
CC&Rs

Lake Forest-Summit
Owners Association

September 10, 2009

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**SECOND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE SUMMIT
WITH ALL AMENDMENTS AS OF SEPTEMBER 10, 2009**

THIS DECLARATION was originally made by SOUTHFORK PARTNERSHIP, a California general partnership, hereinafter referred to as "declarant," and subsequently amended by the membership of the Lake Forest-Summit Owners Association on the date hereinafter set forth.

WITNESSETH:

A. Declarant is the owner of that certain property in the County of El Dorado, State of California, which is more particularly described in Exhibit "A" and shown on Exhibit "B" attached hereto and incorporated herein.

B. Declarant has established a general plan, set forth in this declaration, for the subdivision, improvement and development of the real property, and each and every lot and parcel on the real property, and any additional real property that may be annexed to this declaration, and desires to secure the harmonious and uniform development of the real property in accordance with the plan.

NOW, THEREFORE, declarant hereby declares that the real property is, and shall be held, conveyed, hypothecated, encumbered, subject to the following limitations, restrictions, easements, covenants, conditions, liens and charges, all of which 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 1. DEFINITIONS.

1.01. The “articles” mean the association’s articles of incorporation and their amendments.

1.02. The “association” shall mean and refer to LAKE FOREST – SUMMIT OWNERS ASSOCIATION, a California non-profit corporation, created and functioning pursuant to certain articles of incorporation for the purpose of maintaining and administering the common area, and administering and enforcing these covenants, conditions, and restrictions.

1.03. The “board” means the board of directors of the association.

1.04. The “bylaws” mean the association’s bylaws and their amendments.

1.05. The “committee” or “architectural control committee” shall mean the committee of persons appointed and acting pursuant to Section 4.01.

1.06. The “common area” shall mean and refer to all that portion of the property owned by the association for the use and enjoyment of the owners. The common area so owned at the time of the first conveyance of a lot within The Summit development is described in Exhibit “C” and shown on Exhibit “B” which are attached hereto and incorporated herein by reference. The common area includes the streets within the property which are privately owned by the association for the benefit of the members rather than publicly owned.

1.07. The “declarant” shall mean and refer to SOUTHFORK PARTNERSHIP, a California general partnership, its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot from the declarant for the purpose of development and sale.

1.08. The “development” or the “property” or “properties” shall mean and refer to all that certain real property which is described on Exhibit “A” and such additions thereto as may hereafter be brought within the jurisdiction of the association.

1.09. The “Development Agreement” shall mean the Development Agreement by and between the County of El Dorado and Southfork Partnership relative to the development known as Lake Forest, adopted by the County of El Dorado on June 30, 1987, and recorded on October 16, 1987, in book 2841, Page 534, of Official Records of

the County of El Dorado, as such Development Agreement presently reads and as it may be modified or amended from time to time.

1.10. A “Downslope Lot” shall mean and refer to a lot in which there is a decrease in elevation between the lowest point on the centerline of any road serving the lot and the centerpoint of that lot.

1.11. “FNMA” shall mean and refer to the Federal National Mortgage Association.

1.12. The “Lake Forest Owners Association” shall mean the owners association established by the Landscape CC&Rs as hereafter defined.

1.13. “Landscape CC&Rs” shall mean the Master Landscaping Declaration of Covenants, Conditions and Restrictions for Lake Forest recorded on March 17, 1988, in Book 2913, Page 98, of Official Records of El Dorado County.

1.14. A “lot” shall mean and refer to any of the separate plots of land shown upon any recorded subdivision map of the properties with the exception of the common area.

1.15. The “Maintenance Enforcement Agreement” shall mean the agreement between the El Dorado Hills Community Services District and declarant, regarding enforcement of certain landscape maintenance obligations of declarant and its successors, recorded on November 24, 1987, in Book 2862, Page 386, of the Official Records of the County of El Dorado.

1.16. A “member” shall mean and refer to a person entitled to membership in the association as provided in this declaration.

1.17. A “mortgage” means a mortgage or deed of trust encumbering a lot or other portion of the development. A “mortgagee” and “mortgage holder” shall include the beneficiary under a deed of trust. An “institutional mortgagee” or “institutional holder” is a mortgagee that is a bank or savings and loan association, or established mortgage company or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency, and that holds a first mortgage on any lot or on the common area.

1.18. The “owner” shall mean and refer to the record owner, whether one or more person or entity, of a fee simple title to any lot which is part of the properties. If the lot is subject to a recorded Land Installment Sale Contract, “owner” shall mean and refer to the contract vendee. “Owner” shall not include those having any such interest merely as security for the performance of an obligation.

1.19. A “phase” shall mean and refer to any portion of the property which is developed as a separate increment of the entire subdivision. Phase 1 is the property described in Exhibit A; the property described in Exhibit E may be developed in subsequent phases which may be annexed and become subject to this declaration.

1.20. The “Scenic Corridor” shall mean and refer to the medians and setback along Francisco Drive shown as Lots A and D on Exhibit C which the Lake Forest Owners Association is obligated to maintain in accordance with the Landscape CC&Rs.

1.21. A “unit” or “dwelling unit” or “residence unit” shall mean and refer to the improvements constructed on an individual lot.

1.22. An “Upslope Lot” shall mean and refer to a lot in which there is an increase in elevation between the highest point on the centerline of any road serving the lot and the centerpoint of that lot.

1.23. The “Western Lots” shall mean those lots shown on Exhibit F which shall benefit from an access easement over and upon Lot E, the streets and ways of The Summit.

ARTICLE 2. PROPERTY RIGHTS.

2.01. Common Area. All of the streets, drives, circles, courts, ways, landscaped areas, as shown as Lots B, C and E on Exhibit B, and landscaped area and tennis court, identified as Lot 136 on Exhibit A, within the properties (collectively “common area”), are common area to be owned by the association, and shall be subject to the rule-making power of the association. The association shall have an easement over so much of each lot as is reasonably necessary in order to maintain, repair and replace such common area, and each owner within the properties shall have a nonexclusive easement for ingress and egress over the common area. The owners’ easements shall be subject to the association’s rule-making power. Lot E, the lot containing the streets, drives, circles, courts and ways serving the property, has been offered, irrevocably, for dedication to the County of El Dorado and may, at the discretion of the County, be accepted thereby. In the event of such acceptance and of the concurrent acceptance by the County of the obligation to maintain the streets, drives, circles, courts and ways, the association shall have no further responsibility for the maintenance of Lot E. Finally, the common area shall be subject to a public utility easement for purposes of maintaining, repairing and replacing storm and sanitary sewer, water, gas, electric, telephone, cable television, street lighting and other appropriate facilities within the property.

2.02. Owners’ Easements of Enjoyment. Prior to the first transfer of a lot in a particular phase by declarant to an owner, declarant shall convey the common area in that phase to the association and the Scenic Corridor to the Lake Forest Owners Association by grant deed. Every owner shall have a right and nonexclusive easement of enjoyment in and to the common area in all phases of the development and the Scenic Corridor, including ingress and egress to and from his lot, which shall be appurtenant to and shall pass with the title to every lot. The owner’s property rights are subject to the following provisions:

A. The right of the association to limit the number of guests, and to adopt association rules and regulations (“association rules”) regulating the use and enjoyment of the common area, including reasonable rules and regulations regarding parking privileges and the use of the recreational facilities situated on the common area.

B. The right of the association to impose reasonable monetary fines or penalties and/or suspend the voting rights of an owner for any period during which the assessment against his lot remains unpaid; or during which an owner is guilty of any infraction of the association's published rules and regulations as determined by the board of directors of the association following notice and an opportunity to be heard on the alleged infraction.

C. The right of the association to dedicate or transfer any part of the common area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. Except for the dedication of Lot E, no such dedication or transfer shall be effective unless it has the prior written authorization of a majority of each class of members and a written instrument evidencing such dedication or transfer and such written authorization has been recorded in El Dorado County; provided, however, no such dedication shall impair the ingress and egress to any individual residence unit within the properties.

D. The right of the association to grant permits, licenses and easements over the common areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the project.

E. The right of declarant or its designees to enter on the development to make repairs and remedy defects if such entry shall not interfere with the use of any occupied dwelling unit unless such interference is authorized by the unit owner.

F. The right of the association, or its agents, to enter any lot to perform its obligations under this declaration, including obligations with respect to construction, maintenance or repair for the benefit of the common area or the owners in common, or to make necessary repairs that the lot owner has failed to perform. The right shall be immediate in case of an emergency originating in or threatening such lot and the obligation can be performed whether or not the owner is present.

G. The rights granted in Section 2.04.

2.03. Delegation of Use; Leases. Any owner may delegate his right of enjoyment to the common area to the members of his family, his tenants or contract purchasers who reside on the property. However, any lease agreement between an owner shall

comply with the provisions of Section 3.02. During the term of any such permitted delegation, the owner's rights to use the common area and its facilities shall be suspended, and shall be exercisable only by the party to whom such rights have been delegated. Each owner shall notify the secretary of the association of the names of any contract purchaser or tenant of such owner's lot. Any delegated rights of use and enjoyment are subject to suspension to the same extent as the rights of owners are.

2.04. Association Easements for Maintenance and Repair. The association shall have an easement in and to every lot within the properties for the limited purpose of maintaining and repairing the adjoining common area for cleaning, repairing, replacing and otherwise maintaining or causing to be maintained service in underground utility lines owned by the owners of various lots in the event that the owner fails to maintain or cause to be maintained such utility lines. The association shall have an easement across and through lots 54, 55, 57, 58, 64, 65, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102 and 104 for the limited purpose of maintaining and cleaning out the creek running through such lots.

2.05. Utility Maintenance and Repair Easements. Wherever sanitary sewer connections or water connections or electricity, gas or telephone, television lines or drainage facilities are installed within the properties, which connections, lines or facilities, or any portion thereof, lie in or upon lots owned by other than the owner of the lot served by said connections, the owners of any lots served by said connections, lines or facilities shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter such lots or to have utility companies enter therein, or any portion thereof, to repair, replace and generally maintain said connections as and when the same may be necessary.

Wherever sanitary sewer house connections and/or water house connections or electricity, gas or telephone lines or drainage facilities are installed within the properties, which connections serve more than one lot, the owner of each lot served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as service his lot.

All utility companies having easements on the property covered by this declaration shall have easements for cleaning, repairing, replacing and otherwise maintaining or causing to be maintained service in all underground utility lines, including, when reasonably necessary, the entry into an improvement constructed upon a lot for uncovering any such lines. Any owner or utility company exercising the rights granted in this section shall be obligated to restore the dwelling unit entered to substantially its former condition.

2.06. Encroachments. It may be that in connection with the initial improvement of the properties by declarant, or by subsequent reconstruction, repair or settlement thereof, portions of a residential unit, including portions of an enclosed or semi-enclosed patio or deck intended for use exclusively with a particular lot may encroach upon the common area. In such event, a valid easement for the encroachment and the maintenance thereof shall exist in favor of the owner for as long as such encroachment exists, and the encroaching object shall be treated for all purposes as if it were situated on the lot to which it relates.

2.07. Scenic Corridor Lots. The Scenic Corridor lots shall be conveyed by the declarant to the Lake Forest Owners Association and shall be maintained by the Lake Forest Owners Association in accordance with the Landscape CC&Rs.

2.08. Lift Station Sites. Lots G, H and I as shown on Exhibit B and such other lettered lots as may be shown on the final subdivision maps for subsequent phases shall be conveyed by the declarant to the El Dorado Irrigation District for the construction and maintenance of sewer lift stations.

ARTICLE 3. USE RESTRICTIONS.

3.01. Residential Use. No lot, nor any portion thereof, shall be used for any purpose other than one single-family residence. Homes shall not be used for commercial business, storing of commercial business material, sales, vending or other non-residential purposes, with the exception that home offices are exempt from the prohibition against business activity if used for a non-retail business operated in a manner that does not involve more than two vehicles operated by clients, customers, or business associates being parked outside of a garage. Materials used in home offices are exempt from the prohibition against storing commercial business materials set forth in this section. Except as otherwise provided above, no part of the development shall be used or caused, allowed or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, mining, drilling or other such nonresidential purpose. No type of business or commercial activity of any type, including, but not limited to, yard sales, garage sales, swap meets, antique or curio sales, shall be carried on upon any lot, and no goods or wares, whether new or used, may be displayed for sale on any lot where they are visible from any street, road or drive which provides access to any other dwelling or place.

3.02. Rental. The development is designed and intended as an owner-occupied, residential development, and no owner shall rent, lease or otherwise delegate the use and occupation of his lot except upon all the following terms and conditions:

- A. No lot may be leased or rented for a period of less than thirty (30) days.
- B. The rental shall apply to not less than the entire lot including its appurtenant rights, except its voting rights in the association.
- C. Any rental shall be by a written agreement which shall provide that the tenancy is subject to the terms of this declaration, the bylaws and the association rules and that any failure of the tenant to comply with the terms of this declaration, the bylaws or the association rules shall constitute a default under such agreement.
- D. All owners leasing or renting their units shall promptly notify the secretary of the association in writing of the names of all tenants and members of tenant's family

occupying such unit and of the address and telephone number where such owner can be reached.

3.03. Offensive Activities; Nuisances. No noxious or offensive activity shall be carried on within the properties, nor shall anything be done or placed thereon which may be or become a nuisance or cause unreasonable embarrassment, disturbance or annoyance to other owners in the enjoyment of their property, or in the enjoyment of common areas. Without limiting any of the foregoing, no owner shall permit noise, including but not limited to, the barking of dogs and the excessive playing of music systems, to emanate from owner's lot, which would unreasonably disturb another member's quiet enjoyment of his lot or of the common area and no owner shall install exterior lighting on his lot which may shine upon any neighbor's lot.

3.04. Parking and Vehicle Restrictions. The following vehicle and parking restrictions shall apply to the properties.

(a) Use of Garages.

(i) Intent. It is the intent of this Section 3.04 to ensure that, where possible, all vehicles owned or operated by owners or residents be stored in garages rather than upon private driveways or private streets. As used in this section, the term "Passenger Vehicles" means cars and trucks owned or operated by owners or residents with a carrying capacity of less than three quarter tones.

(ii) Parking of Passenger Vehicles in Garages. In accordance with Section 4.13(D), below, as of the effective date of that amendment, the residential improvements on each lot must include a garage to accommodate at least three (3) cars. Garages shall not be used for any purpose, other than the storage of recreational vehicles as provided in this subsection and section (C) below, that would prevent the Owner from parking all of the Owner's passenger vehicles in the garage. Additionally, garages shall not be converted to living quarters or hobby or recreational use or workshops which will preclude the parking of all the Owner's passenger vehicles therein. To demonstrate the intent of this section, if the Owner has more than three (3) vehicles but only three (3) garage bays, the additional passenger vehicles may be stored on the driveway, provided that the vehicles are not inoperable or unlicensed and that in no event shall more than

two (2) vehicles be parked on any driveway. If the Owner has recreational vehicles, such recreational vehicles must be stored in the garage in accordance with section (C) below, and any additional passenger vehicles which are not inoperable or unlicensed and may be stored in the driveway provided that there are no more than two (2) vehicles be parked on any driveway. If the Owner has three (3) garage bays but less than three (3) passenger vehicles, the excess garage bay(s) may be used for storage or recreational vehicles or other personal property. Nothing in this section is meant to restrict a resident's ability to entertain or to have occasional overnight guests which may result in temporary parking in driveways or in streets.

(b) Maintenance of Garages and Driveways. All driveways and garages shall be maintained in a neat and orderly condition and garage doors shall be kept in a closed position except as necessary to permit ingress and egress of vehicles or to clean or work in the garage area.

(c) Recreational Vehicles. No campers, boats, trailers, motorcycles, trucks with a carrying capacity in excess of three-quarter tons, or other recreational vehicles of any kind shall be kept or parked in any driveway, sidewalk or yard area within the lots or upon the common area except that boats, camping trailers, or recreational vehicles may be parked outside for not more than one night per week provided that no trailer may ever be parked on a street unless hitched to a towing vehicle and no recreational vehicle may ever be parked in front of any common area or any residence other than that of the vehicle owner. At all other times, in accordance with subsection (A) (ii) above, recreational vehicles must be stored within garages, provided that garages may not be used for the storing or parking of any recreational vehicle unless such vehicle is completely enclosed by the garage and cannot be viewed from the street or any adjacent lot or from any portion of the common area.

(d) Inoperable Vehicles Prohibited. No motor vehicle shall be constructed, reconstructed or repaired outside an owner's or resident's garage and no dilapidated or inoperable vehicle, including vehicles without wheel(s) or an engine, shall be stored on the Properties; provided, however, that the provisions of this subparagraph (D) shall not apply to emergency vehicle repairs.

(e) Commercial Vehicles. Commercial trucks and vehicles that bear signage on the exterior shall not be parked within the Properties, except within an enclosed garage or except for purposes of loading or unloading during the normal conduct of business.

(f) Removal of Unauthorized Vehicles. The board of directors shall determine, in its discretion, whether there is noncompliance with the vehicle and parking restrictions described herein. Without limiting in any manner whatsoever the obligations of owners and residents with respect to parking, the association, or its authorized agents, shall have the right to enforce all parking restrictions and to remove any vehicle which obstructs traffic flow or is in violation of a parking restriction from any common area, including any association owned street, pursuant to the provisions of Section 22658.2 of the California Vehicle Code or other applicable law.

3.05. Signs and Flags. Except for "For Sale" or "For Lease" signs described below, no commercial sign of any kind shall be displayed to the public view on or from any lot or the common area without the approval of the board or the architectural control committee. Consistent with the requirements of the California Civil Code, signs supporting political candidates or measures that have been qualified for a ballot are permitted; however, such signs must be removed within 7 days of the election for which the candidates and/or ballot measures were qualified. Political and other non-commercial signs may not be larger than 9 square feet. Flags or banners may not be larger than 15 square feet. All signs must be placed at least 5 feet away from a curb or property line. One sign of customary and reasonable dimensions advertising a lot or residence for sale may be placed within each lot by the owner. No signs of any kind advertising a residence for rent may be placed within any lot. To the fullest extent permitted by California Civil Code Sections 712 and 713, the board of directors shall be authorized and empowered to adopt rules, regulations and policies which: (i) require owners and their real estate agents and brokers to use "For Sale" and "For Lease" signs that meet uniform criteria regarding, size, content and/or color; (ii) limit the number of signs which can be erected and maintained on a Lot; and (iii) limit, or prevent altogether, the erection and maintenance of signs along private streets or in other portions of the Common Areas of the Development. No flag may be displayed to the

public view on or from any lot or the common area without the approval of the board or the architectural control committee except that (i) one flag of the United States not greater than 25 square feet in area may be displayed in a manner that does not conflict with Association Rules regarding view obstruction and provided that it is not located within the setback area defined in section 4.07 or above the height restrictions defined in section 4.13(C), and (ii) one additional flag or banner not greater than 15 square feet in area may be displayed in commemoration of a sporting event, national holiday or observance (e.g., St. Patrick's Day, Cinco de Mayo), or similar event/celebration provided that the flag or banner shall only be displayed on the day of the event/celebration and shall not be located within the setback area defined in section 4.07 or above the height restrictions defined in section 4.13 (C).

3.06. Antennae, External Fixtures, etc. The following restrictions are imposed on the construction, erection and maintenance of external fixtures and improvements on lots or residences within the development, other than fixtures and improvements originally installed by the declarant:

(a) No external fixture of any kind, including, with limitation, flag poles, clothes lines, basketball standards or other similar improvements shall be constructed, erected, or maintained on any parcel or lot or on any residence or other structures, without the prior written approval of the architectural control committee, if the fixture is visible from any adjacent lot or from the common areas.

(b) Portable basketball standards shall be permitted if they are either (i) erected in a location on the lot or parcel that is not visible from any adjacent lot or common area, or (ii) if visible, the standard is only in view during the period when the standard is actually in use unless they are located to the side or rear of the house; set back from the street a distance greater than the entry door; and, if located to the rear of the house, they do not block any portion of the sky or the lake that would otherwise be visible from adjacent properties.

(c) It is the intent of this Declaration that the restrictions and architectural approval requirements set forth in subparagraph (a), above, apply to the installation and maintenance of television or radio antennas, poles, direct broadcast satellite reception

equipment and equipment designed to receive video programming services (collectively, "television/radio equipment") to the full extent permitted by law.

(d) No wiring, insulation, air conditioning or other machinery or equipment, shall be constructed, erected or maintained on the exterior of any residence or other structure within the development without the prior written approval of the architectural review committee. Once approved, such equipment can be replaced with duplicate components.

(e) To the full extent permitted by law, the installation and continued maintenance of solar energy systems shall be subject to the prior written approval of the architectural control committee if the same are visible from any street, adjacent lot or common area.

(f) The Association Rules may contain provisions addressing the architectural review and approval procedures and requirements for television/radio equipment and solar energy equipment, consistent with any restrictions imposed on the regulation of such equipment by State or Federal law or regulations.

3.07. Fences; Screens and Walls. No fences, awnings, ornamental screens, screen doors, sunshades or walls of any nature shall be erected or maintained on or around any portion of any structure or elsewhere within the development except those authorized and approved by the committee or by the board. Any fence authorized and approved by the board shall be designed and erected in accordance with the fence specifications set forth in Exhibit D.

3.08. Sight Distance at Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two feet (2') and six feet (6') above the roadway shall be placed or permitted to remain on any corner lot within the triangular area formed by street property lines and a line connecting them at points twenty-five feet (25') from the intersection of the street lines or, in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight-line limitations shall apply on any lot within ten feet (10') from the intersection of a street property line with the edge of a driveway. No tree shall be

permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

No fence or hedge exceeding three feet (3') in height shall be erected or permitted to remain or allowed to grow nearer any street than setback lines shown on the recorded plat.

3.09. Animals. No animals, reptiles, rodents, livestock or poultry shall be kept in any lot or elsewhere within the development except that up to two (2) dogs and up to two (2) cats or other household pets may be kept on each lot. More than two dogs and two cats or other household pets may be kept in residences provided not more than two dogs or two cats or other household pets are left outside the residence without being continuously attended by a resident. No animal shall be kept, bred or maintained for commercial purposes. No structure for the sole habitation of any allowable animals shall be located or kept within twenty-five (25) feet of any dwelling units erected on adjacent lots without the approval of the architectural control committee. The board can prohibit maintenance of any animal which, in the sole and exclusive opinion of the board, constitutes a nuisance or health hazard to any other person or domestic animal. No dog shall be allowed in the common area except upon a leash held by a person capable of controlling it. Each person bringing or keeping a pet on the development shall be absolutely and strictly liable to other owners, their family members, guests, invitees, tenants and contract purchasers, and their respective family members, guests and invitees, for any injury to persons or damage to property caused by any pet brought on or kept on the development by such person or by members of his family, his guests or invitees.

3.10. Trash. All garbage and trash shall be placed and kept in covered containers. In no event shall such containers be kept where they are plainly visible from common area or any neighboring lot, except as may reasonably be necessary in connection with the collection thereof by the garbage collector. Trash and recycling containers provided by the collection company need not be enclosed if they are set back from the street a distance greater than the entry door of the residence and effectively camouflaged by being placed adjacent to shrubbery or plantings that are perennially

green. No portion of any lot shall be used for the storage of building materials or other materials except in connection with approved construction.

3.11. Outside Drying and Laundering. No exterior clothesline shall be erected or maintained on any lot. No laundering, clothes drying or related activity shall be permitted outside any building.

3.12. Storage and Service Areas; Permanent Structures. Storage and service areas shall be so located or enclosed that they are not visible from any street, road or drive which provides access to any other dwelling or place. No machinery or appliances of any type, nor any inoperable motor vehicles of any type, shall be stored on any lot or parcel. The design of any storage or service area or permanent structure must be approved by the architectural control committee. Any storage or service area or permanent structure and the materials used therefor must be compatible with the design and construction of the residence on the lot.

3.13. Exterior Alterations; Temporary Structures. No owner shall make or permit to be made, at his expense or otherwise, any alterations or modifications to the exterior of the buildings, fences, railings or walls situated within the development, without the prior written consent of the board or architectural control committee. No structures of a temporary character, trailer, tent, shack, garage, barn, or other outbuilding, shall be used on any lot at any time as a residence, either temporarily or permanently. All permanent structures shall be constructed in accordance with the preceding Section 3.12.

3.14. Compliance with Laws; Insurance Considerations. Nothing shall be done or kept in any lot or dwelling unit or in the common area that might increase the rate of, or cause the cancellation of insurance on the development, or any portion of the development, without the prior written consent of the board. No owner shall permit anything to be done or kept in his lot or in the common area that violates any law, ordinance, statute, rule or regulation of any local, county, state or federal body. No owner shall allow furniture, furnishings or other personalty <property?> belonging to such owner to remain within any portion of the common area except as may otherwise be permitted by the board.

3.15. Common Area. Without limiting the owner's maintenance obligations as specified in Article 4 of this declaration, no improvement, excavation or work which in any way alters the form or appearance of the common area from its existing state on the date it is conveyed by declarant to the association shall be made or done except upon strict compliance with the restrictions and limitations of, the following provisions of this section:

A. No person other than the association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any structural improvement upon, or shall make or create any excavation or fill upon, or shall change the natural or existing drainage of, or shall destroy or remove any tree or shrub or plant any tree, shrub or other vegetation upon the common area.

B. The association may at any time, and from time to time:

(1) Reconstruct, replace or refinish any improvement or portion thereof upon common area in accordance with the original design, finish or standard of construction of such improvement;

(2) Construct, reconstruct, replace or refinish any road improvement, surface or appurtenances upon any portion of the common area;

(3) Replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any landscaped portion of the common area;

(4) Place and maintain within common area such signs as the association deems necessary for the identification of addresses and facilities, regulation of traffic and parking, the regulation and use of common area and for the health, welfare and safety of owners and guests. Any such signs shall comply with applicable governmental requirements.

3.16. Interference with Access. No one shall interfere with or otherwise restrict the free right of passage of the owners, their agents, servants, tenants, guests and employees over driveways or passages leading to their respective garages.

3.17. Restrictions on Owners' Landscaping. Unless there has been prior written approval of the architectural control committee, no owner shall: (a) plant any tree on a lot where the distance between the center of the tree trunk is less than three feet (3')

from any fence; (b) alter the grade of the land within his lot or construct any structure or retaining wall or undertake any planting or other activity which will substantially retard, change or otherwise interfere with the natural flow of surface or drainage waters to the actual or threatened injury of any other lot, or which shall cause erosion or sliding problems; (c) alter any common area; or (d) cut and remove any tree from a lot, other than a tree planted by the lot owner, which has a diameter greater than ten inches (10") when measured three feet above grade. If any trees are scheduled to be cut or removed as part of a construction project, the plans and specifications submitted to the architectural control committee for that project must clearly designate the size and location of all such trees that are over five inches (5") in diameter when measured three feet above grade.

3.18. 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 within the Development and shall not be allowed to accumulate or become unsightly thereon. No lot or parcel shall be permitted to be used as a storage or dumping ground for trash, cut vegetation or inoperable vehicles. Vacant lots and parcels are to be kept clean and free from debris, fallen trees, litter, trash, empty containers, and the like, and shall be cultivated or mowed at least three times in each calendar year or whenever reasonably required to reduce the hazard of fire and to maintain the lots in an attractive condition. If an owner of a vacant lot fails to comply with the requirements of this Section 3.18, the association may, following notice to the owner and the opportunity for a hearing, enter any vacant lot, cause the weeds or vegetation on the lot to be mowed or trash to be removed, and then charge the owner for the cost of such work.

3.19. No Further Subdivision. Except as expressly provided in this Section 3.18, no lot subject to this declaration may be split or subdivided. Lot line adjustments between adjacent property owners shall be permitted with the consent of the board, provided the lot is neither increased nor decreased in size by more than ten percent (10%), cumulatively, from the size of the lot as shown on the final subdivision lot attached as Exhibit B. A lot may be split or subdivided if the resulting additional lot is conveyed to the association for inclusion in the common area.

3.20. Indemnification. Each owner shall be liable to the remaining owners for any damage to the common area that may be sustained by reason of the negligence of that owner, members of his family, his contract purchasers, tenants, guests or invitees, to the extent that any such damage is not covered by insurance. Each owner, by acceptance of his deed, agrees for himself and for the members of his family, his contract purchasers, tenants, guests or invitees, to indemnify each and every other owner, and to hold him harmless from, and to defend him against, any claim of any person for personal injury or property damage occurring within the lot of that particular owner, except that said owner's liability may be diminished to the extent that the injury or damage occurred by reason of the negligence of any other owner or person temporarily visiting in said lot or is fully covered by insurance. :

3.21. Enforcement.

A. The failure of any owner to comply with any provision of this declaration or the articles or bylaws shall give rise to a cause of action in the association and any aggrieved owner for the recovery of damages or for injunctive relief, or both.

B. The architectural control 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 that 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.

C. If any legal proceeding is initiated to enforce the provisions of this declaration, the prevailing party shall be entitled to collect costs and reasonable attorneys' fees.

D. The board shall have the right to deal directly with the owner, rather than legal counsel representing the owner, during any hearing the board conducts at which enforcement action is considered.

ARTICLE 4. ARCHITECTURAL CONTROL.

4.01. Composition of Committee. The Architectural Control Committee shall be composed of five Members of the Association who shall be appointed by the Board of Directors for a term of two years, although in the year in which the Committee is expanded from three Members to five Members, the Board may designate either two or three Committee members to serve for an initial term of only one year in order to provide continuity on the Committee through a system of staggered terms of appointment. There shall be no limit on the number of consecutive terms for which a Committee member can be appointed. Although any Member in good standing shall be eligible for appointment to the Architectural Control Committee, the Board of Directors shall endeavor to appoint individuals whose occupations, education or experience will provide the Committee with technical knowledge and expertise relevant to matters within the Committee's jurisdiction.

4.02. Approval Required. The exterior appearance of all the initial improvements on a lot and all subsequent alterations or additions thereto shall require the prior written approval of the architectural control committee. Such improvements requiring approval include any residence, garage, fence, wall, gazebo or other accessory buildings, spa, swimming pool or other structure and any landscaping or alteration thereof (except for routine trimming, replanting and maintenance) visible from any adjacent lot or from the common area. All requests for approval shall include such plans, specifications and samples of colors and materials as are appropriate to adequately depict the style, size, location, shape, kind, color and materials of the improvements in question. In exercise of its authority, the committee may: condition its approval of proposals and plans and specifications on such changes or conditions thereto as it deems appropriate; require submission of additional plans and specifications or other information prior to approval or disapproval of the proposed construction, alterations or additions; and require a nominal fee payable to the committee to accompany each application for approval.

No owner shall apply for a building permit or commence construction until all the plans and specifications for the proposed improvements have been reviewed and approved by the architectural control committee.

4.03. Preliminary Approval. Any owner proposing to construct any structure or other improvement on a lot requiring the prior approval of the committee may apply to the committee for preliminary approval by submission of preliminary drawings of the proposed structure or improvement in accordance with the committee rules. The purpose of this paragraph is to allow an owner who proposes to make substantial improvements to his lot an opportunity to obtain guidance from the committee concerning design considerations before expending substantial sums for plans and other exhibits required to apply for final architectural approval. Applications for preliminary approval shall be considered and disposed of by the committee as follows:

Within thirty (30) days after receipt by the committee of proper application for preliminary approval, the committee shall consider and act upon such request. The committee shall grant the approval only if the proposed structure or improvement, to the extent its nature and characteristics are shown by the application, would be entitled to a final approval on the basis of a full and complete application. Failure of the committee to act; within said thirty (30) day period shall constitute approval. In granting or denying approval, the committee may give the applicant such directions concerning the form and substance of the final application for approval as the committee may deem proper or desirable for the guidance of the applicant.

Any preliminary approval granted by the committee shall be effective for a period of ninety (90) days from the date of the issuance thereof. During that period, any application for final approval which consists of proposed structures or improvements in accordance with the provisions of the preliminary approval, and is otherwise acceptable under the terms of these restrictions, may be approved by the committee.

In no event shall any preliminary approval be deemed to be an approval authorizing construction of the requested structures or improvements or any other improvements, structures or alterations not reviewed preliminarily.

4.04. Procedure. No application for final approval required by this Article or under any section of Article 3 shall be deemed appropriately submitted unless the improvement, addition or alteration is fully described and shown by appropriate

construction drawings at 1/4 inch scale, site plan indicating contour grading design at 40 scale and specifications including exterior color samples and material samples where necessary. The site plan shall include information concerning drainage and erosion control as required by the topography of the lot. The request for approval and relevant materials shall be deemed submitted as of the date when they are personally received by the committee, return receipt requested, with postage fully prepaid or personally delivered and receipted by a member of the committee. The mailing address of the initial committee referred to in Section 4.01 is: Architectural Control Committee, Lake Forest –Summit Owners Association, C/o Southfork Partnership, 2150-B Douglas Boulevard, Roseville, California 95661-3899. Decisions of the committee and the reasons therefore other than applications for preliminary approval, pursuant to Section 4.03 above, shall be transmitted by the committee to the applicant within sixty (60) days after receipt by the committee of all materials required by the committee. Any application submitted pursuant to this declaration shall be deemed approved, unless written disapproval or a request for additional information or materials by the committee shall have been transmitted to the applicant within sixty (60) days after the date of receipt by the committee of all required materials.

4.05. Compensation. The members of the architectural control committee shall receive no compensation for their services rendered hereunder, other than reimbursement for expenses incurred by them in the performance of their duties hereunder. Notwithstanding the foregoing, if the committee, with approval of the board, retains the services of a licensed architect to assist the committee in its review of plans and specifications, the cost of the architects review, not to exceed \$300.00, may be charged to the owner-applicant as a plan review fee.

4.06. Inspection and Enforcement. The architectural control committee may at any time inspect any improvement for which approval of plans is required under the declaration; provided, however, that the committee's right of inspection shall terminate sixty (60) days after the work of improvement shall have been completed and the respective owners shall have given written notice to the committee of such completion. If, as a result of such inspection, the committee finds that such improvement was done

without obtaining the approval of the plans therefor or was not done in substantial compliance with the plans approved by the committee, it shall notify the owner in writing of the failure to comply with the declaration within thirty (30) days from the inspection, specifying the particulars for noncompliance. If the owner fails to remedy the noncompliance within thirty (30) days of notification, the committee shall notify the board in writing of such failure.

The board shall schedule a hearing before the board regarding the alleged noncompliance. The hearing date shall be not more than thirty (30) days nor less than fifteen (15) days after notice of the noncompliance is given to the board by the committee. The board shall give notice of the hearing date at least ten (10) days in advance of the hearing to the owner, to the committee and, in the discretion of the board, to any other interested party.

At the hearing, the owner, the committee and, in the board's discretion, any other interested person may present information relevant to the question of the alleged noncompliance. After consideration of all such information, the board shall determine whether noncompliance exists and, if so, the nature thereof and the estimated cost of correcting or removing the noncomplying improvement. If a noncompliance exists, the board shall require the owner to remedy or remove the noncomplying improvement within forty-five (45) days of the board ruling.

If the owner does not comply with the board ruling within such period or within any extension of such period as the board, in its discretion, may grant, the board, at its option, may either remove the noncomplying improvement or remedy the noncompliance. The owner shall reimburse the association upon demand for all expenses incurred in connection with such removal or remedial action. If such expenses are not promptly repaid by the owner to the association, the board may exercise any of the enforcement provisions of Articles 7 and 14.

If, for any reason, the committee fails to notify the owner of any noncompliance within thirty (30) days after receiving a notice of completion from the owner, the committee shall be deemed to have given final acceptance of the improvements in accordance with approved plans.

4.07. Set Back. All dwellings and structures, including, but not limited to, swimming pools, except for a fence not exceeding three feet (3') in height, shall be located on any lot or lots a distance from any street or streets adjacent to the lot equal to or greater than the set back line shown on the official recorded plan map of the development or as required by local zoning codes and ordinances, whichever distance is greater. All dwellings, including garages or other structures physically a part of such dwelling, shall be located at least thirty feet (30') from the front boundary, fifteen feet (15') from the side boundary and thirty feet (30') from the rear boundary of the lot unless a variance is approved by the committee. Any garage or any structure not physically a part of the dwelling shall be erected behind the front set back line of the dwelling and may be located as near to the side or rear boundary of the lot as is now or hereafter permissible under the provisions of the building code of the County of El Dorado. For the purpose of this subsection, eaves, steps and chimneys shall not be considered as a part of a building, provided, however, that this provision shall not be construed to permit any portion of a building to encroach upon another lot. If the County of El Dorado imposes more stringent or conflicting requirements with respect to any of the provisions of this Section 4.07, then the County of El Dorado's requirements shall apply. Each owner shall be solely responsible for determining the applicable requirements of the County of El Dorado and shall be solely responsible for compliance therewith.

4.08. No Temporary Structures. No temporary structure, including, but not limited to, trailers, basements, tents, shacks, barns or other outbuilding, shall be erected or placed on the property without the express consent of the committee.

4.09. New Construction. No building or structure constructed elsewhere shall be moved or placed on any lot. Without limiting the generality of the preceding sentence, it shall be construed to proscribe prefabricated homes, modular homes, mobile homes and log homes. All buildings erected on any lot shall be of new construction. However, this section shall not prevent the use of used brick or other materials that may be attractive and preservative of property values. When the construction of a building is begun on a lot, 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. The exterior finish, including finished painting of any dwelling, shall be completed, in any event, within twelve (12) months after the commencement of construction.

4.10. Licensed Contractors. Residential structures shall all be constructed by a contractor licensed under the laws of the State of California and the architectural control committee shall not approve any construction plans or designs unless the contractor therefor has been duly licensed.

4.11. Landscaping Requirement. Every owner of a lot within the property shall be responsible for installing within twelve (12) months of completion of the dwelling unit and maintaining in good and attractive condition landscaping on those portions of the lot which are visible from any street or portion of the common area within the properties. Prior to the commencement of installation, landscaping plans shall be submitted to and approved by the committee pursuant to the provisions of Sections 4.02, 4.03 and 4.04. Such plans shall - include the size, type and location of all plants, materials and sprinkler systems. In the event that the owner fails to install or maintain such landscaping properly, the association or the committee may cause the appropriate work to be done and shall be entitled to reimbursement for the costs thereof from the owner. 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 therefor, 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.

4.12. Drainage and Erosion Control. In designing and constructing the improvements on any lot, the owner shall provide for adequate drainage and erosion control. After construction, the owner shall properly maintain all drainage and erosion control facilities.

4.13. General Design Restriction. The following design restrictions shall apply:

A. Type and Character of Design. Exterior design of all the improvements on any lot shall be compatible with the overall atmosphere of Lake Forest. Approval of such exterior design shall be in the sole discretion of the committee. Consistent with the objective of this subparagraph A, production housing shall not be permitted within the Development. As used herein, "production housing" shall mean and refer to the design and construction of homes on several lots by the same owner or contractor using one or more pre-designed floor plans which, if used, will result in the construction of residences of the same or substantially the same exterior appearance. Decisions of the committee shall be final.

B. Home Size. Each residence shall have a total floor area (excluding decks, patios, balconies and garages) of at least 3,000 square feet; provided, however, that in the case of no more than 25% of the lots that are 18,000 square feet or less in size, the architectural control committee shall have the authority and discretion, but not the obligation, to grant a variance so as to permit a residence with a total floor area of at least 2,800 square feet to be constructed on those lots.

C. Height of Structure. The maximum height of a residence constructed on a Downslope Lot as defined in Section 1.10 shall not exceed thirty feet (30') as measured from the highest point on the foundation, including the garage and all appurtenant structures. The maximum height of a residence constructed on an Upslope Lot as defined in Section 1.22 shall not exceed thirty-five feet (35') from the lowest point on the foundation, including the garage and all appurtenant structures.

D. Garages and Driveways. The residential improvements on each lot shall include a garage to accommodate at least two (2) cars. Carports shall not be allowed. At least one (1) garage door in each residence shall be equipped with a garage door opener. Each lot must have a concrete driveway or private road.

E. Fences. All fences, including the location, style, color, height and function of such fence, must be approved in writing by the committee prior to installation. All fences shall be constructed in accordance with the fence specifications set forth in Exhibit D. The owner shall maintain and repair the fences on his lot or lots. If the owner fails or refuses to fully and faithfully comply with and conform to the provisions

of this subsection, then declarant or the association shall have the right to enter upon such lot or lots and perform such work as may be necessary to fulfill the requirements of this section, charging the costs to the owner.

F. Building Materials. There shall be no prescribed siding material, except that no vertical side of any structure shall have a finished surface of imitation wood shingles or other siding material which the committee deems unsuitable or inferior. No reflective finishes shall be used on exterior surfaces with the exception of hardware items.

G. Roofs. Single level homes shall have a roof pitch not less than 6' in 12'. Two-story homes and multi-level homes shall have a roof pitch not less than 5' in 12'. Roofing materials shall be clay-fired tile, wood shingles, or heavy or medium-split cedar shakes. Under no circumstances may asphalt shingles be used. All rooftop colors shall be subject to committee approval. Rooftop heating and/or air-conditioning units are prohibited with the exception of solar energy panels.

H. Telephone and Electrical Service. No overhead telephone or electrical service lines may be constructed on any lot or cross over any lot. All portions of telephone and electrical service lines not located entirely within the enclosed portion of a dwelling other than service pedestals must be buried beneath the surface of the ground.

4.14. VariANCES. The architectural control committee may authorize variances from compliance with any of the stated design restrictions or architectural provisions of this declaration when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations require. Such variances must be evidenced in writing and must be signed by at least two of the three members of the committee. If variances are granted, no violation of the declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance shall not operate to waive any of the terms and provisions of the declaration for any purpose except as to the particular improvement and particular provision hereof covered by the variance, nor shall it affect in any way the owner's obligation to comply with all governmental laws and regulations affecting his use of all or any portion of the project.

4.15. Liability of Committee Members. Neither declarant, the architectural control committee, nor their duly authorized representatives shall be liable to any owner for any loss, damage or injury arising out of or in any way connected with the performance of the committee's duties under this declaration, unless due to the willful misconduct or bad faith of the committee or any member thereof.

4.16. Enforcement by Committee and Board. The architectural control committee and the board shall have enforcement rights with respect to any matters required to be submitted to and approved by the committee, and may enforce such architectural control by any proceeding at law or in equity. In addition, the committee and the board 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 that it does not conform to the plans and specifications submitted to the committee. If any legal proceeding is initiated to enforce the provisions of this declaration, the prevailing party shall be entitled to collect costs and reasonable attorneys' fees.

ARTICLE 5. DUTIES AND OBLIGATIONS.

5.01. Association Maintenance Obligations. The association shall be responsible for maintaining the following in good condition and repair:

A. Common Area Facilities. The association shall maintain or provide for the maintenance of all common area improvements, including, but not limited to private roads, driveways, street lights (not otherwise maintained by the Lake Forest Owners Association) and recreational facilities.

B. Landscaping. The association shall provide gardening services to maintain and replace as necessary all the landscaping within the common area including but not limited to, Lots B and C. The sprinkling systems originally installed in such areas in connection with the landscaping improvements shall also be operated and maintained by the association. The Lake Forest Owners Association shall maintain or provide for the maintenance of the Scenic Corridor as provided in the landscape CC&Rs, including any street lights located therein.

C. Fence. Declarant or declarant's assignee shall install a fence bordering the Francisco Drive side of each lot along Francisco Drive (the "Francisco Drive fence"). The association shall maintain the Francisco Drive fence.

D. Creek. To the extent appropriate, the association shall maintain and periodically clean out the creek that runs through a portion of the common area and lots 54, 55, 57, 58, 64, 65, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102 and 104.

If any of the maintenance or repair work referred to above is necessitated by the willful or negligent acts of the owner, his family, guests or invitees, the costs of such special restoration or repairs shall be chargeable to the owner and shall be enforceable by an action for damages or by any other legal means except the lien provisions of Article 8.

5.02. Security. Declarant shall install a security gate at each entrance to the development. The association shall maintain the security gate and shall issue to each owner appropriate keycards or other means of operating the security gate. The regular assessments shall include the costs related to the maintenance of the security gate.

Owners of the Western Lots shall be provided, at no cost, such keycards or other means of operation.

5.03. Owners' Maintenance Obligations. Each owner shall be responsible for maintenance and repair of his individual lot or residence unit. Such maintenance shall include, but not be limited to, the regular mowing and trimming of grass and other vegetation so as to maintain the landscaping on the lot in a neat and attractive condition.

5.04. Property Taxes and Assessments. Each owner shall be obligated to pay any taxes or assessments levied by the County Assessor against his own lot and personal property. To the extent not assessed to or paid directly by the owners, the association shall pay all real and personal property taxes and assessments levied upon any portion of the common area or other property owned by the association.

5.05. Insurance.

A. The association, through its board of directors, shall maintain the following insurance at common expense:

(1) Fire and casualty insurance covering all common area improvements owned by the association (excepting land, foundation, excavation and other items customarily excluded from coverage), including all fixtures and building service equipment which are a part of the common area, 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 5.05A(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 building and other insurable property.

(3) Comprehensive general liability insurance coverage covering all of the common areas, public ways of the project, commercial spaces, if any, owned by the association, whether or not they are leased to some third party. 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 insureds 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 law suits 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 association and all other persons handling or responsible for funds of or administered by the association. If the 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 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 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 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 association.

(5) Worker's Compensation Insurance and other liability insurance as it may deem desirable, insuring each owner, the association, the board of directors and Managing Agent, if any, from liability in connection with the common area.

B. All insurance and bond coverage required by subdivision A of this Section 5.05 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 association.

C. In addition, the board may, but shall not be required to, purchase a blanket policy of insurance covering the residential improvements within the properties. If the board decides to purchase such a policy, the amount of insurance shall be equal to the estimated cost of replacing the improvements substantially in accordance with the original basic plan, including only such interior finishing and equipment as is provided by the declarant to the original owner for the base price of the residence and excluding items of personal property, furnishings and decor which are added by the owner. In addition if such a blanket policy is purchased, it shall comply with the requirements of all institutional mortgagees holding mortgages within the development.

D. All policies of insurance shall be carried in the name of the board of directors as trustee for the 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 insurance, including the blanket policy on residential improvements if the same is purchased, shall be deemed a common expense, payable from assessments upon each lot. If the board carries a policy of insurance on the residential improvements owned by the owners, it shall send or cause to be sent to each owner a copy or memorandum of such insurance policy, and such policy shall not prejudice the right of an owner to insure his property for his own benefit. Nothing herein shall be construed as creating responsibility of the association for repair or replacement of the improvements on any lot if the damage is caused by any uninsured risk, or if the association decides not to carry insurance on the residential improvements.

5.06. Replacement or Repair. In the event of damage to or destruction of the properties by causes insured against by the association, the 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 damage or destruction occurs to the common area and the insurance proceeds are insufficient to cover the costs of repair or replacement thereof, the association may make a special assessment upon all owners (as provided in Section 8.06) to cover the additional costs of repair or replacement not covered by insurance proceeds. If the association carries insurance on the individual residential improvements and if damage or destruction occurs to improvements on individual lots, the owners of such lots shall be obligated to contribute such funds as shall be necessary to pay their proportionate share of the costs of rebuilding or reconstruction, over and above the available insurance proceeds. The proportionate share of each such owner or owners shall be the amount by which the costs of repair or replacement on his lot exceeds that owner's share of the total insurance proceeds payable by reason of the damage or destruction having occurred. If any owner fails to pay his or her proportionate share, the association may levy a special assessment against the lot or

such owners, which may be enforced under the lien provisions contained in Article 9 or in any other manner provided in this declaration.

5.07. Trustee. All insurance proceeds payable under Section 5.05 may be paid to a trustee, to be held and expended for the benefit of the owners, mortgagees and others, as their respective interests shall appear. Said trustee shall be the association or a commercial bank in El Dorado County, that agrees in writing to accept such trust. If repair or reconstruction is authorized, the board shall have the duty to contract for such work as provided for in this declaration.

ARTICLE 6. THE ASSOCIATION.

6.01. Formation. The association is a nonprofit mutual benefit corporation formed under the laws of California. On the close and recording of the first lot sale to any owner, the association shall be charged with the duties and invested with the powers set forth in the articles, the bylaws and this declaration, including, but not limited to, control and maintenance of the common area and any common area facilities.

6.02. Membership in Association. Every owner of a lot 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 which is subject to assessment. The voting rights of a membership shall vest as of the date when the lot to which membership is appurtenant becomes subject to assessment.

6.03. Membership in the Association. The Association has one class of members comprised of the owners of lots within the Development. Membership is appurtenant to, and may not be separated from, ownership of a lot (see section 14.08, below) and each membership shall give rise to a single vote, regardless of the number of owners who appear of record as the owners of the lot. The vote for any lot shall be exercised as the co-owners determine, but in no event shall more than one vote be cast with respect to an lot.

6.04. 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 where a different percentage or group of members is called for by 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. Where a different percentage or group is called for by this declaration, the articles or the bylaws, the

matter shall not be deemed approved by the members unless assented to or voted for by the percentage or group called for.

ARTICLE 7. GENERAL POWERS AND LIMITATIONS OF ASSOCIATION.

7.01. Powers. The association shall have all the powers of a nonprofit mutual benefit corporation organized under California law, subject only to such limitations on the exercise of such powers as are set forth in the articles, the bylaws and this declaration. It shall have the power to do any lawful thing that may be authorized, required or permitted to be done by the association under this declaration, the articles and the bylaws, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the association, including, without limitation, the powers described in this Article 7.

7.02. Assessments. The association shall establish, fix and levy assessments against the owners of the lots and collect and enforce payment of such assessments in accordance with the provisions of this declaration.

7.03. Lake Forest Landscaping Obligations. The property is subject to the Landscape CC&Rs and the Maintenance Enforcement Agreement.

A. Assessments. The Landscape CC&Rs provide for assessments for the purpose of maintaining certain landscaped areas in the Lake Forest area. In the development, the area to be maintained by the Lake Forest Owners Association (the "MOA") established pursuant to the Landscape CC&Rs is the Scenic Corridor. Section 8.05 of the Landscape CC&Rs provides that a Homeowners Association shall collect from lot owners and deliver to the Lake Forest Owners Association assessments due pursuant to the Landscape CC&Rs, unless otherwise advised .by the Lake Forest Owners Association. The association shall collect from each owner as part of the regular assessment an amount that will meet the obligations of all SUMMIT owners under the Landscape CC&Rs. The association shall pay the Lake Forest CC&Rs assessment so collected to the Lake Forest Owners Association and shall include with such payment a list designating the number of each lot and the amount of its assessment which is so paid.

B. MOA Voting Rights. At its first meeting, the board of the association shall appoint a representative to exercise the voting rights of all SUMMIT owners as members of the Lake Forest Owners Association. The appointed representative shall continue in that capacity until replaced by the board. The appointed representative shall have the

exclusive right to exercise the voting rights of all SUMMIT owners unless a majority of the Class A members vote at any regular or special meeting to have each owner individually exercise its voting rights in the Lake Forest Owners Association. An election by the Class A owners to individually exercise Lake Forest Owners Association voting rights shall be effective until the next annual membership meeting. If a majority of the Class A members do not vote at the next annual membership meeting to continue the individual exercise of Lake Forest Owners Association voting rights, then the previously appointed representative shall thereafter exercise the voting rights of all members of the Lake Forest Owners Association.

C. Maintenance Enforcement Agreement. The property and additional property is subject to the Maintenance Enforcement Agreement which requires declarant or its successors to maintain the Scenic Corridor and similar areas throughout the area subject to the Landscape CC&Rs (collectively, the "Landscaped Corridor"). Each owner, by taking title to a lot waives any objection to the formation of a Landscape and Lighting Assessment District pursuant to Streets and Highways Code Section 22500, et seq., for the purpose of maintaining the Landscaped Corridor and further waives any right to protest the imposition of such annual assessment as may be reasonably required to permit the Landscape and Lighting Assessment District to maintain the Landscaped Corridor. Such annual assessment shall be in lieu of the assessment imposed pursuant to the Landscape CC&Rs.

7.04. 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 association rules or any resolutions of the 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, or the articles, bylaws, association rules or board resolutions. Any such suspension of use privileges cannot exceed a period of thirty (30)

days 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 therefor, 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, 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 nor treated as an assessment and are not enforceable by assessment lien.

7.05. Delegation of 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 development 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.

7.06. Association Rules. The association shall have the power to adopt, amend and repeal its rules as it deems reasonable. The association rules shall govern the use of the common area including, but not limited to, any parking areas, any recreational

facilities and private streets, by the owner or his family, guests, invitees or by any contract purchaser, or tenant or their respective family members, guests or invitees. The association rules shall not, however, be inconsistent with or materially alter any other provisions of this declaration, the articles or the bylaws. A copy of the association rules as adopted, amended or repealed shall be mailed or otherwise delivered to each owner and a copy shall be posted on an Internet site maintained by the association. In case of any conflict between any association rules and any other provisions of this declaration the articles or bylaws, the provisions of the association rules shall be deemed to be superseded by the provisions of this declaration, the articles or bylaws to the extent of any such inconsistency.

7.07. Duties of the Association. In addition to the powers delegated to it by its articles or the bylaws, and without limiting their generality, the association, acting by and through the board, or the party described in Section 7.05, has the obligation to conduct all business affairs of common interest to all owners and to perform each of the duties hereinafter described.

7.08. Operation and Maintenance. As provided in Section 5.01, the association shall operate, maintain and otherwise manage or provide for the operation, maintenance and management of the common area, and all its facilities, improvements and landscaping, including any private driveways and private streets, and any personal property acquired by the association, in a first-class condition and in a good state of repair. In this connection, the association may enter into contracts for services or materials for the benefit of the association or the common area, including contracts with declarant, subject to the provisions of Sections 7.05 and 7.10. The association shall have the right to enter dwelling units as provided in Section 2.02 above, and in the event it exercises that right, it shall have the obligation to repair any damage caused by such entry, thereby restoring the dwelling unit entered to substantially its former condition.

7.09. Reserve Fund. The association shall establish and maintain via the regular assessments provided for in Section 8.04 an adequate reserve fund for the periodic

maintenance, repair and replacement of improvements to the common areas and those other areas which the association is obligated to maintain.

7.10. Limitations on Authority of Board. Except with the vote or written assent of fifty-one percent (51%) of each class of members of the association while there are two classes, and both the approval of fifty-one percent (51%) of all members and fifty-one percent (51%) of the members other than declarant thereafter, the board shall not take any of the following actions:

A. Incur aggregate expenditures for capital improvements to the common area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the association for that fiscal year; or

B. Sell during any fiscal 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

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.

D. Contract with third parties for goods or services to be furnished to the common area or the owners' association for a term longer than one (1) year. The board may, however, enter into the following without obtaining any approval or ratification by the members:

(1) A management contract, the terms of which .comply with the requirements of Section 7.05 above or the requirements of the: Federal Housing Administration or Veterans Administration.

(2) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission and the term of the contract does not exceed the shortest term for which the supplier will contract at the regulated rate.

(3) Prepaid casualty and/or liability insurance policies for a period of time not to exceed three (3) years' duration, provided that the policy permits short rate cancellation by the insured.

(4) Agreements 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 declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(5) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services not to exceed five (5) years' duration, provided that the supplier or suppliers are not entities in which declarant has a direct or indirect ownership interest of ten percent (10%) or more.

7.11. Personal Liability. No member of the board, or of any committee of the association, or any officer of the association, or any manager or 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.

ARTICLE 8. ASSESSMENTS.

8.01. Agreement to Pay. The declarant, for each lot owned by it in the development, covenants and agrees, and each purchaser of a lot by his acceptance of a deed, whether or not it shall be so expressed in such deed, covenants and agrees, for each lot owned, to pay to the association: (a) regular, 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. Regular and special assessments are enforceable by liens that may be foreclosed nonjudicially. Fines, penalties and other costs are enforceable by liens, but such liens may not be foreclosed non-judicially.

8.02. Personal Obligations. Each assessment or installment, together with any late payment penalty, interest, collection costs and reasonable attorneys' fees, shall be the personal obligation of the person or entity who was an owner at the time such assessment, or installment, became due and payable. If more than one person or entity was the owner of a lot, the personal obligation to pay such assessment, or installment, respecting such lot shall be: both joint and several. The personal obligation for delinquent assessments, or delinquent installments, and other such sums, shall not pass to an owner's successors in interest unless expressly assumed by them. No owner of a lot may exempt himself from payment of assessments, or installments, by waiver of the use or enjoyment of all or any portion of the common area or by waiver of the use or enjoyment of, or by abandonment of, his lot.

8.03. Purpose of Assessments. The assessments levied by the association shall be used exclusively to promote the recreation, health, safety and welfare of the members of the association, the improvement, replacement, repair, operation and maintenance of the common area, the provision of security services and the performance of other duties of the association as set forth in this declaration.

8.04. Regular Assessments. The maximum regular annual assessment due to the association shall be \$786.96 per lot, payable in monthly installments of \$65.58, until

January 1 of the year immediately following the conveyance of the first lot to an owner, at which time it may be increased in accordance with this section and, if applicable, Section 8.06 below. Not less than forty-five (45) days nor more than sixty (60) days nor less than thirty (30) days before the beginning of each subsequent fiscal year the board shall estimate the total amount of funds necessary to defray the common expenses of the association for the next fiscal year, and shall deduct therefrom the amount, 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. If the resultant amount is approved by a majority vote of the board, the estimate shall be used to establish the regular assessment upon each lot for such year. The board may not, however, increase the amount of the regular assessment for any fiscal year of the association by more than twenty percent (20%) above the amount of the prior year's regular assessment (except the first such year if it should be less than twelve (12) months) without approval by vote or the written consent of members constituting a quorum, casting a majority of the votes at a meeting or election of the association. The amount of the assessments shall be the same for all units within the development. The regular assessments shall be payable in; regular installments as provided in this declaration and shall include adequate reserve funds for contingencies and for maintenance, repairs and replacement of the common area improvements that must be replaced on a periodic basis sufficient to satisfy the requirements of any institutional mortgagee. Unless the association is exempt from federal or state taxes, all reserves shall be accounted for as contributions to the capital of the association and as trust funds segregated from the regular income of the association or in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the association.

8.05. Special Assessments. If the board determines that the estimated total amount of common funds, including the reserve fund provided for under Section 7.09 are or will become inadequate to meet expenses because of any action or undertaking on behalf of the association, the board shall determine the approximate amount

necessary to defray in whole or in part such expenses, and if the amount is approved by a majority vote of the board it shall become a special assessment. The board may, in its discretion, prorate such special assessment over the remaining months of the fiscal year or levy the assessment immediately against each lot. In any fiscal year, the board may not levy special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expense of the association for the current fiscal year without the vote or the written consent of members, constituting a quorum, casting a majority of the votes at a meeting or election of the association. All special assessments shall be levied equally against all lots in the development, except any assessment against an owner as a result of a deficiency in insurance proceeds or condemnation awards as provided in Sections 5.06 and 11.02A, respectively. Unless exempt from federal or state income taxation, all proceeds from any special assessment; shall be segregated; and deposited into a special account and shall used solely for the purpose or purposes for which; it was levied or it shall be otherwise handled and used in a manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board in order to avoid, if possible, its taxation as income of the association.

8.06. Additional Requirements for Assessment Increase. For the purposes of Sections 8.04 and 8.05, a “quorum” means more than fifty percent (50%) of the members of the association. Any meeting or election of the association for purposes of complying with Sections 8.04 and 8.05 shall be conducted in accordance with Article 3 of the association bylaws. Notwithstanding any other provision contained in Sections 8.04 and 8.05, the board may increase assessments necessary for emergency situations. For the purposes of this Section 8.06, an “emergency situation” is any one (1) of the following:

- A. An extraordinary expense required by an order of a court;
- B. An extraordinary expense necessary to repair or maintain subdivided property or any part of it for which the association is responsible where a threat to personal safety on the property is discovered; or
- C. An extraordinary expense necessary to repair or maintain the subdivided property or any part of it for which the association is responsible that could not have

been reasonably foreseen by the board preparing and distributing the pro forma operating budget. However, prior to the imposition or collection of an assessment under this subdivision, the board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the members with the notice of assessment.

8.07. Assessment Period. The regular assessment period shall commence on January 1 of each year and shall terminate on December 31 of such year, and regular assessments shall be payable in equal monthly installments, unless the board adopts some other basis for collection. The initial regular assessment period for each phase, however, shall commence on the first day of the calendar month following the date of conveyance of the first lot to a purchaser in that phase (the "initiation date") and shall terminate on December 31 of the year in which the initial conveyance is made. The amount of the first regular assessment and all special assessments shall be adjusted according to the number of months remaining in the fiscal year after the initiation date.

8.08. Notice and Assessment Due Dates. The association may, but shall not be required to, give written notice of regular annual assessments unless there is a change in the amount or due date thereof. If any special assessment is levied or if there is a change in the amount or due date of regular assessments, the association shall be required to give a single written notice thereof at least fifteen (15) days prior to the due date which shall be specified in the notice. The due date for payment of the assessment installments shall be the first day of each month, unless some other date is established by the board. 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 board from time to time, not to exceed the amount permitted by applicable law. Interest on all sums imposed in this Article, including the delinquent assessment, reasonable costs of collection and late payment penalty, at an annual percentage rate of twelve percent (12%) per annum, shall commence thirty (30) days after the assessment becomes due.

8.09. Estoppel Certificate. The board or 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, the owner is in default as to his lot 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 board or 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, but such reliance may not extend to any default involving the payment of assessments of which the signer had no actual knowledge.

ARTICLE 9. ENFORCEMENT OF ASSESSMENT OBLIGATIONS.

9.01. Delinquency and Remedies of Association. If any assessment, regular or special, or any portion thereof, is not paid within fifteen (15) days of the date when due, then such assessment or portion thereof shall become delinquent. The amount of such assessment, together with late payment penalty and interest specified in Section 8.09 above, and costs of collection as provided below, shall become a continuing lien on the lot against which such assessment was made from and after the time the association causes a notice of delinquent assessment to be recorded as set forth in Section 9.02 below. In addition to all other legal and equitable rights or remedies, the association 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 9.02 below, bring an action to foreclose the lien against the lot. There shall be added to the amount of the delinquency plus late payment penalties and interest all costs and expenses, including reasonable attorneys' fees incurred by the 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 as to each and every lot owned by him to the association for the purpose of collecting delinquent assessments. Each owner vests in the 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.

9.02. 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, is recorded with the El Dorado 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 being assessed, the name of the record owner or reputed owner thereof, the

name and address of the association as claimant and, in order for the lien to be enforced by nonjudicial foreclosure as provided in Section 9.03 below, the name and address of the trustee authorized by the association 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.

9.03. Foreclosure Sale. Any such sale provided for above shall be conducted in accordance with the provisions of Sections 2924, 2924b and 2924c, 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. The association, through its duly authorized agents, shall have the power to bid on the lot at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

9.04. Curing of Default. Upon the timely curing of any default for which a notice of delinquent assessment was recorded by the association, the officers of the association 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 the 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.

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

9.06. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first deed of trust or mortgage now or hereafter placed upon any of the lots within the development subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such lot pursuant to a decree of foreclosure, or the exercise of the power of sale contained in such first deed of trust or mortgage. Such sale or transfer shall not relieve such lot from

liability for any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

ARTICLE 10. PROTECTION OF MORTGAGEES.

10.01. Mortgage Permitted. Any owner may encumber his lot with a mortgage.

10.02. 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, 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 first mortgage made in good faith and for value encumbering any lot. 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.

10.03. 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 noncurable or not feasible to cure, shall be final and binding on all mortgagees.

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

10.05. Relationship with Assessment Liens.

A. The liens created under Article 8 hereof shall be subordinate to the lien of any first mortgage which was recorded prior to the date any such assessment becomes due.

B. If any lot 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 any thing set forth in this declaration shall not operate to affect or impair the lien of such

mortgage; and (2) the foreclosure of the lien of said mortgage or 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.

C. Any mortgagee who obtains title to a lot by reason of any of the events of foreclosure, or any purchaser at a private or judicial foreclosure sale, shall take title to such lot free of any lien or claim for unpaid assessments against such lot which accrue prior to the time such mortgagee or purchaser comes into possession of the lot, except for liens or claims for a share of assessments resulting from a reallocation of such assessments.

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.

10.06. Notice to First Mortgagees Upon Request. Upon written request to the 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:

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;

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;

C. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the association.

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

A. All lot 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

association rules and any other rules concerning the project and the books, records and financial statements of the association. Such inspection shall be upon request, during normal business hours or under other reasonable circumstances.

B. All holders, insurers or guarantors of a first mortgage shall be entitled, upon written request, to have an audited financial statement for the immediately preceding fiscal year of the association, free of charge to the party so requesting. Such financial statement shall be furnished within a reasonable time following such request.

C. Any first mortgagee shall, upon written request to the association, be entitled to receive written notice of all annual and special meetings of the members of the board, 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; 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.

10.08. 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, a mortgagee who comes into possession of a lot pursuant to a judicial foreclosure, a deed in lieu of foreclosure or a trustee's sale shall be exempt therefrom.

10.09. Mortgagees' Right to Cure Defaults. First mortgagees of lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against all or a portion of any common area of the development and may pay overdue premiums on hazard insurance policies, for such common property, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the association.

10.10. 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.

10.11. Distribution Rights. No provision of this declaration, or the articles or the bylaws of the association, or any rules and regulations established thereunder, shall be deemed to give an owner, or any other party, priority over any rights of first mortgagees of a lot pursuant to their mortgages in the case of a distribution to owners of insurance proceeds or condemnation awards for losses to or a taking of lots.

ARTICLE 11. CONDEMNATION.

11.01. Common Area. If part or all of the property is taken by any authority having the power of eminent domain, the association shall represent the owners in any condemnation proceedings or in any negotiations, settlements and agreements with the condemning authority for acquisition of the common areas, or part thereof, or in litigation of the issues with respect to the compensation to be paid. Each owner hereby designates the association as his attorney-in-fact for such purposes. All compensation and damages, exclusive of that paid for individual lots, shall be payable to the association as trustee for all owners and mortgagees as their interests may appear. Upon receipt of the award the association shall determine, upon the vote or written consent of seventy-five percent (75%) of the members, whether the award is sufficient to repair and restore the property and whether it is practicable to do so. If the association determines to rebuild, the board shall levy a special assessment to cover any reconstruction costs not compensated by the award. If the association determines not to rebuild, the board shall prepare a new subdivision map for the remaining property and shall distribute the award to the owners and mortgagees as their interests appear.

11.02. Lots. If the taking involves individual lots, the owner directly affected shall represent and negotiate for himself with respect to the damages and compensation for such taking. Within ninety (90) days of the taking, the association shall determine, upon the vote or written assent of seventy-five percent (75%) of the members, whether or not the taking so affects the affected lots and improvements thereon that they cannot be restored or replaced. Upon making the determination, the following provisions shall apply:

A. If the association determines that the lots and improvements thereon can be restored, the award shall be distributed to the board of directors as trustee and the board shall restore the lots and improvements, and distribute any excess award as provided in Section 11.01 above, that is, to the lot owners and their mortgagees, as their interests appear. In the event that the award is not sufficient to cover the cost of rebuilding or restoration, the owners of such lots shall be obligated to contribute such funds as shall be necessary to pay their proportionate share of the cost of rebuilding or

restoring, over and above the award. The proportionate share of each such owner or owners shall be the amount by which the cost of repair or restoration of his lot exceeds that owner's share of the total award. If any owner fails to pay his or her proportionate share, the association may levy a special assessment against the lot or such owner, which may be enforced under the lien provisions contained in Article 9 or in any other manner provided in this declaration.

B. If the association determines that the lots and improvements thereon cannot be restored, the board shall, within thirty (30) days of the award, determine the allocation of the award between the common area and the affected lots and shall distribute the compensation to the owners and the mortgagees, as their interests appear.

ARTICLE 12. LIMITATION OF RESTRICTIONS ON DECLARANT

12.01. Completion and Sale of Development. This Amendment is being adopted in conjunction with the acquisition of lots <106> through <198> of The Summit by the Developer, for purposes of development and resale. As to the Developer only, the association, through the board of directors, agrees to cooperate, in good faith, in the implementation of reasonable sales and marketing programs, such as the erection of tasteful signage at the principal entrance to the Development, developing a program for reasonable access to the Development by prospective lot purchasers and such other arrangements as may be negotiated between the association and the Developer. The association, in the board's sole and absolute discretion, may extend the provisions of this Article 12 to any other person who acquires two or more lots for development and resale within any portion of the Development, although the association shall have no obligation to do so.

12.02. 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 and rights-of-way.

12.03. Reservation of Easements. Declarant hereby reserves a nonexclusive easement for common driveway purposes, for drainage and encroachment purposes, and for ingress to and egress from the common area for the purpose of entry onto and completion of the annexation of the property described in Exhibit "E." These easements are temporary in nature and shall terminate automatically upon the expiration of the time period for annexation specified in Section 13.03 of this declaration.

ARTICLE 13. ANNEXATION.

13.01. Phase 1. The real property which is described in Exhibit "A" and which shall initially be subject to this declaration is referred to herein Phase 1.

13.02. Additions. Any or all of the real property described in Exhibit "E" may be annexed to and become subject to this declaration by any of the methods hereinafter set forth, but in no event shall the number of units annexed exceed 125.

13.03. Additions by Declarant. If declarant shall develop or cause to be developed additional real property within the area described in Exhibit "E" attached hereto, declarant shall have the right to annex such additional real property to Phase 1 and to bring such real property within the general plan and scheme of this declaration without the approval of the association, its board of directors or members; provided, however, that said right of declarant shall terminate three (3) years from the date of the issuance of the original public report for the immediately preceding phase of the development, or seven (7) years from the date of recording of this declaration, whichever occurs first.

13.04. Other Additions. In addition to the provision for annexation specified in Section 13.03 above, additional real property may be annexed to Phase 1 and brought within the general plan and scheme of this declaration upon 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. Upon obtaining the requisite approval pursuant to this Section 13.04, the owner of any real property who desires to annex it to Phase 1 and add it to the general plan and scheme of this declaration and subject it to the jurisdiction of the association shall file of record a supplemental declaration as more particularly described in Section 13.06 below.

13.05. Conveyances of Common Area. Prior to the conveyance of any lot within the real property annexed from the area in Exhibit "E" attached hereto, to the purchaser thereof for residential purposes, fee simple title to the common area within said annexed real property, if any, shall be conveyed to the association, 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.

13.06. Supplemental Declaration. The additions authorized under Sections 13.03 and 13.04 hereof shall be made by filing of record a supplemental declaration, declaration of annexation or other similar instrument, with respect to the additional real property which shall be executed by declarant or the owner thereof and shall extend the general plan and scheme of this declaration to such real property. The filing of record of such instrument 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 The Summit 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 in said real property shall automatically become members of the association.

Such instrument 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 instrument revoke, modify or add to the covenants, conditions and restrictions established by this declaration as the same pertain to Phase 1, except as hereinafter may be provided.

13.07. Taxes and Assessments. All taxes and other assessments relating to the property in phases authorized under Sections 13.03 and 13.04 hereof, covering any period prior to the additions of such property, shall be paid or otherwise satisfactorily provided for by the declarant.

13.08. Improvements. All intended improvements in phases authorized under Sections 13.03 and 13.04 hereof shall be substantially completed prior to annexation

and shall be consistent with the initial improvements of Phase 1 in terms of quality of construction.

13.09. 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 "G."

ARTICLE 14. MISCELLANEOUS PROVISIONS.

14.01. Enforcement. The association, or any owner, shall also 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 or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The association shall have the authority to order the abatement or removal of any construction, alteration or other matter for which approval of the architectural control committee is required, if the same has not been approved by the committee or does not conform to the plans submitted. No work for which architectural approval is required shall be deemed approved simply because it has been completed without a complaint, notice of violation or injunction. In the event of any legal proceedings to enforce any provision of this declaration, the prevailing party shall be entitled to reasonable attorneys' fees as well as the costs of such proceeding.

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

14.03. Consent of County to Modification. Notwithstanding the provisions of Section 14.06, no modification or amendment of Section 2.01, 2.02, 5.01, 7.03 or 14.04 or this Section 14.03 shall be effective without the prior written consent of the County of El Dorado.

14.04. Enforcement Rights of the El Dorado Hills Community Services Districts. The property is subject to the Development Agreement and the Landscape CC&Rs. As required by Section 12.03 of the Landscape CC&Rs, the El Dorado Hills Community Services District ("District") shall have standing to bring an action in its own right, in the name of declarant or in the name of any successor or assign of declarant, including, but not limited to, the association, to enjoin any violation of or enforce the landscaping requirements of the Landscape CC&Rs. In any such action brought by the District, the District, if it prevails, shall be entitled to the actual cost of such enforcement or

maintenance, and, in addition, liquidated damages in the amount of fifty percent (50%) of the cost of such enforcement or maintenance, plus reasonable attorneys' fees.

14.05. Term. The covenants and restrictions of this declaration shall run with and bind the land, for a term of twenty (20) years from the date this declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

14.06. Amendment. After the issuance of the final subdivision public report pertaining to the development, this declaration may be amended or revoked in any respect by the vote or written consent of a majority of members voting, provided that not less than twenty-five percent (25%) of the membership has voted. However, if any provision of this declaration requires a greater or lesser percentage of the voting rights in order to take affirmative or negative action under such provision, the same percentage of such class or classes of members shall be required to amend or revoke such provision. Similarly, if the consent or approval of any governmental authority, mortgagee or other person, firm, agency or entity is required under this declaration with respect to any amendment or revocation of any provision of this declaration, no such amendment or revocation shall become effective against such governmental authority, mortgagee or other person, firm, agency or entity, or their successors, unless such consent or approval is obtained. Any amendment or revocation subsequent to the close of the first lot sale shall be evidenced by an instrument certified by the secretary or other duly authorized officer of the association and shall make appropriate reference to this declaration and its amendments and shall be acknowledged and recorded in the office of the El Dorado County Recorder.

14.07. Mergers and Consolidations. To the extent permitted by law, the association may participate in mergers and consolidations with other nonprofit associations organized for the same purposes as this association, provided that any such merger or consolidation shall have the written consent of all of the members or the assent by vote of two-thirds (2/3) of each class of members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance.

14.08. Membership Appurtenant. No purchaser or owner of any lot shall convey his interest in any such lot without simultaneously conveying interest 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 to which his membership attaches, and the membership shall be transferred only to a new owner or purchaser of the lot to which membership attached. A conveyance of a lot shall be presumed to convey that lot's appurtenant membership. 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 facilities controlled by the association.

14.09 Financing Improvement of the Common Area. Subject to any limitations in Article 10 of this declaration, 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 common area and to mortgage said common area. The right of such mortgage in the common area shall be subordinate to the right of the owners hereunder.

14.10. Enforcement of Bonded Obligations. With regard to any common area improvements which are to be completed by declarant but which are not completed prior to the issuance of the public report pertaining to the properties, the 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 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:

A. The board of directors of the association shall consider and vote on the question of action by the 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 board of

directors 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.

B. If the board of directors, 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 board of directors. Such special meeting shall be held if there is presented to the board of directors a petition therefor, 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 board of directors shall thereafter implement that decision by initiating and pursuing appropriate action in the name of the association.

14.11. Western Lots. Owners of the Western Lots shall have and are granted herewith an easement over Lot F for ingress to and egress from Francisco Drive and other public streets accessible to the owners in The Summit. Such easement shall include the right to a keycard, pass or other means of utilizing any and all security facilities maintained by the association. No charge, fee or assessment shall be levied or imposed by the association upon the owner or resident of any Western Lot without the prior explicit consent of such owner or resident.

ARTICLE 15. 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 real 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 providing the contract or agreement is enforced by declarant, if necessary.

ARTICLE 16. LIST OF EXHIBITS.

- A - Legal Description of the Property
- B - Subdivision Map
- C - Description of Common Area
- D - Fence Specifications
- E - Description of Property that may be Annexed
- F - Description of the Western Lots
- G - Commitment

On September 10, 2009, the foregoing restatement of the CC&Rs was approved by a majority of the voting power of the Members of the Association, in accordance with the procedures for adopting amendments set forth in section 14.06 of the Declaration. The due approval of this restatement is attested by the execution of this Amendment by duly authorized officers of the Association, as required by Section 1355(a) of the California Civil Code. As so restated, the easements, covenants, restrictions and conditions set forth in the Declaration shall run with the Development and all of the lots, parcels and common areas located therein and shall be binding upon all parties having or acquiring any right, title or interest in the Development or any portion thereof, and shall inure to the benefit of each Owner of any portion thereof.

DATED: SEPTEMBER 11, 2009

LAKE FOREST-SUMMIT OWNERS
ASSOCIATION, a California nonprofit
mutual benefit corporation

By: _____

John Poimiroo, President

By: _____

Will Overholtzer, Secretary