RECORDED AT THE REQUEST OF AND
WHEN RECORDED RETURN TO:

Martin Boone
Sherman & Boone
1260 41st Avenue, Suite O
Capitola, CA 95010

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS THE LAKES RV PARK

TABLE OF CONTENTS

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

OF

THE LAKES RV PARK

	Page No.
ARTICLE I – DEFINITIONS	1
ARTICLE II -- PROPERTY RIGHTS	3
Section	
2.01 Title to Homeowner's Association Common Area	3
2.02 Owners' Easement of Enjoyment	3
2.03 Delegation of Use	4
2.04 Guest Parking	4
2.05 Non-Severability of Component Interests	4
2.06 Destruction of Common Area Improvements	4
2.07 Eminent Domain -- Common Area	5
2.08 Declarant's Obligation to Complete the Common Area Improvements	5
2.09 Annexation of Additional Parcels	6
a. Annexation Pursuant to Election of Declarant	6
b. Annexation Pursuant to Approval	6
c. Declaration of Annexation	6
d. Effect of Annexation	6
2.10 Delivery of Documents to the Association	6
2.11 Use of Golf Course	8
2.12 Use of Outside Recreational Facilities	8
ARTICLE III -- MEMBERSHIP AND VOTING RIGHTS	9
Section	
3.01 Membership	9
3.02 Transferred Membership	9
3.03 Membership Classes and Voting Rights	9
3.04 Joint Owner Disputes	10

ARTICLE IV -- COVENANT FOR MAINTENANCE ASSESSMENTS OF COMMON AREA 10

Section
4.01 Creation of the Lien and Personal Obligations of Assessments 10
4.02 Purpose of Assessment 11
4.03 Regular Assessments 12
4.04 Special Assessments for Capital Improvements 13
4.05 Reserve Fund Procedures 13
4.06 Notice and Quorum for Any Action Authorized Under Section 4.03, 4.04 14
4.07 Rate of Assessment 14
4.08 Due Dates for Regular and Special Assessments 14
4.09 Effect of Nonpayment of Assessments; Remedies of the Association 14
4.10 Transfer of Lot by Sale or Foreclosure and Priority of First Lender 15
4.11 Priorities; Enforcements; Remedies 15
4.12 Disciplinary Proceedings 16
4.13 Unallocated Taxes 17

ARTICLE V -- DUTIES AND POWERS OF THE ASSOCIATION 17

Section
5.01 Maintenance 17
5.02 Maintenance of Lots 18
5.03 Insurance 18
5.04 Discharge of Liens 19
5.05 Assessments 19
5.06 Payment of Expenses 19
5.07 Enforcement 19
5.08 Utility Service 19
5.09 Easements 19
5.10 Manager 19
5.11 Assessments, Liens and Fines 20
5.12 Dedication 20
5.13 Contracts 20
5.14 Delegation 20
5.15 Option of Rules 20
5.16 Access 21
5.17 Preparation and Distribution of Documents 21
5.18 Additional Association Powers 21
5.19 Rental Service 22

ARTICLE VI – UTILITIES 22

Section
6.01 Owners' Rights and Duties 22
6.02 Easements for Utilities and Maintenance 23
6.03 Association's Duties 23

ARTICLE VII – USE RESTRICTIONS 23

Section
7.01 Restrictions on Structures 23
7.02 Usage 24
7.03 Clubhouse Activities 24
7.04 Signs 24
7.05 Animals 24
7.06 Garbage and Refuse Disposal 25
7.07 Architectural Control 25
7.08 Clothes Lines 26
7.09 Power Equipment and Car Maintenance 26
7.10 Liability of Owners for Damage to Common Area 26
7.11 Sports Apparatus 26
7.12 Recreational Vehicle Restrictions 26
7.13 Drainage Alterations 27
7.14 Use of the Common Area 27
7.15 Adjacent Agricultural Operations 27
7.16 PG&E High Voltage Electric Transmission Lines 27
7.17 Lakes 27

ARTICLE VIII -- GENERAL PROVISIONS

Section
8.01 Enforcement 28
8.02 Severability 28
8.03 Term 28
8.04 Amendments 28
8.05 Encroachment Easements 29
8.06 Rights of First Lenders 29
8.07 Notices 29
8.08 Termination of Any Responsibility of Declarant 29
8.09 Owner's Compliance 29

ARTICLE X – DESTRUCTION - DUTY TO REBUILD - INSURANCE 30

Section
10.01 Association Fire Insurance 30
10.02 Individual Insurance 31

ARTICLE XI – LIMITATION OF LIABILITY AND INDEMNIFICATION 31

Section

11.01 Limitation of Liability 31

11.02 Indemnification 31

SIGNATURE(S) 32

NOTARY 33-36

DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION is made on the date hereinafter set forth by The Lakes RV Park, LLC, a California limited liability company, Jon M. LeFebvre, Alice L. Schmitt-LeFebvre and Laurie Ann Rivoir, Trustee of the Rivoir Living Trust dated March 13, 1998, hereinafter referred to collectively as "Declarant", being the owner of certain real property situated in the County of Madera, State of California, more particularly described as follows:

> Lots 1-87, inclusive, Common Area Lot 88, and Outlots B, C, D, E, F, G, H, I, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, BB, and CC, as shown on the map entitled Tract 04-28, The Lakes RV and Golf Resort, recorded on _____, 2005, in Book _____ of Maps at Page _____, Madera County Records.

Declarant does hereby declare, for the purpose of establishing a general plan for the creation of a planned residential development, within the meaning of California Civil Code Section 1351(k), that all of the property described above shall be held, occupied, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, liens and charges, set forth hereinafter, all of which shall run with the real property described above and shall be binding on all parties having any right, title or interest therein or in any thereof, their heirs, successors and assigns, and which shall inure to the benefit of each Owner thereof, and all of which are imposed upon said real property and every part hereof as a servitude in favor of each and every lot thereof as the dominant tenement and may be enforced by Declarant, or his or her successors and assigns, each Owner, his or her successors and assigns, or by the Association, its successors and assigns.

ARTICLE I

DEFINITIONS

Section 1.01. "Association" shall mean and refer to The Lakes RV Park Owners Association, a Nonprofit Mutual Benefit Corporation, its successors and assigns, the members of which shall be the Owners of lots in the project.

Section 1.02. "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating and managing the property which is to be paid by each lot Owner as determined by the Association.

Section 1.03. "Board" or "Board of Directors" shall mean and refer to the governing

body of the Association.

Section 1.04. "By-Laws" shall mean and refer to the By-Laws of the Association as amended from time to time.

Section 1.05. "Common Area" shall mean and refer to all of the property described as Lots 1-87, inclusive, and Common Area Lot 88, and Outlots B, C, D, E, F, G, H, I, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, BB, and CC, on the above-described subdivision map.

Section 1.06. "Common Expense" means and includes the actual and estimated expenses of operating the Common Area and any reasonable reserve for such purposes as found and determined by the Board and all sums designated, and expenses by or pursuant to the project documents.

Section 1.07. "Declarant" shall mean and refer to The Lakes RV Park, LLC, a California limited liability company, Jon M. LeFebvere, Alice L. Schmitt-LeFebvere and Laurie Ann Rivoir, Trustee of te Rivoir Living Trust dated March 13, 1998, and its successors and assigns.

Section 1.08. "Declaration" shall mean and refer to this enabling declaration, as amended or supplemented from time to time.

Section 1.09. "Eligible Mortgage Holder" shall mean a first lender who has requested notice of certain matters from the Association in accordance with Section 9.06c.

Section 1.10. "Eligible Insuror or Guarantor" shall mean an insuror or governmental guarantor of a first mortgage who has requested notice of certain matters from the Association in accordance with Section 9.06c.

Section 1.11. "First lender" shall mean any person, entity, bank, savings and loan Association, insurance company or financial institution holding a recorded first mortgage on any lot.

Section 1.12. "Lot" shall mean and refer to any of Lots 1-87, inclusive, as shown on the Map.

Section 1.13. "Map" shall mean and refer to that subdivision map entitled Tract 04-28, The Lakes RV and Golf Resort, Recorded on _____, 2005, I Book _____, of Maps at Page _____, Madera County Records.

Section 1.14. "Member" shall mean and refer to a person entitled to membership in the Association as provided herein.

Section 1.15. "Owner" shall mean and refer to the record fee title Owner, whether one or

more persons or entities, of a fee simple title to any lot which is a part of the properties, except if a lot is sold under a recorded contract of sale, the contract purchaser, rather than the fee Owner, shall be considered the "Owner". "Owner" shall not include persons or entities who hold an interest in a lot merely as security for the performance of an obligation.

Section 1.16. "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

Section 1.17. "Project" shall mean and refer to the entire real property above-described.

Section 1.18. "Project Documents" shall mean this declaration, as amended from time to time, the exhibits, if any, attached thereto, together with the other basic documents used to create and govern the project, including the map, the articles, and the By-Laws.

ARTICLE II

PROPERTY RIGHTS

Title to Homeowner's Association Common Area

Section 2.01. At any time prior to the conveyance of the first Lot in the project, Declarant shall convey to the homeowners Association fee simple title to the Common Area, free and clear of all liens and encumbrances, 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 document.

In connection with the conveyance of the Common Area to the Association, Declarant may reserve easements for a period of time not to exceed three years for the nonexclusive use of any driveways on the Project, for drainage and encroachment purposes, and for ingress to and egress from the Common Areas for the purpose of completing improvements thereon or for the performance of necessary repair work. In addition to the foregoing, in the case of a phased project, Declarant may reserve an easement for entry onto the Project in connection with the development of additional phases.

Owners' Easement of Enjoyment

Section 2.02. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and pass with title to every Lot, subject to reasonable rules and regulations from time to time set by the Association as well as the right of the Association to dedicate or transfer a portion of the Common Area to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed to by said members, so long as the dedication or transfer shall be for the general benefit of the Association and its members.

Delegation of Use

Section 2.03. Any owner may delegate his or her rights of use and enjoyment of the Common Area and the facilities to the members of his or her family, his or her guests, tenants, employees, and invitees, and to such other persons as may be permitted by the Bylaws and the Association rules, subject however to this Declaration. However, if an owner has sold his or her Lot to a contract purchaser or has leased or rented it, the owner, members of the owner's family, guests, tenants, employees, and invitees shall not be entitled to use and enjoy any of such rights while the owner's lot is occupied by the contract purchaser or tenant. Instead, the contract purchaser, or tenant, while occupying such lot, shall be entitled to use and enjoy such rights, including the recreational facilities, and can delegate the rights of use and enjoyment in the same manner as if such contract purchaser or tenant were an owner during the period of his or her occupancy. Each owner shall notify the Secretary of the Association of the names of any contract purchasers or tenants of such owner's lot. Each owner, contract purchaser, or tenant shall also notify the Secretary of the Association of the names of all persons to whom such owner, contract purchaser, or tenant has delegated any rights of use and enjoyment and the relationship that each such person bears to the owner, contract purchaser, or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of owners. No such delegation shall relieve an owner from liability to the Association or to other owners for payment of assessments or performance of the covenants, conditions and restrictions contained in this Declaration. The Association and each owner shall have a right of action directly against any tenant or contract purchaser of an owner, as well as against the owner, for nonperformance of any of the provisions of this declaration to the same extent that such right of action exists against such owner.

Guest Parking

Section 2.04. Except as otherwise modified by the Board, all parking spaces in the Common Area may be used by all owners and their tenants and guests.

Non-Severability of Component Interests

Section 2.05. An owner shall not be entitled to sever his or her lot from his or her membership in the Association, and shall not be entitled to sever his or her lot and his or her membership from his or her interest in and to the Common Area, as provided in Section 2.02 above. Any attempt to sever an owner's interest in and to the Common Area from the ownership of his or her lot, shall be void. After the initial sale of each lot, any conveyance of the lot by the owner shall be presumed to convey all of the owner's right and easement of enjoyment in and to the Common Area.

Destruction of Common Area Improvements

Section 2.06. In the event of a partial or total destruction of the improvements upon the Common Area, it shall be the duty of the Association to restore and repair the same to their former condition as promptly as is practicable and in a lawful and workmanlike manner. The

proceeds of any insurance maintained pursuant hereto shall be used for such purpose, subject to the prior rights of mortgagees whose interests may be protected by said policies. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be at least ninety-five percent (95%) of the estimated cost of restoration and repair, a reconstruction assessment, with each owner contributing equally as provided in Section 4.07, may be levied by the Association to provide the necessary funds for such reconstruction and repair, over and above the amount of any insurance proceeds available for such purpose.

In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be less than ninety-five percent (95%) of the estimated cost of restoration and repair, the improvements shall not be replaced or restored unless approved by the vote or written consent of members entitled to exercise two-thirds (2/3) of the voting power of the membership of the Association. In such event if the members do not elect to rebuild the improvements, the insurance proceeds received by the Association on account of the destruction of the Common Area shall be distributed by the Association among owners of lots and their respective mortgagees proportionately based upon the respective selling prices of the lots in the original sales of the lots by the Declarant.

Eminent Domain - Common Area

Section 2.07. The term "taking" as used in this Section shall mean condemnation by eminent domain or sale under threat of condemnation. In the event of a threatened taking of all or any portion of the Common Area, the members hereby appoint the Board of the Association and such persons as the Board of the Association may delegate to represent all of the members in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemner in lieu of engaging in a condemnation action. Any awards received on account of the taking shall be paid to the Association. In the event of a taking of less than all of the Common Area, the rules as to restoration and replacement of the Common Area and the improvements thereon shall apply as in the case of destruction of improvements upon the Common Area. In the event of a total taking, the Board shall retain any award in the general funds of the Association. Notwithstanding anything to the contrary in this section, the distribution of any award or awards for taking of all or any portion of the Common Area shall be subject to the prior rights of mortgagees under deeds of trust.

Declarant's Obligation to Complete the Common Area Improvements

Section 2.08 . In the event that there are Common Area improvements which have not been completed prior to close of escrow on the sale of any first lot, and where the Association is the obligee under a bond or other arrangement to secure performance of the commitment of Declarant to complete said improvements, the Board 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 shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after expiration of the extension. A special meeting of members of the Association for the purpose of voting to override a decision of the Board not to initiate action to enforce the obligations under the bond or on the failure of the Board to consider and vote on the question shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such a meeting signed by members representing five (5%) percent of the total voting power of the Association. At such special meeting, a vote of a majority of the members of the Association, other than Declarant, shall be required to take action to enforce the obligations under the bond, and a vote of a majority of the voting power of the Association, excluding Declarant, shall be deemed to be the decision of the Association, and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

Annexation of Additional Parcels

Section 2.09. Additional parcels may be annexed to become subject to this declaration in accordance with the following provisions:

a. **Annexation Pursuant to Approval.** Upon approval in writing of the Association, pursuant to vote or written consent of a two-thirds (2/3) majority of the voting power of its members, excluding the Declarant, and the approval of the Department of Real Estate of the State of California, all mortgagees of lots, the Association and the owner of any property who desires to add it to the scheme of this declaration and to subject it to the jurisdiction of the Association, may file of record a declaration of annexation in the manner described below.

b. **Declaration of Annexation.** A declaration of annexation shall be recorded covering the applicable portion of the property to be annexed. Said declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this declaration as may be necessary to reflect the different character, if any, of the added property, and as are not inconsistent with the scheme of this declaration.

c. **Effect of Annexation.** Upon annexation, the property annexed shall become subject to this declaration without the necessity of amending individual sections hereof. Assessments collected from owners in the property may be expended by the Association without regard to the particular phase from which such assessments came. All owners shall have ingress and egress to and use of all portions of the Common Area throughout the property, subject to the provisions of this declaration, the By- Laws of the Association, and to the rules and regulations of the Association in effect from time to time.

Delivery of Documents to the Association

Section 2.10. Commencing not later than ninety (90) days after the close of escrow of the first interest in the subdivision, copies of the documents listed below, as soon as readily

obtainable, shall be delivered by Declarant to the Board of Directors of the Association at the office of the Association, or at such other place as the Board of Directors of the Association shall prescribe. The obligation to deliver the documents listed below shall apply to any documents obtained by the Declarant no matter when obtained, provided, however, such obligation shall terminate upon the earlier of (1) the conveyance of the last subdivision interest covered by a subdivision public report or (2) three years after the expiration of the most recent public report, on the subdivision:

(1) The recorded subdivision map or maps for the project.

(2) The deeds and easements executed by the subdivider conveying the Common Area or other interest to the Association, to the extent applicable.

(3) The recorded covenants, conditions and restrictions for the subdivision, including all amendments and annexations thereto.

(4) The Association's filed articles of incorporation, if any, and all amendments thereto.

(5) The Association's bylaws and all amendments thereto.

(6) All architectural guidelines and all other rules regulating the use of an owner's interest in the subdivision or use of the Common Area which have been promulgated by the Association.

(7) The plans approved by the local agency or county where the subdivision is located for the construction or improvement of facilities that the Association is obligated to maintain or repair; provided, however, that the plans need not be as-built plans and that the plans may bear appropriate restrictions on their commercial exploitation or use and may contain appropriate disclaimers regarding their accuracy.

(8) All notice of completion certificates issued for Common Area improvements (other than residential structures).

(9) Any bond or other security device in which the Association is the beneficiary.

(10) Any written warranty being transferred to the Association for Common Area equipment, fixtures or improvements.

(11) Any insurance policy procured for the benefit of the Association, its Board of Directors or the Common Area.

(12) Any lease or contract to which the Association is a party.

(13) The membership register, including mailing addresses and telephone numbers,

books of account and minutes of meetings of the members, of the Board of Directors and of committees of the Board of Directors of the Association.

(14) Any instrument referred to in Section 11018.6(d) but not described above which establishes or defines the common, mutual or reciprocal rights or responsibilities of the members of the Association.

Commencing not later than 90 days after the annexation of additional phases to the subdivision, copies of those documents listed above which are applicable to that phase, shall, as soon as readily obtainable, be delivered by the Declarant to the Board of Directors of the Association at the office of the Association, or at such other place as the Board of Directors of the Association shall prescribe. The obligation to deliver the documents listed above shall apply to any documents obtained by Declarant no matter when obtained, provided, however, such obligation shall terminate upon the earlier of (1) the conveyance of the last subdivision interest covered by a subdivision public report or (2) three years after the expiration of the most recent public report, on the subdivision.

Use of Golf Course

Section 2.11. The Pheasant Run Golf Club is owned by Pheasant Run, LLC, and is not part of the Association. Except as provided in Section 2.12 below, Owners or occupants of the Project shall have no special right nor any obligation to use the golf course, or related improvements. Membership in the golf course may be made available to Owners; however, no Owner is entitled to membership in the golf course or any other facility which is not part of the Common Area.

Each Owner understands and acknowledges that neither the Owner nor the Association has any right to compel the owner of the golf course to maintain the golf course or any improvements thereon to any particular standard of care and that the appearance of the golf course and improvements are determined solely by the owner of the golf course in its discretion.

Use of Outside Recreational Facilities

Section 2.12. Declarant has entered into an Interdeveloper Agreement and Covenants for Development, Maintenance and Contribution ("Interdeveloper Agreement"), a memorandum of which was recorded on December 1, 2004 as Document No. 2004053225, Madera County Official Records. The Interdeveloper Agreement provides in part that no more than two occupants per lot in the Project shall have the right to use the Pheasant Run Golf Course, tennis court, and other recreational facilities . Golf course use shall be limited to 18 holes per day per occupant, and only after 11:00 a.m. Friday-Sunday. In addition, groups over eight players are subject to the Pheasant Run Gold Course Club Tournament Rules at 50% of the standard rates. In addition, residents and guests of the Project shall have the right to use the tennis court on the property described in Tract Map No. 04-18, Village East at Pheasant Run, recorded on October 8, 2004, in Book 53 of Maps, Page 102, Madera County Records, for so long as social members of the Pheasant Run Golf Course continue to have use of the recreational facilities on said

property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Membership

Section 3.01. The owner of a lot shall automatically, upon becoming the owner of same, be a member of the Association, and shall remain a member thereof until such time as his or her ownership ceases for any reason, at which time his or her membership in the Association shall automatically cease. Membership shall be held in accordance with the Articles and By-Laws of the Association.

Transferred Membership

Section 3.02. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of the lot to which it is appurtenant, and then only to the new fee owner or contract purchaser, in the case of a sale, or mortgagee, in the case of an encumbrance of such lot. Upon death of a member, his or her membership passes automatically along with title to his or her lot to his or her heirs. The mortgagee does not have membership rights until he becomes an owner by foreclosure or deed in lieu thereof. Any attempt to make a prohibited transfer is void. No member may resign his or her membership. In the event the owner of any lot should fail or refuse to transfer the membership registered in his or her name to the purchaser of his or her lot, the Association shall have the right to record the transfer upon its books and thereupon any old membership outstanding in the name of the Seller shall be null and void.

Membership Classes and Voting Rights

Section 3.03. Only memberships shall have voting rights, and the Association shall have two classes of voting memberships:

a. Class A members shall be all owners with the exception of the Declarant and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot all such persons shall be members.

b. Class B member(s) shall be the Declarant and shall be entitled to three votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(1) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(2) On the second anniversary of the first close of escrow for the sale of a

subdivision interest to an individual owner.

c. Whenever membership approval is necessary for any action to be taken by the Association or the Board of Directors, except with respect to any action to enforce the obligations of the Declarant as specified in Article II, Section 2.09, the vote or written assent of the designated percentage of each class of membership shall be required during the time that there are two outstanding classes of membership.

d. Whenever the vote or written assent of each class of membership is necessary for the initiation of action by or in the name of the Association, except with respect to any action to enforce the obligations of Declarant as specified in Article II, Section 2.09, any requirement that the vote of the subdivider shall be excluded is not applicable. After the conversion of Class B memberships to Class A memberships, where the vote or written assent of a prescribed majority of the members is required other than Declarant, then except as provided in Article II, Section 2.09 of the Declaration, the vote or written assent of a bare majority of the total voting power of the Association as well as the vote or written assent of a prescribed majority of the total voting power of members other than the Declarant shall be required.

e. Voting rights shall vest either at the time assessments are levied against the owner's lot or as provided in a subsidization plan approved by the California Department of Real Estate.

Joint Owner Disputes

Section 3.04. All votes for each lot for any membership class shall, if at all, be cast as a unit. In the event that joint owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any owner casts a vote or votes representing a certain lot, it will thereafter be conclusively presumed for all purposes that said owner was acting with the authority and consent of all the owners of the lot.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS OF COMMON AREA

Creation of the Lien and Personal Obligations of Assessments

Section 4.01. The Declarant, for each lot owned within the properties, hereby covenants, and each owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) regular assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The regular and special assessments, together with any late charges, reasonable costs of collection (including reasonable attorney's fees) and interest shall be a lien on the owner's interest in the planned development from and after the time the Association causes to be recorded in the recorder's office of the county in which the lot is located, after complying with the requirements of California Civil Code §

1367.1, a notice of delinquent assessment, which shall state the amount of the assessment and other sums imposed in accordance with California Civil Code Section 1366, a legal description of the owner's interest in the common interest development against which the assessment and other sums are levied, the name of the record owner of the owner's interest in the common interest development against which the lien is imposed, and, in order for the lien to be enforced by nonjudicial foreclosure as provided in California Civil Code Section 1367(d), the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice of delinquent assessment shall be signed by the secretary or the president of the Association, and mailed in the manner set forth in Civil Code Section 2924(b) to all record owners of the owner's interest in the project no later than ten (10) calendar days after recordation. Upon payment of the sum specified in the notice of delinquent assessment, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof. Each such assessment, together with any late charges, reasonable costs of collection (including reasonable attorney's fees) and interest shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his or her successors in title unless expressly assumed by them

A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its members shall be annually delivered to the members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.

The Association shall not place a lien upon the interest of any owner to collect amounts due as provided herein unless the Association first notifies the owner in writing by certified mail of the fee and penalty procedures of the Association, provides an itemized statement of the charges owed by the owner, including items on the statement which indicate the principal owed, any late charges, and the method of calculation, any attorneys' fees, and the collection practices used by the Association, including the right of the Association to the reasonable costs of collection. Any payment toward such a debt shall first be applied to the principal owed, and only after the principal owed is paid in full shall such payments be applied to interest or collection expenses.

A monetary penalty imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damaged Common Areas and facilities for which a member or a member's guests or tenants were responsible may become a lien against the member's interest in the planned development enforceable by the sale of the interest under Civil Code Sections 2924, 2924(b), and 2924(c), in accordance with the procedures described above.

Purpose of Assessment

Section 4.02. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the properties and for the improvement and maintenance of the Common Area.

Regular Assessments

Section 4.03.

a. Prior to the first meeting of the Association, the maximum regular assessment under ARTICLE IV shall be as set forth in the Budget Worksheet approved by the California Department of Real Estate.

b. The Board may not impose a regular assessment that is more than twenty percent (20%) greater than the regular assessment for the Association's preceding fiscal year without the approval of owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter V (commencing with Section 7510) of Part III of Division II of Title I of the Corporations Code and Section 7613 of the Corporations Code. For the purposes of this section, quorum means more than 50% of the owners of the Association. The foregoing restriction shall not apply to any assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is any one of the following:

(1) An extraordinary expense required by an order of a court.

(2) An extraordinary expense necessary to repair or maintain the planned development or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered.

(3) An extraordinary expense necessary to repair or maintain the planned development or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget required by the by-laws of the corporation.

c. The Board of Directors shall comply with the provisions of Section 1366 of the Civil Code prior to any increase in assessments.

d. Subject to the limitations on the maximum and minimum amount of assessments herein provided, if at any time during the course of the year the Board shall deem the amount of the regular assessment to be inadequate or excessive, the Board shall have the power at a regular or special meeting, to revise the assessment for the balance of the assessment year, effective on the first day of the month following the date of the revision.

e. During the time the project is subject to an outstanding public report, the Declarant shall notify the Department of Real Estate of any increase of ten percent (10%) over the amount of the regular assessment reflected in the current public report for the project.

Special Assessments for Capital Improvements

Section 4.04. In addition to the regular assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that:

a. The Board may not levy special assessments without complying with the provisions of Section 1366 of the Civil Code.

b. Every special assessment shall be levied on the same basis as that prescribed for the levying of regular assessments.

c. The provisions of this section regarding special assessments do not apply to an assessment levied by the Board of Directors against a member to reimburse the Association for costs incurred in bringing the member and his or her subdivision interest into compliance with provisions of the governing instruments as provided in Section 4.12 below.

Reserve Fund Procedures

Section 4.05.

a. As part of the regular assessment for maintenance authorized above, the Board of Directors shall annually fix the amount to be contributed pro-rata by each member to reserve funds for the purpose of defraying, in whole or in part, the cost or estimated cost of any reconstruction, repair or replacement of improvements, including fixtures and personal property related thereto. Such determination shall be made after consideration of the need for additional funds and of the Association's capital position. The Board shall fix the method of payment of such assessments and shall be empowered to permit either lump sum or monthly payments. Separate records shall be maintained for all funds deposited to the said account, which shall be designated as a "reserve account". The signatures of at least two persons, who shall be members of the Association's Board of Directors, or one officer who is not a member of the Board of Directors and a member of the Board of Directors, shall be required for the withdrawal of monies from the Association's reserve account. Deposits shall be made and funds accounted for so that reserves for capital improvements and for replacement, can be clearly separated from funds for operating expenses.

b. The Board of Directors shall not expend funds designated as reserve funds for any purpose other than those purposes set forth in Section 1365.5 (c) of the Civil Code, and shall otherwise comply with the provisions of Section 1365.5(d) through (g) with regard to reserves.

Notice and Quorum for Any Action Authorized

Under Section 4.03, 4.04

Section 4.06. Any action authorized under Section 4.03 or 4.04 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than ten (10) days nor more than ninety (90) days in advance of the meeting specifying the place, day and hour of the meeting and in the case of a special meeting, the nature of the business to be undertaken. The presence at any such meeting in person or by proxy of members entitled to cast 33-1/3 percent of the total votes of all members shall constitute a quorum, except that in the case of the imposition of a regular assessment that is more than 20% greater than the regular assessment for the Association's preceding fiscal year or the imposition of special assessments which in the aggregate exceed 5% of the budgeted gross expenses of the Association for that fiscal year, the quorum requirement shall be more than 50% of the total voting power of the Association. If a quorum is present and the proposed action is favored by a majority vote of the members present at such meeting, but such vote is less than a majority of the voting power of the Association, including a majority of members other than the Declarant, approval of the action may be obtained by written ballot in accordance with the provisions of California Corporations Code Section 7513.

Rate of Assessment

Section 4.07. All regular assessments shall be charged to and divided among the lot owners according to the ratio of the number of lots owned by each owner assessed to the total number of lots assessed.

Due Dates for Regular and Special Assessments

Section 4.08. The regular assessments provided for herein shall commence as to all lots in a particular phase on the first day of the month following the closing of the first sale of a subdivision interest to an individual owner in that phase. The first regular assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the regular assessment against each lot at least forty-five (45) days in advance of each regular assessment period. The due dates shall be established by the Board of Directors. The Association shall provide notice by first class mail to the owners of all lots of any increase in the regular or special assessments of the Association, not less than 30 nor more than 60 days prior to the increased assessment becoming due. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Effect of Nonpayment of Assessments; Remedies of the Association

Section 4.09. Any assessment payment shall become delinquent if payment is not received by the Association within fifteen (15) days after its due date. If an assessment is

delinquent, the Association may recover all of the following: (1) reasonable costs incurred in

collecting the delinquent assessment, including reasonable attorney's fees; (2) a late charge not exceeding 10% of the delinquent assessment or $10.00, whichever is greater; (3) interest on all sums imposed in accordance with this section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing thirty (30) days after the assessment becomes due.

Transfer of Lot by Sale or Foreclosure and Priority of First Lender

Section 4.10. Sale or transfer of any lot shall not affect the assessment lien. However, a lien for regular or special assessments against an owner shall be subordinate to the lien of any first mortgage or first deed of trust against subdivision interests of the owner, and the sale of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof involving a default under the first encumbrance shall extinguish the lien of assessments which were due and payable prior to the transfer of the subdivision interest. No sale or transfer of a lot as the result of a foreclosure or exercise of the power of sale shall relieve the new owner, whether it be the former beneficiary or the first encumbrance or another person, from liability for any assessments thereafter becoming due or from any lien thereof.

When the mortgagee of a mortgage of record or other purchaser of a lot obtains title to the same as a result of foreclosure of any such mortgage, such acquirer of title, his or her successor and assigns, shall not be liable for the share of the Common Expenses or assessment by the Association which became due prior to the acquisition of title to such lot by such acquirer (except for assessment liens recorded prior to the mortgage). No amendment of the preceding section may be made without the consent of owners of lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated, and the consent of the eligible mortgage holders holding first mortgages on lots comprising fifty-one percent (51%) of the lots subject to first mortgages. Such unpaid share of Common Expenses of assessments shall be deemed to be Common Expenses collectible from all of the lot owners including such acquirer, his or her successors and assigns.

Priorities; Enforcements; Remedies

Section 4.11. When a notice of assessment has been recorded, such assessment shall constitute a lien on each respective lot prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which by law would be superior thereto, and (2) the lien or charge of any first mortgage of record made in good faith and for value.

Such lien, after the expiration of thirty (30) days following the recording of the lien, may be enforced by sale by the Association, its attorneys or other person authorized to make the sale after failure of the owner to pay such assessment in accordance with its terms, such sale to be conducted in accordance with the provisions of Sections 2924, 2924(b), and 2924(c) of the

California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of

trust, or in any other manner permitted by law.

The Association, acting on behalf of the lot owners, shall have the power to bid for the lot at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Where the purchase of a foreclosure lot will result in a five percent (5%) or greater increase in assessments, the purchase shall require the vote or written consent of a majority of the total voting power of the Association, including majority of members other than Declarant. During the period a lot is owned by the Association, following foreclosure: (l) no right to vote shall be exercised on behalf of the lot; (2) no assessment shall be assessed or levied on the lot; and (3) each other lot shall be charged, in addition to its usual assessments, its equal share of the assessment that would have been charged to such lot had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Common Expenses, rent and attorney's fees shall be maintainable without foreclosing or waiving a lien securing the same.

After acquiring title to the lot at foreclosure sale following notice and publication, the Association may execute, acknowledge and record a deed conveying title to the lot which deed shall be binding upon the owners, successors, and all of the parties.

Disciplinary Proceedings

Section 4.12. In addition to all other remedies provided in this Declaration, the Board may temporarily suspend the voting rights of a member who is in default in payment of any assessment, or was otherwise in violation of this Declaration, and may impose reasonably monetary penalties which may be in the form of a special assessment against the member to reimburse the Association for costs incurred in bringing a member and his or her subdivision interest into compliance with provisions of governing instruments, for failure to maintain the member's individual home or front or year yard as provided in Section 5.02, or for the purpose of repairing damage to Common Areas and facilities for which the member was responsible. Prior to any finding of liability or any decision to impose sanctions or penalties, the Board shall notify the member in writing, by either personal delivery or first class mail, at least 10 days prior to the meeting. Notification shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violation for which the member may be disciplined, and a statement that the member has a right to attend and may address the Board at the meeting. The Board shall meet in executive session if requested by the member being disciplined.

If the Board imposes discipline on a member, the Board shall provide the member a written notification of the disciplinary action, by either personal delivery or first class mail, within 15 days following the action. Any dispute between the Association and a member involving their rights, duties, or liabilities under the Declaration shall be subject to the internal dispute resolution process specified in California Civil Code Section 1363.810 and following.

The Association shall not cause a forfeiture or abridgement of an owner's right to the full use and enjoyment of his or her individually-owned subdivision interest on account of the failure

by the owner to comply with provisions of the governing instruments or of duly-enacted rules of operation for Common Areas and facilities except by judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the owner to pay assessments duly levied by the Association. Any 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 or the member's guests or tenants were responsible, may not be treated as an assessment which may become a lien against the members subdivision interest enforceable by sale of the interest in accordance with the provisions of Sections 2924, 2924(b) and 2924(c) of the Civil Code.

The provisions of the preceding paragraph do not apply to charges imposed against an owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorney's fees) in its efforts to collect delinquent assessments.

Notwithstanding any other provision of this Declaration, the Association shall not impose or collect an assessment, penalty, or fee that exceeds the amount necessary for the purpose or purposes for which it is levied.

Unallocated Taxes

Section 4.13. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than against the lots, said taxes shall be included in the assessments made under the provisions of Section 4.01 and, if necessary, a special assessment may be levied against the lots in an amount equal to said taxes to be paid in two installments, thirty (30) days prior to the due date of each tax installment.

ARTICLE V

DUTIES AND POWERS OF THE ASSOCIATION

Maintenance

Section 5.01. The Association shall maintain, repair, replace, restore, operate and manage, all of the Common Area, including roadways, lakes, pumps, water and transmission lines, sewer lines, landscaping, on-site drainage, Common Area fencing, and the Clubhouse on Lot 88. The responsibility of the Association for maintenance and repair shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or neglect of an owner, or his or her guests, tenants, or invitees, the cost of which is not covered by insurance. The cost of repair or replacement resulting from such excluded items shall be the responsibility of each owner; provided, however, that if an owner shall fail to make the repairs or replacements which are the responsibility of such owner, as provided above, then after thirty (30) days notice

to the owner and at public hearing, the Association shall make such repairs or replacements, and the cost thereof shall be paid immediately to the Association by the owner of such lot. Any such amount, together with reasonable costs of collection (including reasonable attorneys' fees) and interest thereon at the legal rate of interest shall be a lien on the owner's interest in the planned development from and after the time the Association causes to be recorded in the Recorder's Office of the county in which the lot is located, a notice of delinquent assessment, which shall state the amount incurred the Association to perform such maintenance, a description of the owner's interest in the common interest development against which the assessment and other sums are levied, the name of the record owner of the owner's interest in the common interest development against which the lien is imposed, and, in order for the lien to be enforced by nonjudicial foreclosure as provided in California Civil Code Section 1367(d), the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice shall be signed by the Secretary or the President of the Association. Upon payment of the sum specified in the notice, the Association shall cause to be recorded a further notice stating the satisfaction release of the lien thereof.

Maintenance of Lots

Section 5.02. Each Owner shall be responsible for maintaining his/her lot and any vehicle on his/her lot in a neat, clean and attractive condition, at all times. Such maintenance shall include keeping the lot free of oil stains, weeds, dead flowers and plants, debris and other objects or materials that are unsightly, unsanitary or offensive to the senses. Each owner shall employ the landscape maintenance contractor designated by the Association from time to time to perform regular maintenance on his/her Lot.

A monetary penalty may be imposed on any owner in accordance with Section 4.12 above for failure to comply with the foregoing maintenance requirements. In addition, if an Owner fails to perform maintenance or repair as required by this section, then after 30 days notice to the Owner and a public hearing, the Association may make such repairs or replacements, and the cost thereof shall be paid immediately to the Association by the Owner of such lot. Any such amount together with (including reasonable attorneys' fees) and interest thereon at the legal rate of interest shall be a lien on the owner's interest in the planned development from and after the time the Association causes to be recorded in the Recorder's Office of the county in which the lot is located, a notice of delinquent assessment, which shall state the amount incurred by the Association to perform such maintenance, a description of the owner's interest in the common interest development against which the assessment and other sums are levied, the name of the record owner of the owner's interest in the common interest development against which the lien is imposed, and, in order for the lien to be enforced by nonjudicial foreclosure as provided in California Civil Code Section 1367(d), the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice shall be signed by the Secretary or the President of the Association. Upon payment of the sum

specified in the notice, the Association shall cause to be recorded a further notice stating the

satisfaction release of the lien thereof.

Insurance

Section 5.03. The Association shall maintain such policy or policies of insurance as are required by Article X of this declaration.

Discharge of Liens

Section 5.04. After notice of hearing as provided in Section 4.12, the Association shall discharge by payment, if necessary, any lien against the Common Area, and assess the cost thereof to the member or members responsible for the existence of said lien.

Assessments

Section 5.05. The Association shall affix, levy, collect, and enforce assessments as set forth in Article IV hereof.

Payment of Expenses

Section 5.06. The Association shall pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes or governmental charges levied or imposed against the property of the Association.

Enforcement

Section 5.07. The Association shall enforce this declaration and has authority to enforce it as per Article IX hereof.

Utility Service

Section 5.08. The Association shall have the authority to obtain, for the benefit of all of the lots, all water, gas and electric service and refuse collection, and cable TV service.

Easements

Section 5.09. The Association shall have the authority by document signed or approved by fifty-one percent (51%) of the total voting power of the Association, including fifty-one percent (51%) of the members other than Declarant, to grant easements in addition to those shown on the subdivision map, when necessary, for utilities, cable television and sewer facilities, over the Common Area, to serve the common and open space areas and the lots.

Manager

Section 5.10. The Association shall have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, except for the responsibility to levy fines, impose discipline, hold hearings, file suit, record and foreclose liens, or make capital expenditures, provided that any contract with a firm or person appointed as a manager or managing agent shall not exceed a one (1) year term, shall provide for the right of the Association to terminate the same at the first annual meeting of the members of the Association, and to terminate the same for cause on thirty (30) days written notice or without cause or payment of a termination fee on ninety (90) days written notice.

Assessments, Liens and Fines

Section 5.11. The Association shall have the power to levy and collect assessments in accordance with the provisions of Article IV hereof. The Association may impose fines or take disciplinary action against any Owner for failure to pay assessments or for violation of any provision of the project documents. Penalties may include but are not limited to: fines, temporary suspension of voting rights, or other appropriate discipline, provided that the accused member is given notice and the opportunity to be heard with respect to the alleged violations before a decision to impose fines or discipline is made, as provided in Section 4.12.

Dedication

Section 5.12. The Association shall have the power to dedicate all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication shall be effective unless an instrument has been signed by fifty-one percent (51%) of the total voting power of the Association, including fifty-one percent (51%) of the members other than Declarant, or where the two class voting structure is still in effect, three-fourths (3/4) of the voting power of each class of members, agreeing to such dedication.

Contracts

Section 5.13. The Association shall have the power to contract for goods and/or services for the Common Area or for the Association, subject to limitations set forth in the by-laws or elsewhere in the project documents.

Delegation

Section 5.14. The Association, the Board and the officers of the Association shall have the power to delegate their authority and powers to committees, officers or employees of the

Association, or to a manager employed by the Association, provided that the Board shall not

delegate its responsibility for hearings required to be given by the Board.

Option of Rules

Section 5.15. The Association or the Board may adopt reasonable rules not inconsistent with this Declaration relating to the use of the Common Area and all facilities thereon, and the conduct of owners and their tenants and guests with respect to the property and other owners. All such rules shall comply with Civil Code § 1357.100 et seq.

Access

Section 5.16. For the purpose of performing construction, maintenance or emergency repair for the benefit of the Common Area or the owners in common, the Association's agents or employees shall have the right, after reasonable notice (not less than 48 hours) to the Owner thereof, to enter any lot or to enter any portion of the Common Area at reasonable hours. In case of emergency, the right shall be immediate upon notice. Such entry shall be made with as little inconvenience to the Owner as practicable and any damage caused thereby shall be repaired by the Board at the expense of the Association.

Preparation and Distribution of Documents

Section 5.17. The Association shall prepare and distribute the following materials as indicated:

a. A statement of the Association's policies and practices in enforcing its remedies against Owners for delinquent, regular or special assessments including the recording and foreclosing of liens against a delinquent Owner's lot. A copy of this statement shall be distributed to each Owner and to any mortgagee that has requested a copy within sixty (60) days prior to the beginning of each fiscal year.

b. Copies of this Declaration and the Articles, together with a true statement in writing as to the amount of any delinquent assessments, penalties, attorneys' fees, and other charges imposed on the Owner's lot, a copy of the most recent financial statement distributed to the members, and a true statement as to the amount of the Association's current regular and special assessments and fees shall be provided any Owner within ten (10) days of the mailing or delivery of a written request therefor. The Board may impose a fee to provide these materials not exceeding the Association's reasonable cost in preparing and reproducing the materials.

c. A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its members shall be annually delivered to the members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.

Additional Association Powers

Section 5.18. The Association shall have the power, subject to compliance with Section 1354 of the California Civil Code, to institute, defend, settle, or intervene on behalf of the Association in litigation, arbitration, mediation, or administrative proceedings in matters pertaining to (A) enforcement of the governing instruments, (B) damage to the Common Areas, (C) damage to the separate interests which the Association is obligated to maintain or repair, or (D) damage to the separate interest which arises out of, or is integrally related to, damage to the Common Areas or separate interests that the Association is obligated to maintain or repair.

The Association shall have the power to perform any act reasonably necessary to resolve any civil claim or action through alternative dispute resolution proceedings such as mediation, binding arbitration, or nonbinding arbitration proceedings. The Association shall provide, or in good faith attempt to provide, 120 days advance notice of the Association's intent to initiate the prosecution of any civil action and of the nature and basis of the claim to every member of the Association and every entity or person who is a prospective party to the civil action, provided that notice can be given (A) more than 120 days prior to the expiration of any pertinent statute of limitations, and (B) without prejudice to the Association's right to enforce the governing documents, and further provided that no such notice need be given prior to the filing of an action in small claims court or an action solely to enforce assessment obligations. Prior to initiating the prosecution of a civil action solely for declaratory relief or injunctive relief to enforce the governing documents, or for declaratory relief or injunctive relief to enforce the governing documents in conjunction with a claim for monetary damages not in excess of $5,000, the Association shall endeavor to submit the matter to alternative dispute resolution in compliance with the provisions of Section 1354(b) of the Civil Code.

Rental Service

Section 5.19. The Association shall operate or provide a rental service for the benefit of all Owners who wish to participate. The rental service shall be conducted in accordance with rules adopted as provided in Section 5.15 above.

ARTICLE VI

UTILITIES

Owners' Rights and Duties

Section 6.01. The rights and duties of the Owners of lots within the project with respect to sanitary sewer, water, electricity, gas and television receiving and telephone lines and facilities shall be as follows:

a. Whenever storm or sanitary sewer, drainage, plumbing, water, electricity, gas, television receiving, telephone lines or connections, are installed within the property which

connections or any portion thereof lie in or upon lots owned by other than the Owner of a lot

served by said connections, the Owners of any lot served by said connections shall have the right of reasonable access for themselves or for utility companies to repair, replace and generally maintain said connections as and when necessary, due to failure or inability of the Board to take timely action to make such repairs or perform such maintenance, subject to 48 hours advanced notice. In case of emergency the right shall be immediate upon notice.

b. Whenever storm or sanitary sewer, drainage, plumbing, water, electricity, gas, television receiving or telephone lines or connections, are installed within the property which connections serve more than one lot, the Owner of each lot served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service his or her lot.

c. In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to arbitration and the decision of the arbitrator shall be final and conclusive on the parties.

Easements for Utilities and Maintenance

Section 6.02. Easements over and under the property for the installation, repair, and maintenance of electric, telephone, water, gas, and sanitary sewer lines and facilities, cable or master television antenna lines, drainage facilities, walkways, and landscaping as shown on the recorded map of the property, and as may be hereafter required or needed to service the property, are hereby reserved by Declarant and its successors and assigns, including the Association, together with the right to grant and transfer the same.

Association's Duties

Section 6.03. The Association shall maintain all utility installations located in the Common Area except for those installations maintained by utility companies, public, private, or municipal. The Association shall pay all charges for utilities supplied to the project except those metered or charged separately to the lots.

ARTICLE VII

USE RESTRICTIONS AND DISCLOSURES

In addition to all the covenants contained herein, the use of the property and each lot herein is subject to the following:

Restrictions on Structures

Section 7.01. No permanent structures shall be constructed, placed or maintained on Lots

1-87. In addition, no screened rooms, carports, metal awnings, permanent extended overhangs, enclosures, or skirting along the base of a recreational vehicle shall be constructed, placed or maintained on Lots 1-87. Nothing on Lots 1-87 shall be designated, intended or used as permanent living quarters or as a primary residence. No personal property other than patio furniture and equipment which are permitted under the Association rules shall be placed or maintained on any of Lots 1-87 in a location where it can be seen by other owners or visitor, except when the Lot is actually in use. Notwithstanding the foregoing, any vehicle or trailer which is otherwise permissible under this Declaration or any rules adopted by the Association may remain on a Lot when not in use.

Usage

Section 7.02. No Lot shall be occupied or used except for recreational purposes, and no trade or business shall be conducted thereon.

Clubhouse Activities

Section 7.03. This declaration provides notice to each Owner that the project is nearby the Pheasant Run Golf Club clubhouse and grounds, which hosts various parties, functions and social activities, including outdoor music and entertainment. These uses of the clubhouse and grounds may be disturbing to some people. The Owners or residents of the project shall not have the right to file complaints or restrain such activities occurring at the clubhouse or grounds, provided that such activities are conducted in compliance with all applicable laws, and are limited to times reasonably appropriate for such activities.

Signs

Section 7.03 . No commercial sign of any kind shall be displayed to the public view on any lots or on any portion of the property without the approval of the Association, except such signs as may be used by the Declarant or its designees for the purpose of developing, selling, renting, and improving lots within the project for a period of time not to exceed the date on which the last lot is sold by Declarant or three years from the date of recordation of this Declaration, whichever is sooner. In exercising its rights under this provision, Declarant shall not unreasonably interfere with the use of the Common Area by any Owner. Notwithstanding the foregoing, the Association shall not prohibit or restrict the right of any Owner or his or her agent to display or have displayed on their lot or on a lot owned by others with their consent, or both, signs which are reasonably located, in plain view of the public, are reasonable dimensions and design, and do not adversely affect public safety, including traffic safety, and which advertise the property for sale, lease or exchange, or advertise directions to the property. Noncommercial signs and posters that are more than nine square feet in size and noncommercial flags and banners that are more than 15 square feet in size shall not be posted or displayed on any lot or any portion of the property.

Animals

Section 7.04. No animals, reptiles, insects or birds of any kind shall be raised, bred, or kept in any lot, or on any portion of the property; except that no more than a total of two usual and ordinary household pets such as dogs, cats, birds, etc. may be kept provided that they are not kept, bred, or maintained for any commercial purposes, and that they are kept under reasonable control at all times.

After making a reasonable attempts to notify the Owner, Declarant or any Owner may cause any unrestrained dog found within the Common Area to be removed by Declarant (or any Owner) to a point or county animal shelter, by calling the appropriate authorities, whereupon the Owner may, upon payment of all expenses connected therewith, repossess the animal. The Owner shall be given immediate notice of any such removal. Owners shall prevent their pets from soiling all portions of the Common Area and shall promptly clean up any mess left by their pets. Owners shall be fully responsible for any damage caused by their pets.

Garbage and Refuse Disposal

Section 7.05. All rubbish, trash and garbage shall be regularly removed from the property, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. All equipment garbage cans, woodpiles, or storage piles shall be kept screened and concealed from view of other lots, streets and Common Areas.

Architectural Control

Section 7.06. No landscaping modifications, improvements or structures of any kind shall be modified, installed, erected, painted, repainted or maintained upon the property, nor shall any alteration or improvement of any kind be made thereto until the same has been approved in writing by the Board, or by an architectural control committee appointed by the Board.

The architectural control committee shall consist of three members. Declarant may appoint all of the original members of the committee and all replacements until the first anniversary of the issuance of the original final public report for the project. The Declarant shall appoint a majority of the members to the committee until ninety percent (90%) of all lots in the project have been sold or until the fifth anniversary of the issuance of the final public report for the project, whichever occurs first. After one year from the date of issuance of the original public report for the project, the Board shall have the power to appoint one member to the architectural control committee until ninety percent (90%) of all the lots in the project have been sold or until the fifth anniversary date of the issuance of the final public report for the project, whichever occurs first. Thereafter, the Board shall have the power to appoint all of the members of the architectural control committee. Members appointed to the architectural control committee by the Board shall be from the membership of the Association. Members appointed to the architectural control committee by the Declarant need not be members of the Association.> A majority of the architectural control committee may designate a representative to act for it. In

the event of death or resignation of any member of the committee, the successor shall be appointed by the person, entity or group which appointed such member until Declarant no longer has the right to appoint any members to the committee, and thereafter the Board shall appoint such a successor. Neither the members of the committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto. In the event the committee fails to approve or disapprove plans and specifications within thirty (30) days after the same have been submitted to it, approval will not be required and the related covenants shall be deemed to have been fully complied with.

Clothes Lines

Section 7.07. There shall be no outside laundering or drying of clothes, except inside screened or fenced patios, and then only if the clothes cannot be seen from the street, Common Area, or other lots.

Power Equipment and Car Maintenance

Section 7.08. No power equipment, hobby shops, or car maintenance (other than emergency work) shall be permitted on the property except with prior written approval of the Board. Approval shall not be unreasonably withheld and in deciding whether to grant approval the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

Liability of Owners for Damage to Common Area

Section 7.09. The Owner of each lot shall be liable to the Association for all damage to the Common Area or improvements thereon caused by such Owner or any occupant of his or her lot or guest, or by the Owners' pets, except that portion of said damage, if any, fully covered by insurance. Liability of an Owner shall be established only in accordance with the provisions of Section 4.12 of this Declaration.

Sports Apparatus

Section 7.10. No sports apparatus, gym apparatus, or childrens' playground equipment shall be permitted on any lot which is visible from other lots or from Common Areas.

Recreational Vehicle Restrictions

Section 7.11. Except on lots specifically designated for two spaces or as otherwise provided in this section, only one recreational vehicle shall be parked or maintained on any Lot. No recreational vehicle, automobile, truck or other type of motor vehicle may be washed, cleaned or polished anywhere on the property except on an Owner's Lot. Upon majority vote of the Owners at a duly noticed meeting, any class of recreational vehicles may be prohibited from the Project except vehicles that have been categorized by the Recreational Vehicle Industry Association and the Family Motorcoach Association as Class A motorcoaches and/or factory

customized bus conversions that (a) are mobile, in accordance with the coded standards of the RVIA and FMCA; (b) are self propelled, and completely self contained; (c) are structured so that the driver seat is accessible from the living area in a walking position, but not necessarily in an upright position; (d) contain a minimum interior height of six feet in the living are; (e) have a minimum length of 25 feet, maximum length of 45 feet, and a maximum with of 102 inches; and, (f) have a fixed roof, as opposed to the "pop up" variety.

Drainage Alterations

Section 7.12. No Owner shall do any act or construct any improvements which may interfere with the natural or established drainage systems or patterns within the Project without the prior written consent of the Board.

Use of the Common Area

Section 7.13. All use of the Common Area is subject to this Declaration, the Bylaws, and any rules promulgated by the Board. All person residing within the Project may enjoy the use of all facilities in the Common Areas as long as they abide by the terms of this Declaration, the Bylaws, and any rules promulgated by the Board. There shall be no obstruction of any part of the Common Area. Nothing shall be stored or kept in the Common Area without the prior consent of the Board. Nothing shall be done or kept in the Common Area which will increase the rate of insurance on the Common Area without the prior consent of the Board.

Adjacent Agricultural Operations

Section 7.14. This declaration provides notice to each Owner that there are preexisting agricultural operations on adjacent or neighboring parcels and these agricultural operations may emit noise, dust, odor, may occasionally use fertilizers, pesticides and urbecides in the normal pursuant of agricultural operations. Owners shall not have the right to lodge complaints for dust, noise, odor or other annoyances associated with traditional agricultural operations so long as those operations are conducted within the regulations, rules and guidelines of applicable laws.

PG&E High Voltage Electric Transmission Lines

Section 7.15. There are PG&E high voltage electric transmission lines near the project. All residents are hereby made_aware that there is ongoing research regarding possible adverse health effects caused by the exposure to a magnetic field generated by high voltage lines. All residents are responsible for their_own assessment of the risks associated with such transmission lines. In addition, this declaration is intended as notice to all Owners and residents that certain pacemaker heart implant devices may not operate properly within transmission line rights of way. Anyone for whom this is a concern is responsible for discussing_the issue with his or her own physician. Further information regarding high voltage electric transmission lines can be

obtained from PG&E. Each Owner is responsible for informing individuals who use, rent, or

otherwise occupy the Owner's Lot of information included in this paragraph.

Lakes

Section 7.16. No swimming, diving, boating or other activities shall be permitted any time in the lakes situated on the Project unless specifically authorized by the Association.

ARTICLE VIII

GENERAL PROVISIONS

Enforcement

Section 8.01. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this declaration, and in such action shall be entitled to recover reasonable attorney's fees as are determined by court. 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.

Severability

Section 8.02. Should any provision or portion hereof be declared invalid or in conflict with any law of the jurisdiction where this project is situated, the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.

Term

Section 8.03. The covenants and restrictions of this Declaration shall run and bind the property, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners of the lots, has been recorded within the year preceding the beginning of each successive period of ten (10) years agreeing to change said covenants and restrictions in whole or in part, or to terminate the same.

Amendments

Section 8.04. Prior to close of escrow on the sale of the first lot, Declarant may amend this Declaration (with the consent of the Department of Real Estate as to any amendment constituting a material change). After sale of the first lot, this Declaration may be amended only

by the affirmative vote (in person or by proxy) or written consent of members representing a

majority of the total voting power of the Association and a majority of the affirmative votes or written consent of members other than the Declarant, or where the two class voting structure is still in effect, a majority of each class of membership. However, the percentage of voting power necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment shall adversely affect the rights of the holder of any mortgage of record prior to the recordation of such amendment. Except as provided in California Civil Code Section 1356, an amendment shall be effective after (1) the approval of the percentage of Owners required above; (2) the certification in writing of such approval executed and acknowledged by the Secretary of the Association; and (3) the recording of such writing in the county in which a portion of the planned development is located.

Encroachment Easements

Section 8.05. Each lot within the property is hereby declared to have an easement over all adjoining lots and the Common Area for the purpose of accommodating any encroachment due to minor engineering errors, minor errors in original construction, repair, settlement, shifting, or movement of a structure, or any other cause, including encroachments for footings, foundations and architectural projections such as overhangs, gutters and trim elements not to exceed eighteen (18) inches over any common property line. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the intentional conduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each lot agree that minor encroachments, over adjoining lots or Common Areas shall be permitted and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Notices

Section 8.06. Any notices permitted or required by the Declaration or By-Laws may be delivered either personally or by mail. If delivery is by mail, it shall be deemed to have been delivered 72 hours after a copy of the same has been deposited in the United States mail, first-class or registered, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Board or addressed to the lot of such person if no address has been given to the Secretary.

Termination of Any Responsibility of Declarant

Section 8.07. In the event Declarant shall convey all of its right, title and interest in and to the property to any partnership, individual or individuals, corporation or corporations, 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 duties and obligations of the Declarant.

Owner's Compliance

Section 8.08. Each Owner, tenant or occupant of a lot shall comply with the provisions of this Declaration, and to the extent they are not in conflict with the Declaration, the Articles, or the By-Laws, as lawfully amended from time to time and failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action to recover sums due, for damages, or for injunctive relief.

All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the Articles or the By-Laws shall be deemed to be binding on all Owners of lots, their successors and assigns.

Enforcement by City

Section 8.09. The project is expressly made subject to the California Vehicle Code and all City of Chowchilla ("City") vehicle and parking codes to extent applicable to the public streets within the City. The City shall have the power, but not the duty, to enforce those codes in the same manner as they are enforced on public streets within the City.

ARTICLE X

DESTRUCTION - DUTY TO REBUILD - INSURANCE

Association Insurance

Section 10.01. The Association shall obtain and continue in effect a master policy of insurance covering all of the real and personal property and supplies of the Association, comprehensive general liability insurance insuring the Association and each Owner for his liability and for the Common Area, and a fidelity bond covering officers, directors, and employees in an amount to be determined by the Board, but in no event less than a sum equal to three (3) months' aggregate assessments on all lots plus reserve funds.

Each Owner hereby appoints the Association, or any insurance trustee to be designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining the Association's insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association and any insurance trustee shall be required to receive, hold, or otherwise properly

dispose of any proceeds of insurance in trust for lot Owners and their first mortgage holders, as

their interests may appear.

All insurance shall contain "severability of interest provision", "cross-liability endorsement" and waiver of subrogation as to the Association, officers, directors, members, guests, agents and employees.

The minimum limits on the liability insurance policy shall be two million dollars ($2,000,000.00) single limit and shall include personal injury, bodily injury, property damage and liability for non-owned automobiles. Worker's compensation insurance shall at all times be carried to the extent required to comply with any applicable law. Officers and directors liability insurance shall be carried by the Association to cover persons serving in such capacities.

Insurance premiums for the master policy shall be a Common Expense to be included in the monthly assessment levied by the Association and a portion of such payment necessary for the insurance premiums ~~may~~ shall be held in a separate account of the Association and shall be used solely for the payment of the master insurance policy premiums as such premiums become due.

Individual Insurance - Obligation to Repair

Section 10.02. Each Owner shall obtain and maintain a policy of fire and casualty insurance coverage for the full insurable value of the improvements on his or her lot. If all or any portion of any residence is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of said residence to rebuild, repair or reconstruct said residence in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty. The Owner or Owners of any damaged residence shall be obligated to proceed with all due diligence and commence reconstruction within six (6) months after damage occurs, unless prevented by causes beyond their reasonable control. After six months the Association is hereby authorized to make such reconstruction and to obtain reimbursement from the Owner in accordance with the provisions of this Declaration.

ARTICLE XI

LIMITATION OF LIABILITY AND INDEMNIFICATION

Limitation of Liability

Section 11.01. No director, officer, committee member, employee or other agent of the Association, including the Declarant or any agent of the Declarant when acting in such capacity, shall be liable to any Owner or any other party, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of any such person if such person has acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association.

Indemnification

Section 11.02. The Association shall defend and indemnify the Board, and each of its members, and the officers of the Association, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceedings to which such person may be made a party, by reason of his or her being or having been a Board member or an officer of the Association, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

IN WITNESS WHEREOF, the undersigned, being the Declarants herein, have signed this _____ day of _____, 2005.

The Lakes RV Park, LLC
A Calfiornia limited liability company
By:

_____
Martin N. Boone

_____
Jon M. LeFebvre

_____
Ann L. Schmitt-LeFebvre

_____
Laurie Ann Rivoir, Trustee of the Rivoir Living Trust dated March 13, 1998

H:\ewn\boone\The Lakes RV Park, LLC\doc\ccrs finaled 022406.rtf

ALL PURPOSE ACKNOWLEDGMENT - CALIFORNIA

STATE OF
COUNTY OF
ON _____ BEFORE me _____, personally appeared
, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in h authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

Signature _____

(This area for official notary seal)

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

_____
TITLE(S)

G INDIVIDUAL
G CORPORATE OFFICER
G PARTNER(S)
G LIMITED or GENERAL
G ATTORNEY-IN-FACT
G TRUSTEE(S)
G GUARDIAN/CONSERVATOR
G OTHER:

SIGNER IS REPRESENTING:
NAME OF PERSON(S)/OR ENTITY(IES)

_____

_____

DESCRIPTION OF ATTACHED DOCU

_____
TITLE OR TYPE OF DOCUMENT

_____
NUMBER OF PAGES

_____
DATE OF DOCUMENT

_____
SIGNER(S) OTHER THAN NAMED ABO

ALL PURPOSE ACKNOWLEDGMENT - CALIFORNIA

STATE OF
COUNTY OF
ON _____ BEFORE me _____, personally appeared
, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in h authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

Signature _____

(This area for official notary seal)

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

_____
TITLE(S)

G INDIVIDUAL
G CORPORATE OFFICER
G PARTNER(S)
G LIMITED or GENERAL
G ATTORNEY-IN-FACT
G TRUSTEE(S)
G GUARDIAN/CONSERVATOR
G OTHER:

SIGNER IS REPRESENTING:
NAME OF PERSON(S)/OR ENTITY(IES)

_____

_____

DESCRIPTION OF ATTACHED DOCUI

_____
TITLE OR TYPE OF DOCUMENT

_____
NUMBER OF PAGES

_____
DATE OF DOCUMENT

_____
SIGNER(S) OTHER THAN NAMED ABO

ALL PURPOSE ACKNOWLEDGMENT - CALIFORNIA

STATE OF
COUNTY OF
ON _____ BEFORE me _____, personally appeared
, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in h authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

Signature _____

(This area for official notary seal)

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

TITLE(S)

G INDIVIDUAL
G CORPORATE OFFICER
G PARTNER(S)
G LIMITED or GENERAL
G ATTORNEY-IN-FACT
G TRUSTEE(S)
G GUARDIAN/CONSERVATOR
G OTHER:

SIGNER IS REPRESENTING:
NAME OF PERSON(S)/OR ENTITY(IES)

DESCRIPTION OF ATTACHED DOCUM

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOV

ALL PURPOSE ACKNOWLEDGMENT - CALIFORNIA