levied equally among all Lots and deemed Lots within the Property.

5.07.C. Association expenses attributable to private streets shall be borne only by those Owners whose Lots and Parcels are located within the Residential or other subdivision containing private streets. These expenses shall be allocated among all Lots and deemed Lots within such Residential and other subdivision, except that in the case of a single family (so-called even though it may have corner halfplex or duplex Lots) Residential Subdivision such as planned Cobble Shores, costs attributable to private streets shall be borne only by those Lots inside the private street gates.

5.07.D. Costs attributable to the Dutra Bend entry area, the landscaped median in Dutra Bend Drive and mail structures shall be allocated exclusively to Lots and deemed Lots within Dutra Bend (the Heritage Area shall not be considered to be a Lot, nor shall the levee area).

5.07.E. To defray costs attributable to Lake Access Facility C, the Association shall pay to the Lake Association from time to time as regular annual assessments of Lake Association are collected, an amount equal to one (1) assessment unit (per subsection 6.07A(4)) for every five (5) residential units in any elderly housing project actually constructed on Parcel 20 and one (1) assessment unit for every five (5) Lots whose owners are privileged to use Lake Access Facility C. The cost of such payment by the Association to the Lake Association shall be assessed against Lots whose Owners are riot members of the Lake Association.

5.07.F. For purposes of calculating a Parcel's Association votes and assessments, it shall be treated as having the number of Lots ("deemed Lots") provided for in this subsection 5.07F. A particular Parcel's assessment shall be equal to the per-Lot assessment calculated under subsections 5.07A through 5.07D multiplied by the number of deemed Lots in that Parcel. A Parcel shall have votes equal in number to its deemed Lots.

(1) Developed elderly care facilities shall have one (1) deemed Lot for every eight (8) elderly persons for which the facility is licensed to care;

(2) Developed elderly housing developments shall have one (1) deemed Lot for every five (5) apartments, rooms, suites or other occupancy units comprising the development;

(3) Developed multifamily developments such as garden apartments (but not common interest Residential Subdivisions such as residential condominiums, townhouses or cluster homes) shall be treated as follows:

(a) If the density of the development is less than ten (10) units per acre, the number of deemed Lots per acre shall be five (5).

(b) If the density of the development is at least ten (10) but less than twenty (20) units per acre, the number of deemed Lots per acre shall be an amount equal to the sum of five (5) plus three-tenths ($3/10$ ths) deemed Lots for each unit per acre in excess of ten (10).

(c) If the density of the development is at least twenty (20) units per acre, the number of deemed Lots per acre shall be an amount equal to the sum of eight (8) plus two-tenths ($2/10$ ths) deemed Lots for each unit per acre in excess of twenty (20).

(4) Any developed commercial, office or retail parcel shall be treated as containing one (1) Lot for each two thousand (2,000) square feet of rentable area of buildings on such Parcel;

(6) An undeveloped Parcel zoned for residential purposes shall be deemed to consist of the maximum number of residential units which could be constructed on that Parcel under the above-referenced development agreement; and

(7) An undeveloped Parcel zoned for commercial, office or retail purposes shall be treated as one (1) Lot for each one-seventh ($1/7$ th) of an acre in such Parcel.

5.07.G. As indicated in Section 5.02, memberships appurtenant to Lots rather than Parcels shall have one (1) vote per Lot (except for developer-owned Lots), or three (3) votes per Lot for Class B members. Nevertheless, the Association assessment rate for certain Lots shall be reduced as follows:

(1) Duplexes and halfplexes shall be assessed by the Association as if they were three-quarters ($3/4$) Lot per residential unit.

(2) Condominiums, townhouses, cluster homes and other common interest subdivisions shall be assessed by the Association according to subsection 5.07F(3) as if they were developed multifamily developments, with the number of deemed Lots allocated evenly among the residential units.

ARTICLE 6. LAKE ASSOCIATION MEMBERSHIP, VOTING RIGHTS
AND ASSESSMENT LEVELS.

6.01. Membership in Lake Association. Every Owner of a Lot or Parcel which is subject to assessment by the Lake Association shall be a member of the Lake Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Parcel which is subject to assessment. The voting rights of a membership shall vest as of the date when the Lots and Parcels to which membership is appurtenant become subject to assessment, and as provided in Section 7.04. The easement to use and maintain the Lake shall be conveyed to the Lake Association prior to the conveyance by Declarant of the first Lot or Parcel which is subject to Assessment by the Lake Association.

6.01.A. Declarant, as owner of Parcel 4 described in Exhibit B, is the only initial member. When Cobble Shores is annexed, Owners of Lots in Cobble Shores shall be members of the Lake Association.

6.01.B. If and as Parcels 2, 6, 7, 8, 9, 13 and 24 are annexed, the Owners of such Parcels, or Lots into which such Parcels may be (or may then have been) subdivided shall be members of the Lake Association.

6.01.C. If Parcels 24 and 3 are developed in such a way that Parcel 3, or Lots into which Parcel 3 have been subdivided, have access to the Lake through Parcel 24, then the Owners of Parcel 3, or Lots into which Parcel 3 may be (or may then have been) subdivided shall be members of the Lake Association. The same shall be true with respect to Parcel 23 if access to the Lake through Parcels 3 and 24 is available. In any event, if Parcel 3 is developed with some Lots fronting on a public street connecting West Shore Drive to Rush River Drive (the anticipated name of such street is Lake Front Drive), then Owners of Lots fronting on such street shall be members of the Lake Association.

6.02. Classes of Membership. The Lake Association shall have two (2) classes of voting membership:

Class A: Except as provided below with respect to Lots owned by Declarant within a Residential Subdivision, all Owners of a Lot or a residentially restricted Parcel within the area described in Section 6.01 shall be Class A members. A Class A Owner shall have the same number of votes as his Lot or Parcel has Lake Association assessment units under Section 6.07.

Class B: The Class B member shall be the Declararant and shall be entitled to three (3) times the number of votes to which a Class A Owner would be entitled with respect to a particular Lot. The Declarant shall also be entitled to votes equal to the assessment unit equivalent of Declarant's payment obligation under any applicable subsidy agreement.

6.03. Termination of Class B Membership. The Class B membership referred to above shall be converted to Class A membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

6.03.A. The second anniversary of the issuance of the original subdivision public report by the California Department of Real Estate pertaining to the most recent phase of the Property; or

6.03.B. The date which is four (4) years from the date of the issuance of the original subdivision public report pertaining to the first Residential Subdivision within the Property.

6.04. Lake Association Action. Except as to matters requiring the approval of Lake Association members as set forth in this Declaration, the Lake Association Articles or the Lake Association Bylaws, the affairs of the Lake Association shall be conducted by the Lake Association's Board and such officers as such Board may elect or appoint. Such election or appointment

shall be in accordance with this Declaration or the Lake Association Bylaws and their amendments. Except as otherwise provided in this Declaration, such Articles or such Bylaws, all matters requiring the approval of Lake Association members shall be deemed approved if members holding a majority of the total voting rights of each class assent to them by written consent as provided in such Bylaws or if approved by a majority vote of a quorum of members of each class at any regular or special meeting held in accordance with such Bylaws.

6.05. Creation of the Lien and Personal Obligation of Assessments. Except as otherwise provided in Section 7.02, the Declarant, for each Lot or Parcel it owns to which membership in the Lake Association is appurtenant, hereby covenants, and each Owner of any such Lot or Parcel by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Lake Association: (a) annual assessments or charges; (b) special assessments for capital improvements or unusual expenses to be established and collected as hereinafter provided; and (c) fines, penalties and other costs which may be levied against individual Lot Owners to reimburse the Lake Association for extra costs for maintenance and repairs caused by the willful or negligent acts of the individual Owner and not caused by ordinary wear and tear. (such fines, penalties and costs are not assessments and are not enforceable by assessment lien). The annual and special assessments, together with late payment charges, costs and reasonable attorneys' fees, shall be a charge on and a continuing lien upon the Lot or Parcel against which each such assessment is made from and after the time the Lake Association causes a notice of delinquent assessment to be recorded pursuant to Section 7.09 below. Each such assessment, together with late payment penalties, interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person or entity who was the Owner of such Lot or Parcel at the time when the assessment fell due. The personal

obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

6.06. Purpose of Assessments. The assessments levied by the Lake Association shall be used exclusively to promote the health, safety and welfare of the members of the Lake Association, for the improvement and maintenance of the Lake Common Area for payment to the Association of the Lake Association's share of costs attributable to the building on the Association Office Parcel, and for the maintenance and repair of such other areas as are specifically provided -for in this Declaration. Regular assessments shall include an adequate reserve fund for maintenance, repair and replacement of those elements of the Lake Common Area that must be replaced on a periodic basis.

6.07. Calculation of Lake Association Regular Annual Assessments. Regular annual assessments of the Lake Association shall be apportioned among the Lots and Parcels within the Lake Association based upon the number of assessment units for that Lot or Parcel as determined by this Section 6.07. The provisions (of Section 5.07 shall not apply to Lake Association assessments. Duplexes and halfplexes shall be treated as three-quarters (3/4) of a Lot per residential unit for purposes of Lake Association assessment units.

6.07.A. The following levels of assessments shall apply to all Lots restricted to construction of detached single-family dwellings, duplexes or halfplexes except for those located in Parcels 3 and 24:

- (1) A Lot with Lake frontage shall be allocated ten (10) assessment units;
- (2) A Lot not having Lake frontage but having access to the Lake through Open Lake Access Facilities shall be allocated five (5) assessment units;
- (3) All other Lots within the Lake Association (i.e., those having access through Locked Lake Access

Facilities) shall each be allocated two and one-half (2.5) assessment units;

(4) The Riverlake Community Association shall be allocated one (1) assessment unit for each five (5) Lots the Owners of which are privileged to use Lake Access Facility C and each five (5) residential units in any elderly housing project actually constructed on Parcel 20.

6.07.B. Lots within Parcels 3 and 24, if they are restricted to construction of detached single-family dwellings, duplexes or halfplexes, shall have the following levels of assessment units:

(1) A Lot with Lake frontage shall be allocated five (5) assessment units;

(2) All other Lots shall be allocated two and one-half (2.5) assessment units.

6.07.C. Each common interest subdivision (see Section 7.02) Lot shall be allocated the number or fraction of assessment units which is equal to the number of assessment units contained in the Parcel from which such common interest subdivision Lot was created divided by the number of such Lots in such Parcel.

6.07D. The following levels of assessment shall apply to Parcels:

(1) Parcel 2 shall be allocated one (1) assessment unit for each residential unit which could be constructed thereon under the above-referenced development agreement; provided, however, that if fewer than the maximum number are actually constructed on such Parcel when development thereof is complete, such Parcel shall be allocated one (1) assessment unit for each unit actually constructed.

(2) Parcel 9 shall be allocated two (2) assessment units for each residential unit which could be

constructed thereon under the development agreement; provided, however, that if fewer than the maximum number are actually constructed on such Parcel when development thereof is complete, such Parcel shall be allocated two (2) assessment units for each residential unit actually constructed thereon.

(3) Parcel 13 shall be allocated four (4) assessment units for each acre thereof not otherwise excluded from liability for assessment (e.g., excluding any portion thereof which may be owned by the Lake Association or the Association).

(4) Every other Parcel shall be allocated three (3) assessment units for each residential unit which could be constructed on such Parcel under the development agreement; provided, however, that if fewer than the maximum number are actually constructed on such Parcel when development thereof is complete, such Parcel shall be allocated three (3) assessment units for each residential unit actually constructed thereon.

6.07.E. Exhibit F attached hereto and incorporated herein sets forth the initial assessment unit allocations to all Lots and Parcels within the Property. Each Declaration of Annexation shall specify the assessment unit allocation for each Lot and Parcel annexed thereby.

6.07.F. In calculating regular annual Lake Association assessments, the Lake Association shall divide its total anticipated expenditures less any subsidy by the total number of assessment units for the following year, and then levy an assessment against such Lot and Parcel equal to that resultant figure multiplied by the number of assessment units in the particular Lot or Parcel (or, in the case of Lake Association assessments to be paid by the Riverlake Community Association, the assessment units allocated to the

Riverlake Community Association pursuant to subsections 5.07E and
6.07A(4).

ARTICLE 7. GENERAL COVENANTS AND PROVISIONS REGARDING ASSESSMENTS.

7.01. Payment by Owners. Except as provided in Section 7.02, the annual assessment of the Association and annual regular Lake Association assessment, if any, allocable to each Lot or Parcel, calculated as provided in Sections 5.07 and 6.07, respectively, shall be paid by the Owner of that Lot or Parcel. Regular annual assessments shall be collected monthly or upon such other schedule (not more often than monthly) as the Board of Directors of the Association or the Lake Association, whichever is levying the particular assessment, shall establish in accordance with its Bylaws.

7.02. Payment by Associations. Portions of the Property may be developed as condominiums or planned developments or otherwise (a 'common interest subdivision) so as to require that ownership of any Lot or Parcel within such common interest subdivision will mandate membership in an owners association established for that particular portion of the Property, where that Association itself levies and collects assessments and has powers of collection (i.e., lien and personal obligation) similar to those provided for in this Declaration for the Riverlake Community Association and the Lake Association. In such instances, except from time to time as the Riverlake Community Association, the Lake Association, or both of them, may expressly advise in writing, the owners association established for a particular portion of the Property shall be responsible for collecting from its members and delivering to the Riverlake Community Association, or the Lake Association, whichever is appropriate, the assessments which would otherwise be payable to the Riverlake Community Association or Lake Association pursuant to Section 7.03. by individual Owners. If such an association pays only a portion of an assessment, it shall specify in a writing accompanying such payment, by Lot number and unit, exactly which Lots' assessments are included in such payment.

7.03. Maximum Regular Annual Assessment. Until January 3. of the year immediately following the first conveyance of a Lot or Parcel to an Owner, the maximum regular annual assessment of the Association and the maximum regular annual assessment of the Lake Association shall be the amount set forth in Exhibit G attached hereto and incorporated herein.

From and after January 1 of the year immediately following the first conveyance of a Lot or Parcel to an Owner, the maximum regular annual assessments may be increased by the Board of Directors of the Association or the Lake Association, as the case may be (the 'Appropriate Board"); provided, however, that such Board shall not increase such assessments by more than twenty percent (20%) in any calendar year without approval of the members of such Association in accordance with the voting requirements set forth in Section 12.04 of this Declaration.

7.04. Commencement and Adjustment of Assessments. The Association assessments and Lake Association assessments provided for in this Declaration shall commence upon all Lots and Parcels as of the first day of the month following the first conveyance of a Lot or Parcel to an Owner.

It is contemplated that from time to time during the development of the Property, Parcels may be divided into smaller Parcels and Parcels may be divided into Residential Subdivisions. It is also possible that land use regulations with respect to a Parcel or portion of a Parcel may change from time to time. However, as indicated below, the regular annual assessments are to be adjusted only annually. Therefore, for the purpose of fixing annual assessments, except for the first annual assessment, the appropriate Board shall refer to the status of Parcels and Lots as of October 1 of the year preceding the calendar year for which it is fixing annual assessments. Similarly, the voting rights of a Parcel or Lot for each calendar year, except for the calendar year in which the first annual assessment is levied, shall be fixed according to the status of such Parcel or Lot as of the

preceding October 1. Thus, if a Parcel is subdivided into Lots after October 1 of 1986, but prior to October 1 of 1987, its status as a Parcel for assessment and voting purposes will not be affected until January 1, 1988.

It shall be the duty of the appropriate Board of Directors to calculate the regular annual assessments against each Lot and against each Parcel and notify the Owners thereof once each calendar year, as follows:

Between October 1st and October 30th of each year, the appropriate Board shall fix the annual assessments for the next calendar year based on the projected budget for that year. The Association annual assessments shall take into account payments to be made by the City of Sacramento pursuant to the development agreement to defray linear park maintenance costs, and shall take into account payments, if any, which the Declarant is contractually obligated to pay to the Association pursuant to a subsidization plan approved by the California Department of Real Estate. The Lake Association annual assessments shall take into account payments, if any, which the Declarant is contractually obligated to pay to the Lake Association pursuant to a subsidization plan approved by the California Department of Real Estate. Written notice of the amount so fixed and the dates established for payment thereof shall be sent to every Owner, or to any association responsible for collecting pursuant to Section 7.02, on or before December 1st of each year.

All regular annual assessments shall be prorated according to the number of months remaining in the calendar year during which they are to be paid.

7.05. Special Assessments Upon All Owners. In addition to the regular annual assessments authorized above, the Association and/or Lake Association may levy, in any year, special assessments applicable to that year only for the purpose of

defraying, in whole or in part, the cost of any major construction, reconstruction, repair or replacement of a capital improvement, Lake Common Area or other Common Area improvements, including fixtures and personal property related thereto, and for the purpose of defraying the cost of any unusual or unanticipated repairs, maintenance or replacement. However, the appropriate Board shall not levy any such special assessment, or combination of such special assessments, which would amount to greater than five percent (5%) of the budgeted gross expenses of its association for that year, unless such special assessment has first been approved by the vote or written assent of a majority of the votes of each class of members in that association while there are two classes of membership, or by a majority of the total votes in that association and a majority of the votes of members in that association other than Declarant when Class B membership has ceased.

Payment of any special assessment so levied shall be calculated and apportioned among the Lots and Parcels in the same manner as provided in Sections 5.07 and 6.07, respectively, for regular annual assessments of that association, and shall be paid in equal installments during that assessment year, with such installments being payable at the same time as the annual assessments are then being paid according to the schedule established by the appropriate Board of Directors.

7.06. Additional Requirements for Assessment Increase. In addition to the requirements for assessment increase set forth in Sections 7.04 and 7.05 of this declaration, the appropriate Board may not impose, except as provided in this section, a regular assessment that is more than ten percent (10%) greater than the regular assessment for that association's preceding calendar year (except the first such year if it should be less than twelve (12) months) or impose special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of that association for that calendar year (except the first such

year if it should be less than twelve (12) months) without the approval by vote or the written consent of fifty-one percent (51%) of all members of that association. The provisions of this Section 7.06, however, do not limit assessment increases for the maintenance or repair of the common area or other areas which that association is obligated to maintain or repair, including, but not limited to, the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining or repairing structures or improvements, funding reserves or addressing emergency situations.

7.07. Subordination of the Lien to Mortgages; Relationship of Associations. The lien of the assessments provided for in this Declaration shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot or Parcel shall not affect any assessment lien. However, the sale or transfer of any Lot or Parcel pursuant to judicial foreclosure of a first mortgage or the exercise of the power of sale contained in such first mortgage, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or Parcel from liability for any assessments thereafter becoming due or from the lien thereof.

As between themselves, assessments of the Association shall have priority over assessments of the Lake Association.

7.08. Delinquency and Remedies of Association. If any assessment, regular or special, or any portion thereof, is not paid within fifteen (15) days after the date when due, then such assessment or portion thereof shall become delinquent. The amount of such assessment, together with late payment penalties, interest and costs of collection as provided below, shall become a continuing lien on the Lot or Parcel against which such assessment was made from and after the time the Association or Lake Association, whichever is appropriate, causes a notice of delinquent assessment to be recorded as set forth in Section 7.09 below.

A Lot or Parcel shall be subject to a lien only for that portion of an assessment, late payment penalty, interest and costs relative to that Lot or Parcel. If a delinquent assessment affects a Parcel which has been subdivided after the date the assessment was originally levied, the assessment, late payment penalty, interest and costs shall be allocated proportionately among the resultant Parcels and/or Lots. Only that resultant Lot or Parcel's proportionate allocation shall be a lien on that resultant Lot or Parcel. Similarly, if an association responsible for collecting and paying such assessments has made a partial payment in compliance with Section 7.02, there shall be no lien for the unpaid portion upon those Lots which are identified by such association as having paid their portion of such assessment in full.

Any assessment not paid within fifteen (15) days after the due date shall incur a late payment penalty in an amount to be set by the appropriate Board from time to time, not to exceed the amount permitted by applicable law. Interest on all sums including the delinquent assessment, reasonable costs of collection and late payment penalty, shall be at the lower of twelve percent (12%) per annum, or the maximum rate allowed by law and shall commence thirty (30) days after the assessment becomes due, and shall continue until the assessment has been paid in full. In addition to all other legal and equitable rights or remedies, the Association or the Lake Association, as appropriate, may, at its option: take a deed in lieu of foreclosure; bring an action at law against the Owner personally obligated to pay the same; or, upon compliance with the notice provisions set forth in Section 7.09 below, bring an action to foreclose the lien against the Lot or Parcel. There shall be added to the amount of the delinquency plus interest and late payment penalties, all costs and expenses, including reasonable attorneys' fees incurred by such association in collecting the delinquent assessment.

A lien created pursuant to this section may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent assessment or sale by a trustee substituted pursuant to Section 2934a of the Civil Code of the State of California. Each Owner, by acceptance of his deed, hereby grants such a power of sale to the Association, and as to Lots and Parcels included in the Lake Association, to the Lake Association, as to each and every Lot of Parcel, and each and every resultant Lot or Parcel, for the purpose of collecting delinquent assessments. Each Owner vests in the Association and, as to Lots and Parcels in the Lake Association, to the Lake Association, its successors or assigns, the right and power to bring all actions of law or lien foreclosures against such Owner or other Owners for purposes of collecting delinquent assessments.

7.09. Notice of Delinquent Assessment. No action shall be brought to foreclose the lien or to proceed under the power of sale less than thirty (30) days after the date a notice of delinquent assessment, executed by a duly authorized representative of the Association, or the Lake Association, whichever is appropriate, is recorded with the Sacramento County Recorder, said notice stating the amount claimed (which may include late payment penalties, interest and costs of collection, including reasonable attorneys' fees), a good and sufficient legal description of the Lot or Parcel or the resultant Lot or Parcel being assessed, the name of the record Owner or reputed Owner thereof, -the name and address of the Association or Lake Association as claimant, and, in order for the lien to be enforced by non-judicial foreclosure as provided in Section 7.10 below, the name and address of the trustee authorized by the claimant to enforce the lien by sale. A copy of said notice of delinquent assessment shall be deposited in the United States mail, certified or registered with postage thereon fully prepaid, to the Owner of the Lot or Parcel, or the resultant Lot or Parcel.

7.10. Foreclosure Sale. Any such sale provided for above shall be conducted in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) or successor provisions of the Civil Code of the State of California, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted or provided by law. The Association, or the Lake Association, whichever is appropriate, through its duly authorized agents, shall have the power to bid on the Lot or Parcel or resultant Lot or Parcel at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

7.11. Curing of Default. Upon the timely curing of any default for which a notice of claim of delinquent assessment was recorded, the officers of the Association or the Lake Association recording the claim are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee to be determined by such Association, but not to exceed TWENTY-FIVE DOLLARS (\$25), to cover the costs of preparing and filing or recording such release together with the payment of such other costs, late payment penalties, interest or fees as shall have been incurred.

7.12. Cumulative Remedies. The assessment lien and the rights to foreclosure and sale hereunder shall be in addition to and not in substitution for all other rights and remedies which the Association or the Lake Association and its assigns may have hereunder and by law or in equity.

7.13. Alternative Remedy. The foregoing remedies shall apply with respect to payments by Owners pursuant to Section 7.01. If payments are to be made by an owners association pursuant to Section 7.02, then the remedy of the Association or the Lake Association shall be that of any other creditor of the owners association from which payments are due. However, the Association and Lake Association may shift from the Section 7.02 method of collection to the Section 7.01 method at any time by giving written notice to the debtor owners association and its members.

Such shift shall be effective as of the first day of the calendar month following the month during which notice is given.

7.14. Estoppel Certificate. The appropriate Board or its appointed manager shall, on not less than ten (10) days' prior written request, execute, acknowledge and deliver to any Owner making such request a statement in writing stating whether or not, to the knowledge of the Association or Lake Association, whichever is appropriate, the Owner is in default as to his Lot or Parcel under the provisions of this Declaration; the amount of regular and special assessments, including installment payments, paid by the Owner during the fiscal year the request is received; and the amount of any delinquent assessments, penalties, interest, attorneys' fees and other charges on the Owner's Lot. The appropriate Board or its designated manager may charge the Owner a fee to recover its reasonable costs in preparing the statement. Any such certificate delivered pursuant to this section may be relied upon by any prospective purchaser or mortgagee of the Lot or Parcel, but such reliance may not extend to any default involving the payment of assessments of which the signer had no actual knowledge.

ARTICLE 8. PERMITTED USES AND RESTRICTIONS.

8.01. Common Area Use. Subject to rules and regulations which may be promulgated by the appropriate Board to supplement (but not to contravene) this Declaration, the Community Common Area and Lake Common Area may be used for the purposes described below in this section. It is contemplated that when additional Community Common Area is acquired by the Association, or is to be maintained by the Association, supplemental restrictions shall be adopted regulating the use of such additional Common Area, and the same shall be true with respect to additional Lake Common Area and the Lake Association.

8.01.A. The Heritage Area. The Heritage Area shall not be used for any purpose prohibited by the heritage agreement. As more fully provided in the heritage agreement, the Heritage Area shall be rendered inaccessible to Owners and the public, and if the Association ever acquires the Heritage Area, the Association shall be obligated to convey this area for no consideration to a public agency or Indian group approved by the City Manager of the City of Sacramento.

8.01.B. Median Strips. These shall simply be maintained by the Association. They shall not be used except for visual enjoyment.

8.01.C. Linear Park. Use of the publicly-owned portions of the linear park shall be regulated by the City. Use of any privately-owned portion of the linear park shall be by Owners subject to the landscape and landscape maintenance easement granted to the Association. Owners of Lots or Parcels portions of which comprise part of the linear park may make such use of those portions of their Lots or Parcels as are not inconsistent with the landscape and landscape maintenance easement. No part of the linear park will be owned by the Association. Portions will be owned in fee

or easement by the City of Sacramento. The remainder will be part of various Lots and Parcels.

8.01.D. Lake Access Facilities. Lake Access Facilities shall be used only by the persons entitled to do so pursuant to Section 3.14 or applicable declarations of annexation; such use shall be in accordance with such rules and regulations as the Lake Association shall adopt. Use of Lake Access Facility C shall also be subject to the rules and regulations of the Riverlake Community Association.

8.02. Use of the Lake and Lots and Parcels Within the Lake Association. Subject to the rules and regulations which may be promulgated by the Board of Directors of the Lake Association, to supplement (but not to contravene) this Declaration, the Lake may be used only for the purposes and in the manner set forth in this Section 8.02. The following additional easements, standards, limitations and restrictions shall apply to the Lake, and to all Lots and Parcels included within the Lake Association. For the purposes of this Section 8.02, the term "Bank Area" and "Bank" shall mean all property lying within the rear yard of any Lot with Lake frontage.

8.02.A. Water Treatment. The Lake Association shall have the right to regulate and control the water level and to treat the water to maintain its purity and clarity and may take such measures as it deems advisable to prevent the growth of algae, plant life, insect life and undesirable animal life. The Lake Association shall also have the right to maintain the stability, cleanliness and aesthetic appearance of the Bank Area, but shall not be required to do so.

8.02.B. No Dwelling. No boat, raft, float, dock or pier, or other watercraft or structure, shall be used for dwelling purposes or as a dwelling while on or within the Lake or moored to its shoreline.

8.02.C. Watercraft. No boat or other watercraft in excess of sixteen feet (16'), and no gasoline, diesel or

other combustion-type engine-powered boat shall be allowed on the Lake. This limitation shall not apply, however, to boats operated by Declarant or by the Lake Association for purposes of safety, maintenance or promotion of the Community or Lake Association, including sales promotion.

8.02.D. Docks. No dock or float or pier shall be installed or maintained on or in the Lake until the design has been approved in writing by the Lake Association, and by the Architectural Control Committee if any, for the Residential subdivision or other property in which the Lot or Parcel constructing such dock or float is located.

(1) It is the intention of Declarant to encourage professionally manufactured docks. No dock shall be wider than eight feet (8'), longer than sixteen feet (16') or project more than eighteen feet (18') from the bulkhead into the Lake.

(2) No pier shall be wider than five feet (5') or project more than twelve feet (12') from the bulkhead into the Lake.

(3) Docks shall be maintained in a neat and orderly fashion, and shall be painted or stained, when necessary, to maintain an attractive appearance, colors of paint or stain to remain as originally approved by the Architectural Control Committee.

8.02.E. Fishing. No persons fishing in or on the Lake shall use any live bait other than earthworms. There shall be no trapping or taking of any wildlife by other than the Lake Association or as expressly permitted by the Lake Association, except fishing by use of hook and line.

8.02.F. Foreign Objects. No waste materials, sewage, garbage, petroleum or other chemical product, paper, food or other foreign object shall be placed or permitted in the Lake and no activity shall be carried on, except as required by necessary construction, which shall stir up, contaminate

or pollute the Lake's waters. This subsection shall riot prevent the use of chemicals and other products in the Lake by the Lake Association in carrying out its responsibilities and exercising its rights pursuant to this Declaration, or the application in normal quantities of customary insect, animal or plant control substances, fertilizers and plant foods, or paints and protective compounds on Lots arid Lake Lots, or the discharge of storm drains even if containing materials prohibited by this subsection, but all such activities shall be carried-out in a manner to minimize contamination of the Lake. The Lake Association shall, at least once a year, notify all Owners in the Riverlake Community that the Lake is part of the drainage system arid that contaminants that drain or are placed in gutters eventually pass through the Lake. The notice shall include suggestions to minimize the occurrence of pollutants reaching the Lake.

8.02.G. Structures, Fences and Plantings. No structure other than those fences, docks, bulkheads and landscaping (including swimming pools) approved by the appropriate Committee under Section 9.02, may be constructed or maintained within the Bank Areas. In that regard:

(1) No fence, hedge or mass planting shall be made or maintained in the Lake;

(2) All planting within the Bank Area must be approved by the appropriate Committee. In reviewing and approving planting plans, the appropriate Committee shall normally encourage landscaping that includes the placement of trees, shrubs and groundcovers close to the Lake's edge with the expectation that over time the Lake and Bank Area will develop in such a manner consistent with natural bodies of water in the Sacramento Valley. The intent is to:

(a) promote a natural look along the edge of the Lake; (b) encourage different but compatible landscape designs; and (c) use landscaping

to create increased privacy in rear yards. Care must be taken to select: (d) shrubs, which at maturity will generally grow no higher than four feet (4'); (e) Species of trees which at maturity will have the main foliage at least six feet (6') above ground level; and (f) groundcovers that grow full enough to cover the wood bulkhead but riot, so full as to grow into the Lake. The Committee shall normally disapprove large trees arid shrubs at the edge of a Lot or Parcel which will interfere with views of other Lots or Parcels, shall normally encourage trees which at maturity can hang over the Lake and not obstruct the view and shall take into account the length of time a particular tree or shrub will inhibit such views prior to the time it reaches maturity.

(3) Structures visible from the Lake must be designed, constructed and maintained in such a manner that the facade facing the Lake is architecturally consistent with the front and sides of the structure, attractive from the Lake and adjoining Lots and Parcels, and to the extent reasonably possible, roof vents on such structures shall be run to the sides of the structure which are least visible from the Lake. The materials used on the rear or side elevations of any residence visible from the Lake shall be consistent with the front elevation, as shall the roofing material.

(4) Side yard fences subject to the provisions below for Lots with Lake frontage shall be no higher than six feet (6') in height measured from the grade of the Lot as sold by Declarant and shall be made of masonry, stone, wrought iron or wood.

(5) Side or rear yard fences for Lots with Lake frontage shall not exceed four feet (4') in height

from the rear Lot line to whichever of the following points is closest to the rear Lot line:

- (a) twenty feet (20') from the rear Lot line;
- (b) a point on the side Lot line at a right angle from the corner of the house; or
- (c) a point on the side Lot line at a right angle from the corner of the house on the adjacent lot. Side yard fences within an area where they are required to be no higher than four feet (4') in height shall be made of masonry, stone or wrought iron or a combination of those materials. Wood fences will normally be disapproved unless designed in such a manner that the appropriate Committee is convinced that the initial appearance as well as the future appearance will be guaranteed. Any wood fences approved by the appropriate Committee shall be painted with a heavy body stain or paint, shall have caps top and bottom, and shall have the "good" side facing the Lake and/or the adjoining neighbors.

(6) Lots with Lake frontage shall be required to construct wing fences at the rear of the home as well as in front. Rear yard wing fences shall be:

- (a) painted and constructed with material consistent with the materials of the home;
- (b) shall be located at a point at which the side yard fence changes elevation (i.e., from six feet (6') to four feet (4') or at the rear corner of the home subject to approval by the appropriate Committee.
- (c) shall be constructed to an elevation consistent with the side yard fence but shall be sufficient in height to screen the side yard.

(7) All heating, air conditioning, heat pumps, pool filters, spa filters, etc., and shall be screened from public view.

(8) Variances to the fence requirements may be granted by the appropriate Architectural Control Committee in situations where one or more of the provisions need not apply or would create an undue hardship if it were to apply.

8.02.H. No Pumping. No water shall be pumped out of the Lake by any person for any reason, except by the Declarant or by the Lake Association or except as is otherwise approved in writing by the Lake Association. Declarant may cause the Lake level to be temporarily raised or lowered in connection with development activities, or otherwise as Declarant deems appropriate. Subject to the approval of the Community Committee referred to in Section 9.02, the preceding provision shall not prohibit modification along the existing shoreline on Parcels 6, 7, 8, 2, 24, 9 and 13. It is the hope of the Declarant that the developers of such Parcels construct amenities such as marinas, beaches, streams, etc., on their properties, which would interact and relate to the Lake. The installation of these amenities may require modification of the shoreline, possibly dredging and/or pumping.

8.02.1. Access to the Lake. Subject to all of the foregoing, the various Lots and Parcels within the Lake Association shall be entitled to the following access to the Lake. Lots or Parcels with frontage shall have access through the property to the Lake. Property without Lake frontage shall have access through one or more Lake Access Facilities. Owners of Lots who are not members of the Lake Association shall have access to the Lake only to the extent permitted by subsection 3.14C, except that, if a Lot (other

than a single-family, halfplex or duplex Lot) is developer-owned, there shall be no Lake access rights. Owners of Parcels who are not members of the Lake Association shall not have access to the Lake.

8.02.J. Not Exclusive. The provisions of this Section 8.02 are in addition to the limitations, restrictions, standards and other provisions affecting Lots and Parcels.

8.03. Restrictions and Regulations for the Entire Property. Consistent with its general classification and use, the Property shall be subject to the following limitations and restrictions and to such implementing rules and regulations as the Board of Directors may establish in connection therewith:

8.03.A. Offensive Conduct; Nuisances. No noxious or offensive activity or trade shall be carried on upon any Lot or Parcel, nor shall anything be done or replaced thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance or annoyance to other Owners in the enjoyment of their Lots or Parcels, or in their enjoyment of Common Area. Without limiting the generality of the foregoing, excessive barking of dogs, excessive loud playing of music and the operation of motorcycles and other vehicles creating excessive noise to the annoyance of residents is prohibited, and continued violations will be reported to the local law enforcement agencies.

8.03.B. Parking; Garages; Vehicles. Every Owner and resident within the Property shall use the garages or other parking areas and facilities which are constructed as part of the residential improvements for parking or storing any and all vehicles owned or driven by the Owner or other resident.

(1) No Owner or resident shall use the Common Area for the parking or storage of any automobile, truck, trailer, boat or vehicle of any type, except as

may be specifically authorized in writing by the Association.

(2) Visitors and guests within the Property shall use such parking areas or facilities as may be designated or authorized for that use by the Association.

(3) In order to prevent or eliminate parking problems within the Property or to further define and enforce the restrictions of this section, the Board of Directors of the Association shall have the authority to establish additional rules, restrictions and penalties, including the imposition of fines or towing procedures for recurrent violation of the parking regulations, as determined by the Board.

(4) No house trailers, campers, boats, recreation vehicle or other vehicles containing living quarters shall be parked or stored on any Lot or Parcel or on the street in front of such Lot or Parcel; provided, however, that such vehicles may be kept in a garage with the door closed.

(5) No vehicle of any type (including motorcycles) shall be permanently or semi-permanently parked in or upon the public streets within the Property, or on any Lot or Parcel- or-driveway for- purpose of accomplishing repairs thereto or the reconstruction thereof, except for emergency repairs and then only to the extent necessary to enable movement of the vehicle.

(6) All driveways and garages shall be maintained in a neat and orderly condition and garage doors shall be closed at all times except during the time needed for vehicles to enter or leave.

(7) Garages may not be used for storing or parking any boat, motorcycle, camper, trailer or recreational vehicle unless such motorcycle, etc., is fully enclosed in the garage and the garage door is kept

closed, other than for ingress and egress. Even though the Association may not be entitled directly to regulate activity on public streets, each Owner, by acquiring a Lot or Parcel, agrees to be bound by the foregoing.

8.03.C. Planting and Landscape. No planting, gardening or landscape activities shall be carried on in the Common Area by any persons other than those directed or employed by the Association. All planting, gardening and landscaping activity which is visible from Pocket Road shall be installed and maintained in a manner which is consistent and harmonious with the linear park landscaping originally installed by Declarant.

8.03.D. Cable Facilities. The Common Area may be used by Declarant or nominee and the Association for such cable television cables and similar facilities as the appropriate Architectural Control Committee (see Section 9.02) may approve.

8.03.E. Lots and Parcels to be Maintained. All weeds, rubbish, debris, objects or materials of any kind shall be regularly removed from the Lots and Parcels and shall not be allowed to accumulate thereon. All clotheslines or other outside clothes drying or airing facilities, refuse containers, woodpiles, storage areas, machinery and equipment shall be prohibited upon any Lot unless obscured from view of adjoining streets or Lots or Common Area by a fence or appropriate screen. No Lot or Parcel shall be used or permitted to be used as a storage or dumping ground for inoperative vehicles. Vacant Lots and Parcels are to be kept clean and free from debris, litter, trash, empty containers and the like, and shall be cultivated or mowed at least three (3) times in each calendar year to keep them free from weeds and to maintain them in a slightly condition.

8.03.F. Certain Structures. No mobile home, trailer, tent, shack, garage, barn or other outbuilding shall be used as a residence, either temporarily or permanently, nor shall any structure of a temporary character.

8.03.G. Utilities. Antennas. Heating or Air Conditioning Equipment. Solar Installations and Basketball

All electric, gas, television, radio and telephone line installations to buildings or structures placed upon any Lot shall be underground and no electric, power or telephone poles shall be installed on any portion of any Lot.

No television, radio or other electronic antenna, satellite dish or device of any type shall be erected, constructed, placed or permitted to remain on the ground surface of any of the Lots, or upon any of the houses or buildings constructed on such Lots (unless the same be contained within a house or building) without the prior written approval of the appropriate Architectural Control Committee.

No heating, cooling or air conditioning equipment, including fans or similar devices, shall be placed or permitted to remain upon the roofs of any house or building constructed on a Lot, without the prior written approval of the appropriate Architectural Control Committee. So far as reasonably possible, all roof vents shall be behind the roof ridge.

No basketball standards or other fixed sports apparatus shall be installed or attached to any dwelling or garage or be erected on any Lot. However, subject to the prior written approval of the Architectural Control Committee (in accordance with Section 9.03), such items may be installed in rear yard areas so long as the installation is not visible from the street, the Common Area or the Lake. For this purpose (and this purpose only), the Common Area between the Sacramento River and the Lots immediately north of the Sacramento River shall not be considered Common Area.

It is the intention of the Declarant to encourage solar power. However, to the extent permitted by applicable law, the installation of solar panels shall be subject to the prior written approval of the Architectural Control Committee having jurisdiction over the Lot or Parcel affected. Swimming pool solar installations within public view or visible from the Common Area shall be of the trellis type or some other aesthetically pleasing type which blends naturally with the improvements and vegetation on the Lot or Parcel.

8.03.H. Garages. Each single-family residence shall include an enclosed garage. Duplexes and halfplexes shall have a separate enclosed garage for each residential unit. Each garage may be detached or part of the residence structure. Every garage shall be designed and maintained in a condition so that at least two (2) automobiles may be parked therein.

8.03.I. Mailboxes. The location and design of all mailboxes shall be subject to prior review and approval of the - Architectural Control Committee having jurisdiction over the Lot or Parcel.

8.03.J. Visible Fences. All screening and fencing must be approved by the appropriate Architectural Control Committee and must be designed to conform to the design of the proposed or existing residence; such screening must be architecturally designed and in its construction wood, rock, masonry or wrought iron or a combination thereof shall be employed. All screening and fencing must be maintained in a good sound structural manner, and, when and where appropriate, painted periodically so it does not appear shabby or unkempt. Screening and fencing facing the street or toward the Common Area must be so designed as to face its most attractive or equally attractive side toward such areas and shall have a cap board and base board. Screening must be of a quality design, construction and materials to complement the existing adjacent structures. Screening or fencing

facing neighboring lots may be of typical "good neighbor" construction; however, screening or fencing of double-sided construction, with cap board and base board to guarantee a lasting appearance, is desired. Any front-facing wing fence on a Lot or Parcel and any side-yard fence which is on a corner Lot or Parcel and visible from any street shall be of the same material and color as the exterior wall surface of the residence unit to which it relates. Where buildings on adjoining Lots or Parcels are set back different distances from the street, the visible perimeter fence on their common property line shall be of the same material and color as the wing fence of the building which is closest to the street. If any different material or color is desired, or if more than one material or color is used on the exterior wall surfaces, the proposal for the style, material and color of such fences shall be subject to prior review and approval by the Architectural Control Committee. It is desired but not required (except under special conditions) that all fencing be completed during the initial construction. It is required, however, that the wing fences be installed and painted by the builder of the home at the time of construction of the home. No notice of completion or occupancy shall occur until and after wing fences are completed. Any deposits held by the Committee or the Association will not be refunded until wing fences are complete.

8.03.K. Use of Lots. A Lot shall not be used, nor shall any portion thereof be used, for any purpose other than a residence. However, buildings on Lots or Parcels owned by Declarant or its nominees may be used as models and sales offices and construction offices for the purpose of selling dwellings in the Property until all of the dwellings thereon are sold.

8.03.L. New Construction and Materials. No building or structure constructed elsewhere shall be moved or placed

on any Lot or Parcel. Without limiting the generality of the preceding sentence, it shall be construed to prohibit prefabricated homes or buildings, modular homes or buildings and mobile homes. All buildings erected on any Lot or Parcel shall be of new construction. However, this subparagraph shall not prevent the use of used brick or any other materials that the Architectural Control Committee having jurisdiction over the Lot or Parcel may determine to be attractive and preservative of property values. When the construction of a building or other structure is begun on a Lot or Parcel, work shall be pursued diligently and continuously to completion, subject to weather, strikes, acts of God, and other matters beyond the control of the Owner. No residences shall be constructed on any lots described as "package homes," "tract homes" or "look-a-like homes" nor will construction of residences be approved which constitute duplication of elevations or are markedly similar to an existing residence's elevation. All builders are to maintain their construction sites in a neat and orderly fashion, and shall clean up and remove all debris. The owner and general contractor shall be responsible for the maintenance of such neatness and removal of debris by subcontractors employed on the construction site. Transit mix concrete trucks shall not be permitted to dump excess concrete mix on any Lots or Parcels.

8.03.M. Licensed Contractor. All buildings and other structures shall be constructed by a contractor licensed under the laws of the State of California unless approved by the Architectural Control Committee having jurisdiction over the Lot or Parcel.

8.03.N. Right of Inspection. During reasonable hours and after reasonable notice, the Association shall have the right to enter upon and inspect the Property or any portion thereof and the improvements thereon for the purpose of

ascertaining whether or not the provisions of this Declaration are being complied with and shall not be deemed guilty of trespass by reason thereof.

8.03.0. Owners' Maintenance Obligations. Except as may be provided in supplemental declarations which may be imposed upon some Subsequent Phase Property, and except as otherwise provided in this Declaration regarding certain yard areas of Lots and Parcels within and bordering the linear park, each Owner shall be responsible for maintenance and repair of any structure which may be constructed or installed upon his Lot or Parcel, and of his yard areas. Without limiting the generality of the foregoing, and except as may be provided in supplemental declarations referred to above, each Owner's repair and maintenance obligations shall extend to and include:

(1) Painting, repairing, replacing and caring for roofs, fences, exterior building surfaces, exterior glass surfaces, exterior doors, and to maintaining all yard areas.

(2) Weekly mowing, trimming, edging of lawns and other groundcover.

(3) Fertilizing lawns at least three (3) times a year.

(4) Watering at intervals necessary to keep grass, shrubs and trees in an attractive condition.

(5) Removal of dead or dying plants.

(6) Removal of weeds and other plants that grow in the joints of the sidewalks and gutter.

8.03.P. Fences Near Streets. No fence or wall exceeding three feet (3') in height shall be erected or permitted to remain nearer any street than setback lines shown on the recorded plat. No fence or wall shall be erected or permitted to remain within the linear park except by the Association.

8.03.0. Further Subdivision of Lots. No Lot shall (be further subdivided except:

(1) Where a Lot is to be divided between two Owners of adjacent Lots for the purpose of enlarging such adjacent Lots and converting three Lots into two larger Lots, or

(2) Where a Lot on which a duplex has been constructed or is permitted to be constructed, and the Lot is to be divided into two Lots, dividing the duplex Lot into two halfplex Lots.

In the case of a division under (1), above, the liability of the divided Lot for future assessments shall be allocated to the two resultant Lots equally. A division under (2) shall not affect assessment levels.

8.03.R. Commercial Use of Lots. No Lot or portion thereof shall ever be used or caused to be used for any business, commercial, manufacturing, mercantile, storing, vending Or other nonresidential purposes, except that Declarant, its successors or assigns may use the Lots for model home sites, and display, sales and construction offices during the construction and sales period. Nothing herein shall be deemed to prevent the leasing of any Lot or structure thereon from time to time by the Owner thereof for residential purposes only; provided, however, that any such lease of a Lot between an Owner and a lessee shall provide that such lease shall be subject in all respects to the provisions of this Declaration and shall further provide that any failure by the lessee to comply with the terms of this Declaration shall be a default under the lease. All leases shall be in writing. Nothing herein is intended to exclude the construction of a guest house for the entertainment of social guests.

8.03.S. Signs. Except for a sign of reasonable and customary dimensions displayed on a Lot and advertising the

Lot for sale, no sign, flag or other advertising device of any character shall be erected, placed on car tops, maintained or displayed upon any portion of the Property. An "Open house" sign, professionally designed and not exceeding 24" x 36", may be erected on any of such Lots provided the residence to which the sign appertains is also located on such Lot. Normal "For Sale" signs, not exceeding 18" x 24" may be erected. For Sale signs are limited to one per residence. A general contractor's sign, not exceeding 24" x 36 containing only the name, phone number and address of the building firm, may be erected and maintained during construction; such sign can indicate the residence is offered for sale. A subcontractor's or lender's sign not exceeding 18" x 24", containing only the name, phone number and address of the subcontractor or lender, may be erected and maintained during construction. No political or other commercial signs will be permitted. However, Declarant, its agents and assigns may erect and maintain such signs and other advertising devices or structures as it may deem necessary or proper in connection with the conduct of its operations for the development, improvement, subdivision and sale of the Property.

8.03.T. Roofs. All buildings shall have roofs of wood shake, of medium or heavy butt classification, subject to the authority of the Architectural Control Committee having jurisdiction over the Lot or Parcel to approve tile roofs and subject to the authority of such Committee to approve different roof materials for special architectural styles. All visible roofing on any residence shall be uniform in design and material. Subject to the authority of the Architectural Control Committee to approve a roof pitch of less than 5' in 12', it is anticipated that the pitch of all roofs will be at least 5' in 12'. Approval of a pitch

of less than 5' in 12' shall in no way imply any roof guarantee by such Committee.

Every residence constructed on any of the Lots shall have a minimum roof overhang (including gutters) consistent with the following policy, unless deviation is approved by the Architectural Control Committee because the lack of such overhang is an integral part of the specific design. "Overhang all around (including gutter) is to be a minimum of (see table below) inches deep from the face of the wall finish within 24" of the plate line. If the exterior wall finish at such 24 point varies in depth (such as when masonry is partially used) then the wall finish furthest from the building line (if it is greater than 25% of the front elevation wall surface at such 24" point) will govern and determine the overhang requirement. Overhang normally not requiring gutter can be the calculated depth excluding the gutter depth."

<u>PITCH</u>	<u>MINIMUM OVERHANG INCLUDING GUTTER</u>
5:12	30"
6:12	30"
7:12	24"
8:12	24"
Greater	Varies

8.03.U. Stucco. it is anticipated that the Architectural Control Committee will pay particular attention to the use of stucco on the exterior portions of homes, which portions are visible from the street or Common Area, because of the tendency of stucco to stain from water running off of shake roofs or from sprinkler spray. Additionally, while stucco prices vary and at times is comparable in price to wood siding, the Committee also believes there is a general perception that extensive stucco use is more common in non-custom communities. Stucco is, however, also frequently used on quality custom homes and therefore will be approved

if used tastefully and with due regard to the possibility of staining. In this regard, roof overhang and drainage becomes important and should be appropriately considered in plan preparation for such homes.

8.03.V. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other conventional household pets may be kept on the Lots, provided they are not kept, bred or maintained for any commercial purpose, or in unreasonable numbers. Notwithstanding the foregoing, no animals or fowl may be kept on the Property which results in an annoyance or are obnoxious to residents in the vicinity. No dogs shall be allowed to run loose.

8.03.W. Compost. No quantities of manure, composting materials or decaying vegetation matter shall be stored in such quantities as to attract household pests or constitute an injury to the person or property of any other person. Such materials shall be stored in a manner so as to prevent the creation of obnoxious odors.

8.03.X. Window Covers. Curtains, drapes, shutters or blinds may be installed as window coverings. No window shall be covered with aluminum foil or similar material.

8.03.1. Trees. No trees shall, be destroyed, uprooted, cut or removed without the prior written consent of the Committee. Each Owner will be required to install as part of his landscaping, a minimum of five (5) fifteen (15)-gallon trees. The species to be of the homeowner's choice; however, at least three (3) of the trees are to be planted in the front yard. In the case of lots that have substantial mature trees in existence at the time of construction, this requirement may be waived.

8.03.Z. Minimum Size. Minimum square footage requirements may vary, depending on the housing type and use, and will be established as Subsequent Phase Property

is annexed. Unless otherwise established by Declarations of Annexation, minimum square footage requirements for Bridgeview, Southshore and Stillwater are as indicated below. In the case of all Lots in Bridgeview, no single-family detached residence shall be constructed having a total finished floor space, exclusive of storage porches and overhangs, less than 1600 square feet for a one-story or split-level building and 1800 square feet for a two-story building. No duplex shall be constructed having less than 2400 square feet in total. Two halfplexes shall be treated as one duplex for this purpose. Such square footage shall be exclusive of garages and patios but shall include both residences. In the case of Southshore and Stillwater, the foregoing minimum square footages shall be increased by 200 feet to 1800, 2000 and 2600 square feet, respectively.

8.03.AA. Paint and Stain. All surfaces other than masonry walls, such as carports, wing fences or any other structure visible from the street, Lake or Common Area shall be painted or stained with a material that contains substantial color or a heavy bodied stain. No transparent or semitransparent stains will be approved unless the appropriate Committee can absolutely be convinced by the applicant that a uniform appearance will occur and will continue over time.

8.03.BB. Trash and Garbage Pickup. The Riverlake Community will be made up of individual projects which include public streets and private streets. Those individuals residing in a neighborhood containing private streets will be prohibited from dumping lawn clippings, trees, branches, shrubs or any similar material in the gutters as generally is accepted in the City of Sacramento. The individuals in the private areas as well as individuals living on public streets where trash pickup is available specifically agree to cooperate at such time combination containers are available for pickup by the City of Sacramento. All

homeowners are required to maintain their garbage cans in a clean and orderly fashion and replace them when needed. Each homeowner will be encouraged to retrieve their garbage cans after pickup as soon as reasonably possible.

8.03.CC. Perimeter Fences. The Architectural Control Committee described in Article 9 may require that fences or walls be constructed along all or portions of the perimeter of any Residential Subdivision or Parcel, and may dictate the design, plans, materials, colors and all other specifications so as to harmonize development within the Property.

8.04. Additional Restrictions and Limitations on Duplexes and Halfplexes. The following additional restrictions and limitations apply to each duplex and halfplex constructed or to be constructed within the Property:

8.04.A. Appearance. Duplexes and halfplexes shall conform to the single-family dwelling appearance of the particular Residential Subdivision in which the duplex or halfplex is located. Entries and garages for each unit of a duplex shall face different streets where possible unless specifically otherwise approved in writing by the Architectural Control Committee having jurisdiction over such duplex or halfplex.

8.04.B. Common or Party Walls. The Owners of adjoining Lots A and B shall have equal rights to the use of party walls, except that each shall have the exclusive right to the use of the interior surface of the wall on his side. Neither Owner shall use any portion of the wall so as to interfere with the use and enjoyment of the other Owner. The center line of this wall shall be considered to adjoin and abut against the property line from the bottom of the foundation over the full length or depth and height of any building so erected; however, should minor variations between the center line of the party wall and the property line occur, the finished wall of the completed structure

shall take precedence over the building plans and shall be accepted by the Owners, heirs or assigns, as being the true party wall.

Each wall which is built as a part of the reconstruction of the homes upon the property and placed on the dividing lines between the Lots or Parcels shall constitute a party wall and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damages due to negligence or willful acts or omissions, shall apply thereto.

The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners of the two (2) halfplexes who make use of the wall.

If a party wall is destroyed or damaged by fire or other casualty, the Owner of either halfplex which uses the wall may restore it and, if the Owner of the other halfplex thereafter makes use of the wall, he shall pay one-half (1/2) of the cost of restoration thereof without prejudice, however, to the right of any such Owner to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

Notwithstanding any other provision of this Section, an Owner who, by his negligent or willful act, causes the party wall to be exposed to the elements or damaged or destroyed, shall bear the whole cost of furnishing the necessary protection against such elements or the whole cost of repair or restoration or replacement.

In the event of any dispute arising concerning the party wall, or under the provision of this Declaration, such dispute shall be determined by arbitration as provided herein.

8.04.C. Uniform Appearance. The Owner and/or Builder of the adjoining Lots A and B of a halfplex or the adjoining units in the case of a duplex shall install, as a part of the initial construction, uniform fencing, landscaping and drapery material in all areas visible from the public streets in order that a uniform appearance is created.

8.04.D. Insurance. Each Owner shall maintain in effect, at all times, fire insurance with special form coverage insuring his halfplex in an amount equal to its full insurable replacement value. The policy shall contain an endorsement preventing cancellation by the company without fifteen (15) days' prior written notice to the Owner of the adjoining halfplex. A copy of such endorsement shall be delivered to the Owner of the adjoining halfplex. The Owner of each halfplex shall be responsible for the insurance premium covering his respective halfplex.

Nothing shall be done or kept in any halfplex which will, by its nature, increase the rate of the insurance, and no activities shall be conducted which might result in the cancellation of any insurance or which would violate any law.

In the event either or both of any two (2) adjoining halfplexes. should ..be encumbered by a mortgage or deed of trust, monies for insurance may be impounded on a monthly basis as determined by the mortgagee or beneficiary.

If a halfplex is damaged or destroyed by fire or other casualty against which it is insured, or is required hereby to be insured, and if such damage is limited to a single halfplex, the Owner of the halfplex shall restore the halfplex to its original condition and any insurance proceeds shall be devoted to that purpose.

In the event two (2) adjoining halfplexes are both damaged by fire or casualty against which they are insured, or which they are required to be insured, to such an extent

as to be considered impractical to repair, both Owners of

(the

8.04.E. Access for Maintenance. Each Owner shall have reasonable access over the property of the adjoining halfplex to properly maintain his halfplex, common fences and the maintenance and landscaping.

8.04.F. Drainage Easements. It is contemplated that no Lot will drain in whole or in part over any other. However, it is possible that such drainage will occur to a greater or lesser extent. By conveying Lots subject to this Declaration, Declarant shall be deemed to grant and reserve drainage easements so that each A Lot shall be burdened by a drainage easement for the benefit of and appurtenant to its adjoining B Lot, and so that each B Lot shall be burdened by a drainage easement for the benefit of and appurtenant to its adjoining A Lot. Each drainage easement shall burden that portion of a Lot not covered by a structure at that time of its conveyance by Declarant, but the burdened portion may be improved from time to time by the Owner of the Lot, even with a structure, so long as such improvements do not substantially interfere with the drainage of the benefited lot.

8.04.G. Individual Maintenance. Each Owner shall maintain his own halfplex in good condition and repair at all times, at his expense, and shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise refinish and decorate his halfplex at his discretion, subject to the covenants set forth hereinafter.

8.04.H. Common Fences. The Owner of adjoining Lots A and B shall have equal rights to the use of common fences, except that each Owner shall have the exclusive right to the use of the side of such fence on his side. Neither Owner shall use any portion of such fence so as to interfere with

the use and enjoyment of the other Owner. The cost of reasonable repair and maintenance of such common fences shall be shared equally by the adjoining Owners. If such common fences are damaged or destroyed, the Owner of either Lot may restore it and the Owner of the other Lot shall pay one-half (1/2) of the cost of restoration, without prejudice to the right of any such Owner to call for a larger contribution under any rule of law regarding liability for negligent or willful acts or omissions.

8.04.1. Front Yards. The Owners of adjoining Lots A and B shall each have the right and obligation to maintain the existing front yard landscaping. No Owner shall change the basic style and design (e.g., a change from junipers to rock) of the front landscaping without first securing the written consent of the adjoining Owner and the Architectural Control Committee to such change. The front yard landscaping of both Lots A and B shall be maintained at least weekly by the same landscape maintenance contractor. If the Owners of Lots A and B are unable to agree upon a landscape maintenance contractor, the Architectural Control Committee shall select the contractor upon the request of either Owner. The requirement of maintenance by a landscape maintenance contractor shall not apply during periods in which the Owners of Lots A and B and the Architectural Control Committee all continue to agree that the requirement need not apply. Should any Owner or the Architectural Control Committee give notice that the requirement should be made applicable, the requirement shall be applicable beginning on the first day of the calendar month commencing at least ten (10) days after the giving of such notice. Notice shall be written and mailed or delivered to the Owners at the Lots and mailed or delivered to the Architectural Control Committee. During such times as requirement of maintenance by a landscape maintenance contractor shall apply, the services performed

by the contractor shall be those commonly provided by such contractors, including, as applicable, mowing, trimming, weeding, fertilizing, replacing, as necessary, trees, shrubs, plants and grass, and repair of sprinkler systems. Each Owner shall be responsible for the cost of front yard maintenance of his Lot. If an Owner fails to pay, the other may pay for such Owner and shall be entitled to reimbursement plus interest at the then highest lawful rate.

8.04.J. Exterior Alterations, Maintenance and Replacement. No alterations shall be made in the exterior design or color of any structure unless such alterations are agreed upon by common Owners and resolved by the Architectural Control Committee, if no agreement.

No Owner shall add to, alter or construct any structural change beyond the confines of the unit and/or area conveyed for his exclusive use and occupancy without first having obtained written consent of the Architectural Control Committee, the local governing agency and the adjoining Owner.

Each common Owner shall cooperate with the other and share on the expense of any maintenance, repair and/or replacement relating to the exterior of the structure, which would or should be equitably construed as a common responsibility.

8.04.K. Arbitration. In the event a dispute arises between an Owner and an adjoining Owner over the application of these restrictions, the same shall be submitted to a Board of Arbitration.

Each party to the dispute will select one (1) arbitrator and the two (2) arbitrators will select a third arbitrator.

The arbitration tribunal shall have complete control of the conduct of the arbitration and may specify any rules or regulations with reference thereto not to

conflict herewith. The decisions of a majority shall be the decision to the arbitrating tribunal and shall be final. The technical rules of evidence shall be waived in the discretion of the tribunal. The parties are entitled to be represented by counsel and to be heard; provided, however, that nothing herein contained shall limit the power of the arbitration tribunal to control the manner, method and conduct to the proceedings and the presentment of the evidence, subject always to the requirement that the parties be given a fair and impartial hearing. Where not inconsistent herewith, the rules of the American Arbitration Association apply.

In any arbitration, the arbitrators shall have the broadest possible power permitted by law to frame their awards or decisions so as to do substantial justice between or among the parties. The Declarant herein agrees that it will faithfully observe the contents of this agreement and the Rules, and that it will abide by and perform any award or decision rendered pursuant to this agreement upon the award.

8.04.L. Declarant's Right to Perform. So long as Declarant owns any Lot A or B, Declarant shall have the same right as any adjoining Owner to perform repair and maintenance obligations on behalf of any owner who fails to perform such obligations and to require that such Owner reimburse Declarant for the costs attributable to his Lot.

8.04.M. Failure to Maintain or Contribute. If any Owner shall fail to perform his repair or maintenance obligations under the Declaration or shall fail to contribute his share of the cost of such obligations after Declarant or the adjoining Owner have advanced such cost, Declarant or the adjoining Owner may, in addition to all other remedies provided in the Declaration, take legal action (subject to the arbitration requirements provided in subsection 8.05K

hereof) against such Owner to compel him to perform such repair or maintenance obligations or to reimburse Declarant or the adjoining Owner for the costs advanced.

8.05. Additional Restrictions and Limitations on Lakefront Lots and Parcels. Any building, structure or other improvement to be constructed or placed upon any Lot having frontage on the Lake (a "Lake Lot") shall also be subject to the following additional restrictions and limitations:

8.05.A. Setbacks. In addition to the setback requirements required by other sections of this document and the City of Sacramento, on Lake front Lots in which a two-story or split-level home is to be constructed, the minimum rear yard setback will be twenty feet (20'). However, in the case of a home which is constructed in which fifty percent (50%) of the house (measured from the projection of the eaves) is twenty-five feet (25) or more away from the rear property line, the appropriate Architectural Control Committee may approve the remaining fifty percent (50%) being placed to a point equal to the minimum fifteen feet (15') rear yard setback. Cobble Shores Lots 1, 2, 4-9, 12-22, 25-28, 30-39, 42-53 and 149-151 shall have a minimum front yard setback of thirty-five feet (35). All corner lot setbacks will be subject to the review of the appropriate Architectural Control Committee but in any event will not be approved any less than minimum City requirements. The remaining interior Lots will have a minimum setback of twenty-five feet (25'); however, larger setbacks will be encouraged by the Committee.

8.05.B. Grading. Lots with Lake frontage are graded by Declarant such that the majority of drainage will drain toward the street. The Committee will generally disapprove landscape plans such that run off will drain directly to the Lake.

8.05.C. Waterfowl. Feeding of waterfowl is discouraged but not prohibited because enforcement would be problematic. Feeding of waterfowl, however, at any Lake Access Facility is prohibited. Feeding of the waterfowl creates a dependence by the waterfowl on unnatural sustenance resulting in overpopulation. In addition, while the waterfowl add a certain amount of visual enjoyment, their accumulation in large numbers can cause damage and littering to the dock and garden areas of the homeowners.

ARTICLE 9. ARCHITECTURAL CONTROLS.

9.01. Purposes. It is intended that the Property be initially developed by Declarant and its successor developers with various improvements that are architecturally compatible and aesthetically pleasing, and that those initial improvements be maintained in essentially the same condition and appearance as originally developed for the duration of the term of this Declaration. The architectural and use controls set forth herein, and in any supplemental declarations of covenants, conditions and restrictions contemplated herein, are to facilitate those intentions and purposes and are to be construed consistent therewith.

9.02. Architectural Control Committees. The initial design of improvements within the Property and any subsequent alterations thereof shall be subject to prior review and approval by an Architectural Control Committee.

9.02.A. Jurisdiction of Other Committees. Since Parcels may be developed as elderly care, elderly housing, apartments, private clubs, a specialty commercial development, as well as Residential Subdivisions, and since Residential Subdivisions may consist of planned developments, condominium projects, duplexes or triplexes in addition to various standard single-family subdivisions, it is appropriate that different design standards and requirements be specified for each Parcel or Residential Subdivision. Accordingly, the Declarant may cause to be prepared and recorded separate, supplemental declarations of covenants, conditions, restrictions and architectural controls each applicable to the certain Parcel or Residential Subdivision described therein. Any such supplemental declaration may set forth use restrictions and the design and building standards which shall apply to the Parcel or Residential Subdivision in question or may give blanket approval for development of that Parcel or Residential Subdivision in

accordance with specific architectural plans and drawings which are signed, dated and incorporated by reference in the supplemental declaration. Such supplemental declaration may also establish a separate architectural control committee to perform the review and approval functions set forth therein, or may indicate that those functions are to be performed by the Architectural Control Committee referred to in this Section 9.02. If a particular Lot or Parcel is affected by any supplemental Declaration of Covenants, Conditions and Restrictions which establish an Architectural Control Committee, then that Committee shall have jurisdiction over the initial design and construction on such Lot or Parcel.

9.02.B. Jurisdiction of Architectural Control Committee.

The Architectural Control Committee established pursuant to this subsection 9.023 ("the Committee") shall have jurisdiction over all alterations to existing improvements and over all initial design and construction of improvements (over each Lot and Parcel with respect to which no separate Committee as referred to in subsection 9.02A has jurisdiction. The Committee shall have three (3) members. The initial members of the Committee shall be William R. Parker, James E. -Parker-and Roger Hanchen, or any other person appointed by the Declarant to replace one or more of them, who shall serve until the third anniversary of the original issuance of the final public report pertaining to the first phase of the Property.

(1) Following that third anniversary, Declarant shall have the power to appoint two (2) of the three (3) members of the Committee until the earlier of: (a) the eighth anniversary of the issuance of the first public report pertaining to a portion of the Property; or (b) the date when ninety percent (90%) by acreage of the Overall Property has been conveyed by Declarant.

(2) So long as Declarant has the power to appoint two (2) members of the Committee, the Board of Directors of the Association shall appoint the third member; thereafter the Board of Directors shall have the power to appoint all three (3) members of the Committee.

(3) Members of the Board of Directors may serve as members of the Committee. Only those members of the Committee who are appointed by the Board of Directors need be members of the Association.

(4) At all times at least two (2) members of the Committee shall have a 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 preceding sentence is not complied with for any reason, then the Committee shall 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.

9.03. Approval Required. No landscaping work visible from any street, no building or structure of any type shall be commenced, erected or maintained upon any portion of the Property, nor shall any exterior addition to or change or alteration of the improvements be made until professionally prepared plans and specifications showing the nature, kind, shape, color, height, materials and location of the same shall have been submitted to and approved in writing by the Architectural Control Committee having jurisdiction over the work to be done. For this purpose, "professionally" is not to imply that such plans must be prepared by a licensed architect, but rather that the plans reflect expertise commensurate with that of a professional in the field of design, drafting and architecture. The submittal and approval requirement shall also apply to any exterior painting

with any color other than the existing color; to the construction, destruction or alteration of any awning, fence or wall; and to location and screening of utility meters.

9.03.A. Application. No application for approval required under this Article to be submitted to the Architectural Control Committee shall be deemed appropriately submitted unless the addition or alteration is fully described and shown by two (2) copies of appropriate drawings, plans, specifications and samples of colors and materials, and unless it is accompanied by the deposit required by subsection 9.03D.

9.03.3. Drawings-Model. The drawings shall show four (4) elevations. The Architectural Control Committee may require that a model of the proposed construction be submitted as a condition of its final review, if the Committee deems a model to be necessary.

9.03.C. Fee for Review. The Architectural Control Committee shall be entitled to charge a reasonable fee not to exceed TWO HUNDRED FIFTY DOLLARS (\$250) in order to defray the time, costs and expense involved in reviewing the materials submitted to it. Should the Architectural Control Committee determine that all or a portion of the materials submitted require resubmittal, or that it needs to spend an excessive amount of time with respect to a plan submitted because the applicant failed to submit plans reflecting professional expertise, it may charge an additional fee to defray the time, costs and expense involved in re-reviewing such materials, provided that the applicant is notified of the estimated fee to be charged along with notification that such matters must be resubmitted.

9.03.D. Deposit. As a part of its submittal, each Owner of a Lot or Parcel shall deposit with the Riverlake Community Association (or separate association created pursuant to a supplemental declaration) the sum of EIGHT

HUNDRED FIFTY DOLLARS (\$850), or such larger sum as the Association shall establish from time to time. This sum shall be used: first, to pay the review fees, if any, of the Architectural Control Committee; second, to pay for any clean-up on Lots, Parcels or streets and repairs of any sidewalks within the Property made necessary by the Owner construction taking place. Because such cleanup and repair will need to be done right away, no notice shall be required. These funds shall be available so that the provisions of Section 9.03 may be strictly enforced. The Association shall place unused deposit funds in an interest-bearing account. Once construction, front yard landscaping, and all clean up are complete, the Architectural Control Committee will make an inspection to determine if construction was performed in accordance with the approved plans. Thereafter, the unused portion of the deposit, plus interest earned thereon, will be refunded to the Owner. The Association shall have no responsibility or liability to the Owner for its selection of a particular type of interest-bearing account.

9.03.E. Submission Date. The request for approval and relevant materials shall be deemed submitted as of the date when the last item required is personally delivered or, if mailed, two (2) days from the date of mailing with postage fully prepaid. Mailing shall be by certified mail return receipt requested. The mailing address of the initial Community Committee referred to in Section 9.02 above is: Riverlake Architectural Control Committee, do L & P Land and Development, Inc., 6355 Riverside Boulevard, Sacramento, California 95831.

9.03.F. Time For Action. The Architectural Control Committee shall have one (1) calendar month from the date of delivery in which to notify the applicant in writing of

its approval, disapproval, comments or requests for additional materials. In the event that the Architectural Control Committee fails to respond to the application for approval within the one (1)-month period, it shall be deemed to have approved the proposal as submitted. Any action or decision of two members shall constitute committee action or decision.

903.G. Standards for Approval. The Committee may disapprove plans and specifications which are in substantial compliance with this Article if, in the good faith exercise of the discretion of the Committee, the Committee determines that the planned structure or structures, or some aspect or portion thereof, is unsatisfactory as to harmony of design with structures in Riverlake as to the quality of workmanship and materials, or as to location with respect to topography and finish grade elevation. The Committee may approve plans and specifications which fail in some material way or ways to comply with the requirements of this Article if, in the good faith exercise of the discretion of the Committee, the Committee determines that some particular features of the Lot or of the planned structure or structures allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance. Also, the Committee may approve plans and specifications which fail in a way or ways which the Committee, in the good faith exercise of its discretion, determines to be not material. Without limiting the generality of the preceding sentence, a failure to comply may be not material if the failure does not substantially prevent achievement of the objectives of the requirement(s) involved.

9.04. Landscaping Requirement. Subject to weather, every Owner of a Lot or Parcel within the Property shall be responsible for installing landscaping within thirty (30) days of occupancy or ninety (90) days after completion, whichever is

earlier. Every Owner of a Lot or Parcel shall be responsible for maintaining in good and attractive condition landscaping on those portions of the Lot or Parcel, which are visible from any street within or adjacent to the Overall Property. Landscaping is to include lawns, shrubs, trees and flowers. The use of artificial materials such as plastic plants or flowers, Astor turf, or gravel gardens will be disapproved by the Committee. The above does not mean to prohibit the use of large decorative rocks as a landscape element or the use of limited gravel and/or bark in flowerbeds between or under substantial vegetation. If the particular Lot or Parcel is a part of a separate common interest subdivision having its own owners association applicable only to that subdivision, the landscaping obligation may be assigned to such owners association by a supplemental Declaration of Covenants, Conditions, Restrictions and Controls applicable to that particular Residential Subdivision. In the event that the Owner or the Owners Association responsible for landscape maintenance fails to do so properly, the Association or the Committee may cause the appropriate work to be done and shall be entitled to reimbursement for the costs thereof. At least fifteen (15) days prior to the date any work is to be done, written notice must be hand-delivered or mailed by first-class mail to the member at his last address as shown by the Association's records. The notice shall recite the nature of any work to be performed, the reasons therefore, and the date, time and place at which the member may be heard by the Board, either orally or in writing, regarding the propriety of the work. The hearing may be held at any regular or special meeting of the Board, but shall not be held less than five (5) days prior to the date the work is to be done.

9.05. Enforcement by Architectural Control Committee. In addition to other enforcement provisions set forth in this Declaration, the Committee shall have enforcement rights with respect to any matters required to be submitted to and approved

by it, and may enforce such architectural control by any proceeding at law or in equity. In addition, the Committee shall have the authority to order an abatement of any construction, alteration or other matter for which approval is required, to the extent that it has not been approved by the Committee or if it does not conform to the plans and specifications submitted to the Committee. No work for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of violation, or commencement of a suit to enjoin such work. If any legal proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to the costs of such proceeding.

9.06. Nonliability of Declarant and Committee. Neither Declarant, its successors or assigns, nor the members of the Architectural Control Committee shall be liable in damages to anyone submitting plans to them for approval or to any Owner or occupant of land affected by this Declaration, by reason of mistakes in judgment, negligence or nonfeasance arising out of or in connection with the appointment or removal of any Architectural Control Committee member, or the approval or disapproval or failure to approve any such plans. Every person who submits plans to the Architectural Control Committee for approval agrees, by submissions of such plans, and every Owner of a Lot within the Property agrees by acquiring title thereto, that he will not bring any action or suit against Declarant or any Architectural Control Committee member to recover any such damages.

ARTICLE 10. ASSOCIATION AND LAKE ASSOCIATION OBLIGATIONS

10.01. Maintenance. The Association shall maintain or provide for the maintenance of all Common Area and Common Area improvements, except as expressly provided herein.

10.01.A. Heritage Area. Declarant may convey the Heritage Area to the Association with the protective measures required by Section 2.02 of the agreement referred to in Section 2.03 above, already accomplished. The Association shall take additional protective measures, if any, required pursuant to Section 2.03 of said agreement. No use of the Heritage Area shall be made which is not approved as provided in the above-mentioned agreement.

10.01.B. Linear Parks and Median Strips. The Association shall maintain all linear parks and landscaped median strips in an attractive condition, and all sprinkler systems, and park facilities and equipment in good condition and repair. The City directly shall maintain sidewalks and sidewalk lighting in the linear parks. If the Association is not adequately performing its maintenance obligations pursuant to this subsection B, then the City may cause such maintenance obligations to be performed, and the Association shall be responsible to pay to the City all costs of such maintenance over and above costs which the City would otherwise be required to contribute, pay or incur.

10.01.C. Entryway, Gates and Private Streets. The Association shall maintain the Dutra Bend entryway, the Cobble Shores gates and the Cobble Shores private streets in a first-class condition.

10.01.D. The Lake. The Lake Association shall maintain the Lake in a first-class, clean and algae-free a condition as is reasonably possible. The Lake Association shall maintain all wells, pumps, motors, weirs, bulkheads,

riprap, and other appurtenances and equipment in good condition and repair. It is expressly acknowledged that the Lake serves not only as a private scenic and recreational asset, but also as part of the drainage system of the City of Sacramento. If the Lake Association is not adequately performing its maintenance obligations pursuant to this subsection 10.01D, then the City may cause such maintenance obligations to be performed, and the Lake Association shall be responsible to pay to the City all costs of such maintenance.

10.01.E. Lake Access Facilities. The Lake Association shall maintain Lake Access Facilities in a first-class condition.

10.01.F. Additions. As Subsequent Phase Property is annexed, annexation declarations may provide for additional Common Area to be owned and maintained or simply maintained by the Association. The same shall be true with respect to additional Lake Common Areas and the Lake Association. In such cases, the Association or the Lake Association, whichever is designated by such annexation declaration, shall accept and/or maintain the areas described therein, as provided for therein.

10.02. Property Taxes and Assessments. To the extent not assessed to or paid directly by the Owners, each Association shall pay all real and personal property taxes and assessments levied upon any portion of the Common Area or other property owned by it.

10.03. Insurance.

10.03.A. The Association and the Lake Association, through its Board of Directors, shall each maintain the following insurance at common expense:

(I) Fire and casualty insurance covering all improvements owned by the particular Association (excepting land, foundation, excavation and other items

customarily excluded from coverage), including all fixtures and building service equipment which are a part of its property, and common personal property and supplies. The policy shall protect at least against the following: loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and, all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, if such is available. The policy shall be in an amount equal to one hundred percent (100%) of current replacement cost of the items required by this paragraph to be insured, without deduction for depreciation, and shall contain an Agreed Amount and Inflation Guard Endorsement, or its equivalent, if available.

Construction Code Endorsements (such as a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement and an Increased Cost of Construction Endorsement) shall be obtained if the Common Area now or at sometime in the future becomes subject to a construction code provision which would become operative and require changes to undamaged portions of any building, thereby imposing significant costs in the event of partial destruction of the Project by an insured peril.

(2) Flood insurance, if the development is located within an area which has special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program (NFIP). The policy shall cover the same property as that required to be insured under subdivision 10.03A(1), and shall be in no less an amount than the lesser of the

following: the maximum coverage available under the NFIP for all buildings and other insurable property within any portion of the Common Areas located within a designated flood hazard area; or, one hundred percent (100%) of current "replacement cost" of all such buildings and other insurable property.

(3) Comprehensive general liability insurance. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use. However, such coverage shall be for at least ONE MILLION DOLLARS (\$1, 000,000) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insured's for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Areas, legal liability arising out of lawsuits related to employment contracts of the Association, and such other risks as are customarily covered with respect to developments similar in construction, location and use (i.e., contractual and all-written contract insurance, employers liability insurance, comprehensive automobile liability insurance, etc.).

(4) Fidelity bond coverage for all officers, directors, trustees and employees of the particular Association and all other persons handling or responsible for funds of or administered by the particular Association. If the particular Association has delegated some or all of the responsibility for the handling of funds to a management agent, such bonds shall also cover the officers, employees and agents of such management agent who are handling or responsible for

funds of, or administered on behalf of, the particular Association. The total amount of coverage shall be based upon best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the particular Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months aggregate assessments on all units plus reserve funds.

Fidelity bonds shall name the particular Association as an obligee. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees, or similar terms or expressions. The premiums on fidelity bonds maintained by a management agent for its officers, employees and agents may be paid by such agent instead of the particular Association.

(5) Worker's Compensation Insurance and other liability insurance, as it may deem desirable, insuring each Owner, the particular Association, the Board of Directors and Managing Agent, if any.

10.03.B. All insurance and bond coverage required by subsection A of this Section 10.03 shall provide that it may not be cancelled or substantially modified (including cancellation for nonpayment of premium) by any party, without at least ten (10) days' prior written notice to the particular Association.

10.03.C. All policies of insurance maintained by the particular Association shall be carried in the name of the Board of Directors as trustee for the particular Association and for all Owners and Mortgagees as their interests may appear. In case of loss, proceeds shall be payable to the

Board or to a bank or trust company designated by the Board for custody and disposition in accordance with this Article. Premiums for all such insurance shall be deemed a common expense, payable from assessments upon each Lot and Parcel.

10.03.D. Each Owner shall maintain such insurance as he deems advisable with respect to his individual Lot or Parcel and the improvements thereon. Neither Association shall have responsibility for repair or replacement of the improvements on any Lot or Parcel, except for landscaping on portions of the linear park which lie within Lots or Parcels.

10.04. Replacement or Repair. In the event of damage to or destruction insured against by the Association or the Lake Association, the Association or the Lake Association shall repair or replace the same from the insurance proceeds payable to it or to the trustee designated by the Board of Directors. If the insurance proceeds are insufficient to cover the costs of repair or replacement thereof, the particular Association may make a special assessment upon all Owners to cover the additional costs of repair or replacement not covered by insurance proceeds.

10.05. Reserves and Working Capital. Each Association shall establish and maintain via the regular assessments provided for above an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Areas and those other areas which the particular Association is obligated to maintain.

10.06. Architectural Control Costs. It is anticipated that the Architectural Control Committee will require secretarial and administrative assistance, and that the Architectural Control Committee may incur out-of-pocket expenses in the performance of Architectural Control Committee responsibilities. The initial budget of the Association, submitted to and reviewed by the California Department of Real Estate, contains projections of such costs. The Association shall provide the Architectural

Control Committee with reasonably required secretarial and administrative assistance, or, at the option of the Board, shall reimburse the Architectural Control Committee therefore, and shall reimburse the Architectural Control Committee for out-of-pocket expenses incurred by the Architectural Control Committee in performance of Architectural Control Committee responsibilities. The Architectural Control Committee shall pay to the Association all review fees collected by the Architectural Control Committee.

10.07. Full-Time Management. It is anticipated that, especially as Subsequent Phase Property is annexed, it will be appropriate for the Association to have a full-time management employee and at least a part-time secretary. That will facilitate enforcement of Article 8 as well as performance of other Association obligations. However, it is also contemplated that such full-time management employee and such secretary may be shared between the Association and the Lake Association, with each paying a share of wages and related costs, or with one paying and the other making partial reimbursement.

10.08. Security. It is anticipated that the Association will provide night security patrol and other security services, by contract with a security service or otherwise. That shall be an appropriate function of the Association, but the Association need provide no such service except to the extent from time to time determined by its Board.

ARTICLE 11. CONDEMNATION.

If all or a part of the Common Area or Lake 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 or Lake Common Area, exclusive of compensation for consequential damages to certain affected Lots or Parcels, shall be payable to the particular Association as trustee for all Owners and Mortgagees according to the loss or damages to their respective interest in the Common Area or Lake Common Area. The foregoing shall not apply with respect to privately-owned portions of the linear park. The particular Association, acting through the 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 or Lake Common Area. Each Owner hereby designates and appoints each Association as his attorney-in-fact for such purposes.

ARTICLE 12. POWERS AND AUTHORITY OF THE
ASSOCIATION AND THE LAKE ASSOCIATION.

12.01. General. Acting through the Board of Directors and subject only to the limitations expressly set forth in the Articles, the Bylaws and this Declaration, the Association and the Lake Association shall have all of those powers set forth in its Articles of Incorporation, together with its general powers as a nonprofit corporation, generally to do any and all things that such an association may do under California law in operating for the benefit of its members, and to do any and all lawful things which may be authorized, required or permitted to be done by it under and by virtue of this Declaration and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association or Lake Association or for the peace, health, comfort, safety and/or general welfare of its members and their guests.

12.02. Assessments. The Association and the Lake Association shall have the power to establish, fix and levy assessments against the Owners of the Lots and Parcels and to enforce payment of such assessments in accordance with the provisions of this Declaration.

12.03. Right of Enforcement. The Association in its own name and on its own behalf, or on behalf of any Owner who consents, can commence and maintain actions for damages or to restrain and enjoin any actual or threatened breach of any provisions of this Declaration or of the Articles or Bylaws, or of the Rules of the Association or any Resolutions of its Board, and to enforce by mandatory injunction, or otherwise, all of those provisions. In addition, the Association can suspend the voting rights, can suspend use privileges of any recreation facilities in the Common Area or can assess monetary penalties against any Owner or other person entitled to exercise such rights or privileges for any violation of this Declaration, the Articles, the

Bylaws, the Association Rules or of the Board's Resolutions. Any such suspension of use privileges cannot exceed a period of thirty (30) days for any one violation, however, and any monetary penalty cannot exceed TWENTY-FIVE DOLLARS (\$25) for any one violation. At least fifteen (15) days prior to the effective date of any discipline, written notice must be hand delivered or mailed by first-class mail to the member at his last address as shown by the Association's records. The notice shall recite the nature of any discipline to be imposed, the reasons therefore, and the date, time and place at which the member may be heard by the Board, either orally or in writing, regarding the propriety of the infraction and the discipline. The hearing may be held at any regular or special meeting of the Board, but shall not be held less than five (5) days prior to the proposed effective date of the discipline. The Owner or other person to be fined or suspended can appear, be represented by counsel and be heard at the meeting. Except as provided in this section, the Association does not have the power or authority to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of such Owner's Lot or Parcel, except when the loss or forfeiture is the result of the court judgment, or an arbitration decision, or a foreclosure or sale under a power of sale based on failure of the Owner to pay assessments levied by the Association. 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 Areas and facilities for which the member was allegedly responsible or in bringing the member and his subdivision interest into compliance with the governing instruments may not be characterized or treated as an assessment and are not enforceable by assessment lien. The provisions of this Section 12.03 shall likewise apply to the Lake Association, and shall include the right to suspend use of the Lake.

12.04. Approval By Members. Any action which is required by the Articles, Bylaws or this Declaration to be approved by the members of the Association may be approved by the requisite vote or written consent of all members, provided that: (a) during the time there are two classes of membership in the Association, such approval must be given by the requisite vote of each class of members; (b) if the Class B membership has terminated and been converted to Class A membership, such approval must be given by the requisite vote or written consent of both the total voting power of the Association and the voting power of members other than Declarant; and (c) if the matter to be voted on involves action to be taken under Section 16.06 hereof, the votes of the Declarant shall be excluded in calculating the requisite percentage of affirmative votes. Unless otherwise specified in any particular provision, the "requisite vote" shall be a simple majority. The provisions of this Section 12.04 shall likewise apply to the Lake Association.

12.05. Limitations on Board. Except with the vote or written assent of members of the Association holding fifty-one percent (51%) of the voting rights of each class of members while there are two classes of members, or fifty-one percent (51%) of the voting rights of all members of the Association, and fifty-one percent (51%) of the voting power of members other than Declarant thereafter, the Board shall not take any of the following actions:

12.05.A. Levy special assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate in any fiscal year exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or

12.05.B. Sell during any year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or

12.05.C. Pay compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business. However, the Board may cause a member of the Board or an officer to be reimbursed for expenses incurred in carrying on the business of the Association.

No member of the Board, or of any Committee of the Association, or any officer of the Association, or any manager of Declarant, or any agent of Declarant, shall be personally liable to any Owner or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on the account of any act, omission, error or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by him or it, acted in good faith without willful or intentional misconduct. The provisions of this Section 12.05 shall likewise apply to the Lake Association.

12.06. Contractual Powers. The Association acting by and through the Board can delegate its powers, duties and responsibilities to committees or employees, including a professional managing agent ("manager"). Any agreement for professional management of the Project shall be terminable by either party with or without cause and without payment of a termination fee on ninety (90) days' written notice. The term of any such agreement shall not exceed three (3) years.

The Board shall also have the power to contract with third parties on behalf of the Association. However, contracts for goods or services to be furnished to the Association or the Common Area must meet one of the following criteria:

12.06.A. Be for a term of one (1) year or less;

12.06.B. If for a term of more than one (1) year, be approved by majority vote of the members other than the Declarant;

12.06.C. Be with a public utility company whose rates are regulated by the Public Utilities Commission and the contract is for the shortest term for which the supplier will contract at the regulated rate;

12.06.D. Be a prepaid casualty and/or liability insurance policy which does not exceed three (3) years duration and which permits short rate cancellation by the insured; or

12.06E. Be a lease agreement for cable television services and equipment or satellite dish television services and equipment of not to exceed five (5) years' duration provided that the supplier is not an entity in which the Developer has a direct or indirect ownership of ten percent (10%) or more.

The provisions of this Section 12.06 shall likewise apply to the Lake Association.

ARTICLE 13. PROTECTION OF MORTGAGEES.

13.01. Mortgage permitted. Any Owner may encumber his Lot or Parcel with a mortgage.

13.02. Priority of Mortgages. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any first mortgage that encumbers all or a portion of the development, or any Lot or Parcel, made in good faith and for value, and no such lien shall in any way defeat, invalidate or impair the obligation or priority of such mortgage unless the mortgagee expressly subordinates his interest, in writing, to such lien. No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provisions herein shall affect, impair, defeat or render invalid the lien or charge of any mortgage made in good faith and for value encumbering any Lot or Parcel. But all covenants, conditions and restrictions of this Declaration shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to a Lot or Parcel.

13.03. Curing Defaults. A mortgagee who acquires title by judicial foreclosure, deed in lieu of foreclosure, or trustee's sale shall not be obligated to cure any breach of the provisions of this Declaration which is noncurable or of a type which is not practical or feasible to cure. The determination of the Board, made in good faith as to whether a breach is non-curable or not feasible to cure, shall be final and binding on all mortgagees.

13.04. Resale. It is intended that any loan to facilitate the resale of any Lot or Parcel after judicial foreclosure, deed in lieu of foreclosure or trustee's sale is a loan made in good faith and for value and entitled to all of the rights and protections afforded to other mortgagees.

13.05. Relationship With Assessment Liens.

13.05.A. The liens created under this Declaration shall be subordinate to the lien of any mortgage which was recorded prior to the date any such assessment becomes due.

13.05.B. If any Lot or Parcel subject to a monetary lien created by any provision hereof shall be subject to the lien of a first mortgage (1) the foreclosure of any lien created by anything set forth in this Declaration shall not operate to affect or impair the lien of such mortgage, and (2) the judicial foreclosure of the lien of said mortgage or the sale under a power of sale included in such mortgage (such events being hereinafter referred to as "events of foreclosure"), shall not operate to affect or impair the lien hereof, except that any persons who obtain an interest through any of the events of foreclosure shall take title free of the lien hereof for all such charges as shall have accrued up to the time of any of the events of foreclosure, but subject to the lien hereof for all of said charges that shall accrue subsequent to the events of foreclosure.

13.05.C. Any first mortgagee who obtains title to a Lot or Parcel by reason of any of the events of foreclosure, or any purchaser at a private or judicial foreclosure sale of a first mortgage, shall take title to such Lot or Parcel free of any lien or claim for unpaid assessments against such Lot or Parcel which accrue prior to the time such mortgagee or purchaser comes into possession of the Lot or Parcel.

13.05.D. Nothing in this section shall be construed to release any Owner from his obligation to pay for any assessment levied pursuant to this Declaration.

13.06. Special Provisions for Eligible Mortgage Holders. As used in this section, an "eligible" mortgage holder, insurer or guarantor is one who has requested notice of certain actions

in accordance with Section 13.08 herein below. The following provisions are imposed for the benefit of eligible mortgage holders:

13.06.A. Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by eligible holders holding mortgages on Lots which have at least fifty-one percent (51%) of the votes of Lots subject to eligible holder mortgages.

13.06.3. Any election to terminate the legal status of the Project after substantial destruction or a substantial taking in condemnation of the Property must require the approval of eligible holders holding mortgages on Lots which have at least fifty-one percent (51%) of the votes of Lots subject to eligible holder mortgages.

13.06.C. No reallocation of interests in the Common Areas resulting from a partial condemnation or partial destruction of the development may be effected without the prior approval of eligible holders holding mortgages on all remaining Lots whether existing in whole or in part, and which have at least fifty-one percent (51%) of the votes of such remaining Lots subject to eligible holder mortgages.

13.06.D. When professional management has been previously required by any eligible mortgage holder or eligible insurer or guarantor, whether such entity became an eligible mortgage holder or eligible insurer or guarantor at that time or later, any decision to establish self-management by the Association or Lake Association shall require the prior consent of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association or Lake Association are allocated and the approval of eligible holders holding mortgages on Lots which have at least fifty-one percent (51%) of the votes of Lots subject to eligible holder mortgages.

13.06.E. Except as otherwise provided in subsections A, B, C and D of this section:

(1) The consent of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association or Lake Association are allocated and the approval of eligible holders holding mortgages on Lots which have at least sixty-seven percent (67%) of the votes of Lots subject to eligible holder mortgages, shall be required to terminate the legal status of the Project as a PUD project.

(2) The consent of the Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association or Lake Association are allocated and the approval of eligible holders holding mortgages on Lots which have at least fifty-one percent (51%) of the votes of Lots subject to eligible holder mortgages, shall be required to add or amend any material provisions of this Declaration, the Articles or the Bylaws, which establish, provide for, govern or regulate any of the following:

- (a) Voting;
- (b) Assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the Common Areas (or Lots if applicable);
- (d) Insurance or fidelity bonds;
- (e) Rights to use of the Common Areas;
- (f) Responsibility for maintenance and repair of the several portions of the Project;
- (g) Expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project;
- (h) Boundaries of any Lot;

(i) The interests in the general or limited
Common Areas;
(j) convertibility of Lots into Common Areas or of Common Areas into
Lots;

(k) Leasing of Lots;

(l) Imposition of any right of first refusal
or similar restriction on the right of a Lot Owner to
sell, transfer or otherwise convey his or her Lot;

(m) Any provisions which are for the express
benefit of mortgage holders, eligible mortgage holders
or eligible insurers or guarantors of first mortgages
on Lots.

13.07. Changes Requiring Additional First Mortgagee Approval.

Except upon the prior written approval of at least two-thirds (2/3) of
all first mortgagees (based on one (1) vote for each first mortgage
owned), neither the Association, the Lake Association nor the members
of either shall be entitled to do any of the following:

13.07.A. By act or omission seek to abandon, partition,
subdivide, encumber, sell or transfer Common Area either directly
or indirectly; provided, however, the granting of easements for
public utilities or for other public purposes consistent with the
intended use of such Common Area by the Project shall not be
deemed a transfer within the meaning of this clause.

13.07.B. Change the method of determining the obliga-
tions, assessments, dues or other charges which may be levied
against an Owner.

13.07.C. Fail to maintain fire and extended coverage
insurance on insurable Association Property including the Common
Area, on a full current replacement cost basis in an amount not
less than one hundred percent (100%) of the insurable value, or
use casualty insurance proceeds for

losses to any part of the development for other than the repair, replacement and reconstruction of such improvements (except as provided by statute in case of substantial destruction.

13.07.D. By act or Omission, change, waive or abandon the provisions hereof, or enforcement thereof, pertaining to architectural design, exterior appearance, exterior maintenance of units or the maintenance of Common Area, including the maintenance of the Common Area party walks or common fences and driveways, or the upkeep of lawns and plantings.

13.07.E. Effectuate a decision to terminate professional management and assume self-management of the development. The mortgagee approval requirements of this section are in addition to those of Section 13.06.

13.07.F. Add or amend the material provisions of the Declaration, the Articles or Bylaws which are set forth in subsection 13.06E(2) hereinabove.

13.08. Notice to First Mortgagees Upon Request. Upon written request to the Association, or Lake Association, identifying the name and address of the holder, insurer or guarantor and the Lot number or address, the holder of any first mortgage or the insurer or guarantor of a first mortgage will be entitled to timely written notice of:

13.08.A. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Lot on which there is a first mortgage held, insured or guaranteed by such mortgage holder, insurer or guarantor;

13.08.B. Any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to a first mortgage held, insured or guaranteed by such holder, insurer or guarantor, which remains uncured for a period of sixty (60) days;

13.08.C. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association or Lake Association, as the case may be;

13.08.D. Any proposed action which would require the consent of a specified percentage of mortgagees as specified in Section 13.06 or 13.07.

13.09. Rights to Inspect, Receive Statements, Attend Meetings.

13.09.A. All Owners and lenders, and all holders, insurers or guarantors of any first mortgage shall be entitled to inspect current copies of the Declaration, Bylaws, the Rules and any other rules concerning the Project and the books, records and financial statements of the Association and the Lake Association. Such inspection shall be upon request, during normal business hours or under other reasonable circumstances.

13.09.3. All holders, insurers or guarantors of a first mortgage shall be entitled, upon written request, to have the annual financial statement for the immediately preceding fiscal year of the Association and Lake Association, free of charge to the party so requesting. Such financial statement shall be furnished within a reasonable time following such request. In addition, the holders, insurers or guarantors of fifty-one percent (51%) or more of first mortgages shall be entitled to have an audited financial statement prepared at their own expense if one is not otherwise available.

13.09.C. Any first mortgagee shall, upon written request to the Association or Lake Association, be entitled to receive written notice of all annual and special meetings of the members and first mortgagees shall further be entitled to designate a representative to attend all such meetings in order to, among other things, draw attention to violations of this Declaration which have not been corrected

or made the subject of remedial action by the Association or Lake Association; provided, however, nothing contained in this section shall give a first mortgagee the right to call a meeting of the Board or of the members for any purpose or to vote at any such meeting.

13.10. Right of First Refusal. The right of an Owner to sell, transfer or otherwise convey his Lot is not subject to any right of first refusal" or any similar restriction in favor of the Association. In the event this Declaration is amended to provide for any right of first refusal in the Association, the rights of first refusal shall not impair the rights of a first mortgagee to (a) foreclose or take title pursuant to the remedies stated in the mortgage, (b) accept a deed or assignment in lieu of foreclosure, or (c) sell or lease a Lot or Parcel acquired by the mortgagee.

13.11. Conflicts. In the event of any conflict between any of the provisions of this article and any of the other provisions of this Declaration, the provisions of this article shall control.

13.12. Mortgagees' Right To Cure Defaults. First mortgagees of Lots or Parcels may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area owned by the Association and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Area, and first mortgagees making such payments shall be owed immediate reimbursement therefore from the Association.

13.13. Distribution Rights. No provision of this Declaration, or the Articles or the Bylaws of the Association or the Lake Association, or any rules and regulations established there under, shall be deemed to give an Owner, or any other party, priority over any rights of first mortgagees of a Lot or Parcel pursuant to their mortgages in the case of a distribution to

owners of insurance proceeds of condemnation awards for losses to or a taking of Lots or Parcels.

ARTICLE 14.LIMITATION OF RESTRICTIONS ON DECLARANT.

14.01. Completion and Sale of Development. The exemptions granted by this Article 14 shall automatically expire upon the conveyance to an Owner of the last portion of the Overall Property owned by Declarant or eight (8) years following the most recent issuance by the California Department of Real Estate of an original public report for a portion of the development, whichever occurs first. Declarant and its successors may undertake the work of developing the Property and all or part of the Subsequent Phase Property. The completion of that work and the sale or other disposal of Lots, Parcels and Subsequent Phase Property is desirable from the standpoint of the establishment and welfare of the Property. In order that such work may be undertaken and completed as efficiently as possible, nothing in this Declaration shall be understood and construed to:

14.01.A. Prevent Declarant, its contractors, or subcontractors, builders or developers whom Declarant may from time to time designate as being entitled to the protection of this Article, from doing on the Properties or any part thereof, whatever is reasonably necessary or advisable in connection with the completion of such work; or

14.01.3. Prevent Declarant or its representatives, or builders or developers designated by Declarant, from erecting, constructing and maintaining on any parts of the Property, such structures as may be reasonably necessary for the conduct of its business of completing said work and establishing said Property as a community and disposing of the Property in Lots, Parcels or units by sale, lease or otherwise including sales offices and model units; or

14.01.C. Prevent Declarant or builders or developers designated by Declarant from conducting development activities on any part of the property or Subsequent Phase Property; or

14.01.D. Prevent Declarant or builders or developers designated by Declarant from maintaining such sign or signs on any of the Property as may be desirable for the sale, lease or disposition thereof.

14.01.E. Prevent Declarant from maintaining sales and rental offices, service facilities, model units, offices, parking and signs.

14.01.F. Prevent Declarant from temporarily adjusting the Lake level.

14.02. Creation of Easements. Declarant shall have the right at any time prior to acquisition of title by a grantee to establish additional easements, reservations and rights-of-way to itself, its successors and assigns in any conveyance of the Property or any portion thereof. Declarant or the organization for whose benefit easements, reservations and rights-of-way have been established shall have the right at any time to cut and remove any trees or branches or any other unauthorized object from such easements, reservations or rights-of-way.

14.03. Use of Riverlake Name. Declarant may use this Declaration and the name of this Declaration and the name Riverlake in other subdivisions, projects or businesses, whether or riot located adjacent to the Overall Property and may use the name Riverlake and the name of the Association and Lake Association in connection with other projects, whether or not adjacent to the Overall Property, provided such names have a distinctive number or other designation so that they are not identical to the names of the Overall Property, Association or Lake Association. Consent is hereby given to Declarant and Declarant's assignee to use such names, distinguished as provided by this Section, as the name of a corporation, and the state official responsible for the filing of Articles of Incorporation is authorized to permit the filing of Articles of Incorporation using such names.

14.04. Architectural Control. Improvements by Declarant or its affiliates on or to the Overall Property or any portion

thereof do not require approval of the Association, Lake Association or any Architectural Control Committee. Affiliates shall include any member of Declarant and any entity in which any member of Declarant has an interest, or in which William R. Parker has an interest.

14.05. No Amendment or Repeal. The provisions of this Article 14 may not be amended or repealed without the consent of Declarant.

14.06. Amendment of Plans. Declarant may, from time to time as it deems fit, amend its plans for the Overall Property, combine or split Lots or Parcels, and apply for changes in the development agreement, changes in zoning, use and use permits, for any property within the Overall Property.

ARTICLE 15. ANNEXATION.

15.01. Annexations. Any or all of the Subsequent Phase Property may be annexed to and made subject to this Declaration by any of the methods hereinafter set forth, but in no event shall the number of residential units including those annexed exceed two thousand nine hundred fifty (2,950).

15.02. Unilateral Annexations. Declarant shall have the right to annex from time to time all or any portions of the Subsequent Phase Property, so as to be subject to this Declaration and so that membership in the Association shall be appurtenant to ownership thereof, and so that membership on the Lake Association shall be appurtenant to ownership of those Lots and Parcels eligible for such membership. Such annexation shall not require the approval of either the association, its Board of Directors or members or the approval of the Lake Association, its Board of Directors or member's; provided, however, that said right of Declarant shall terminate three (3) years from the date of the original issuance of the most recently issued final public report for a phase of the development, or seven (7) years from the date when this Declaration is recorded, whichever occurs first.

15.03. Other Annexations. In addition to the provision for annexation specified in Section 15.02 above, annexations may be made by Declarant with the approval by vote or written consent of members entitled to exercise not less than two-thirds (2/3) of the voting powers of each class of membership of the Association. After Class B membership has ceased, at least two-thirds (2/3) of the voting power of members other than the Declarant shall also be required. With respect to property which is to be annexed to the Lake Association, the same approvals by vote or written consent of Lake Association members shall be required. Upon obtaining the requisite approval(s) pursuant to this Section 15.03, the Owner of any real property who desires to annex it shall file of record an annexation declaration as more particularly described in Section 15.05 below.

15.04. Conveyances of Community Common Area and Lake Common Area. Prior to the conveyance by Declarant of any Lot or Parcel within the real property annexed to this Declaration, fee simple title to any Community Common Area to be owned by the Association (rather than simply be maintained by the Association as in the case of certain private streets, linear parks and median strips) or Lake Common Area to be owned by the Lake Association within said annexed real property, if any, shall be conveyed to the Association or Lake Association, as the case may be, free and clear of any and all encumbrances and liens, except current real property taxes, which taxes shall be prorated to the date of transfer, and reservations, easements, covenants, conditions and restrictions then of record, including those set forth in this Declaration.

15.05. Annexation Declaration. The annexations authorized under Sections 15.02 and 15.03 hereof shall be made by filing of record an annexation declaration, or other similar instrument, with respect to the additional real property which shall be executed by Declarant or the Owner thereof and shall extend this Declaration to such real property. The filing of record of said annexation declaration shall constitute and effectuate the annexation of the additional real property described therein, and thereupon said real property shall become and constitute a part of Riverlake Community development, become subject to this Declaration and encompassed within the general plan and scheme of the covenants, conditions and restrictions contained herein, and become subject to assessment by the Association and to the functions, powers and jurisdiction of the Association, and the Owners of Lots and Parcels in said real property shall automatically become members of the Association. With respect to property eligible for membership in the Lake Association, the filing of record of said annexation declaration shall also make such eligible property subject to assessments of the Lake Association, and the Owners of Lots and Parcels within

such eligible property shall automatically become members of the Lake Association.

The annexation declaration may contain such additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added real property, or as Declarant. may deem appropriate in the development of such real property, and as are not inconsistent with the general plan and scheme of this Declaration. In no event, however, shall such annexation declaration revoke, modify or add to the covenants, conditions and restrictions established by this Declaration as the same pertain to the Property initially subject to this Declaration.

The annexation declaration should also contain a specific designation of those annexed plots of land, if any, which are "Parcels," as defined in subsection 3.1SF, together with each such Parcel's voting rights and proportionate share of assess- merits burden. The failure to include such information shall in no way affect the validity of the annexation.

15.06. Taxes and Assessments. All taxes and other assessments relating to the Property in phases authorized under Sections 15.02 and 15.03 hereof, covering any period prior to the additions of such Property, shall be paid or otherwise satisfactorily provided for by the Declarant.

15.07. Improvements. All intended improvements in phases authorized under Sections 15.02 and 15.03 hereof shall be substantially completed or bonded to the satisfaction of the local governmental agency with authority therefore and the Federal National Mortgage Association prior to annexation and shall be consistent with the initial improvements of Phase I in terms of quality of construction.

15.08. Agreement to Pay Reserves. From and after the annexation of a particular phase, Declarant shall comply with

the terms and provisions of the Commitment attached hereto and incorporated herein as Exhibit H.

ARTICLE 16. GENERAL PROVISIONS.

16.01. 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, the Bylaws, the Articles or the Association Rules. Failure by the Association or by any Owner to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In the event of any legal proceedings to enforce any provision of this Declaration, the Bylaws, the Articles or the Association Rules, the prevailing party shall be entitled to reasonable attorneys' fees, as well as the costs of such proceeding. Except as otherwise provided, each Owner shall have the right to enforce against the Association, by any proceeding at law or in equity, all of the terms and provisions of this Declaration, the Bylaws, the Articles or the Association Rules.

16.02. Severability. Invalidation of any one of these conditions, covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

16.03. Term; Amendment. The conditions, covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty-five (35) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless extinguished by a written instrument executed by at least seventy-five percent (75%) of the Owners of Lots or Parcels and such instrument is recorded in the Official Records of Sacramento County. For purposes of determining whether the percentage requirement in the preceding sentence has been met, the total number of Owners shall be equal to the number of votes that could be cast under Section 5.02 after Class B membership had been converted to Class A membership, and the number of Owners signing

the amendment shall be equal to the number of votes that the signing Owners would be entitled to cast under Section 5.02 after Class B membership had been converted to Class A membership. Subject to Section 14.05, this Declaration may be amended by the vote or written consent of the members in accordance with Section 12.04. However, if a specific provision requires a greater-than-majority vote for action to be taken there under, amendment of that provision shall require the same greater-than-majority vote. Notwithstanding anything above to the contrary, no provision shall be amended without the express consent of the City Manager (or Mayor) of the City of Sacramento which would terminate or modify the obligations of the Association to maintain the Lake, linear parks and median strips, or which would terminate the right of the Association to collect the maintenance costs incurred (or budgeted) by it by assessments and liens against Lots and Parcels.

16.04. Membership Appurtenant. No purchaser or Owner of any Lot or Parcel shall convey his interest in any such Lot or Parcel without simultaneously conveying membership in the Association, and no member of the Association shall convey, transfer, sell, assign or otherwise dispose of his membership rights in the Association without at the same time conveying, selling and transferring his interest in the Lot or Parcel to which his membership attaches. Further, a tenant of an Owner shall not be a member of the Association, but the tenant or tenants of the Owner shall have the right to use, and access to, the Common Area -controlled by the Association. The foregoing shall likewise apply to Lake Association membership and Lake Common Area.

16.05. Financing Improvement of the Common Area. The Association, through its Board of Directors, shall have the right, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Community Common Area and to mortgage said Common Area. The lien of such mortgage in the Common Area shall be subordinate to the rights of the Owners

hereunder. The same shall be true of the Lake Association and Lake Common Area.

16.06. Enforcement of bonded Obligations. With regard to any Common Area or Lake Common Area improvements which are to be completed by Declarant, but which are not completed prior to the first issuance of the public report pertaining to a Lot, the Association or Lake Association may be named as obligee under a bond or other arrangement securing performance of the Declarant's commitment to complete such improvements. In the event that the Association or Lake Association is so named in such bond, then the following provisions shall apply relative to the initiation of action to enforce the obligations of the Declarant and the surety under such bond:

16.06.A. The appropriate Board shall consider and vote on the question of action by the Association or Lake Association to enforce the obligations under the bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that 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 appropriate 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 such extension.

16.06.B. If the appropriate Board, through the consideration and vote referred to above, decides not to initiate an action to enforce the obligations under the bond, or fails to consider and vote on the question, then there may be a special meeting of the members to consider the matter or to consider overriding the decision of the appropriate Board. Such special meeting shall be held if there is presented to the appropriate Board a petition therefore, signed by members representing at least five percent (5%)

of the total voting power of the association. Upon receipt of such petition the special meeting shall be scheduled for a date not less than thirty-five (35) days or more than forty-five (45) days thereafter. If, during such special meeting, a majority of the entire Class A voting power other than Declarant votes in favor of initiating an action to enforce the obligations under the bond, such vote shall be deemed to be the decision of the association and the appropriate Board shall thereafter implement that decision by initiating and pursuing' appropriate action in the name of the Association.

ARTICLE 17. TERMINATION OF ANY RESPONSIBILITY OF DECLARANT.

In the event Declarant shall convey all of its rights, title and interest to any partnership, individual or individuals, corporation or corporations, in and to the Property described herein, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant. This article shall not terminate any responsibility of Declarant for acts or omissions occurring prior to the conveyance to such partnership, individual or individuals, corporation or corporations. However, this shall not limit Declarant's right to enter into a contract or agreement dealing with such acts or omissions provided the contract or agreement is enforced by Declarant, if necessary.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set his hand and seal this 13th day of November, 1986.

L & P - PACIFIC/TEICNERT

By: L & P LAND AND DEVELOPMENT, INC.

By /s/ William R. Parker
WILLIAM R. PARKER, President

By: TEICHERT LAND CO

By /s/ Louis V. Riggs
LOUIS V. RIGGS, President