



**Conformed Copy of the  
Restated By-Laws  
And  
Restated Declaration of Covenants,  
Conditions And Restrictions**

**(contains First Amendment to the Restated CC&Rs and  
Changes to Restated CC&Rs and Restated By-Laws  
to reflect California Civil Code Section 4235)**



**IF THIS DOCUMENT CONTAINS ANY RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, GENDER, GENDER IDENTITY, GENDER EXPRESSION, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, GENETIC INFORMATION, NATIONAL ORIGIN, SOURCE OF INCOME AS DEFINED IN SUBDIVISION (p) OF SECTION 12955, OR ANCESTRY, THAT RESTRICTION VIOLATES STATE AND FEDERAL FAIR HOUSING LAWS AND IS VOID, AND MAY BE REMOVED PURSUANT TO SECTION 12956.2 OF THE GOVERNMENT CODE. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSONS SHALL NOT BE CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS.**



## **PREFACE**

Starting in 1967, when Lake of the Pines was incorporated, the Association operated under a set of By-Laws and Restrictions constructed by Western State Properties, the original developer of this community. Portions of the documents were amended over time but they remained essentially the same until 1996.

Over that span of 29 years, the documents led to varying interpretations and understanding primarily due to the era in which they were written and their style and brevity. Additionally, California State Law, especially the inception of the Davis-Stirling Act, overturned many of the mandates contained in them and added several more. In 1996, the Members of Lake of the Pines voted to completely restate both the By-Laws and Covenants, Conditions and Restrictions (CC&Rs). The Restated CC&Rs were recorded on October 25, 1996 as Document Number 96829145 of the Official Records of Nevada County. The Restated Bylaws became effective January 1, 1997. The First Amendment to the Restated CC&Rs added the current limitation on Short-Term Leases and Rentals which is reflected in Article II, Section 3(e) of this conformed document. That First Amendment to the Restated CC&Rs was recorded on December 29, 2011 as Document Number 20110031125 in the Official Records of Nevada County. On August 9, 2015, the Restated By-Laws and the Restated CC&Rs were revised to amend California Civil Code changes as authorized by Civil Code section 4235 to correct statutory cross-references in order to reflect the repealed and continued provisions of the Davis-Stirling Common Interest Development Act. All of these revisions are included in the body of this publication.

For those who are unfamiliar with a community such as Lake of the Pines, it is governed by the following working documents: The By-Laws, the CC&Rs and the Rules & Regulations. The By-Laws outline the Corporation's administrative and procedural organization, the CC&Rs govern the authority, responsibility and rights of both the Association and its Members and the Rules & Regulations more specifically outline the authority given by both. While the By-Laws and the CC&Rs can only be changed by a vote of the Membership, the Rules and Regulations can be changed by the Board of Directors, yet all have the same legal binding on members and residents.

The Board of Directors encourages everyone to become familiar with all of them. Informed citizens make better citizens of any community and Lake of the Pines is no exception.



# **Lake Of The Pines Association**

## **Conformed Copy of the Restated By-Laws**

**(Included Changes to Restated By-Laws  
to reflect California Civil Code Section 4235)**





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**Article I**  
**Recitals and Definitions**

**Section 1. Name of Association.** The name of this corporation is Lake Of The Pines Association and shall be referred to herein as the "Association."

**Section 2. Association Is Nonprofit.** The Association has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law (Cal. Corp. Code, § 7110 et seq.) as a nonprofit mutual benefit corporation.

**Section 3. Specific Purpose.** The specific and primary purpose of this Association shall be to own, repair, maintain and manage the Common Areas and Common Facilities within that certain real estate common interest development located in the County of Nevada, State of California and commonly referred to as Lake of the Pines, to perform the duties and obligations imposed upon the Association by its Governing Documents (Articles of Incorporation, Bylaws, Rules and Declaration of CC&Rs), and to otherwise enhance and promote the use and enjoyment of the Common Areas and Common Facilities by Owners and residents.

**Section 4. Definitions.**

(a) "County" means the County of Nevada, State of California.

(b) "Declaration" means the Restated Declaration of Covenants, Conditions and Restrictions recorded in the Official Records of the County on October 25, 1996 under Recorder's Series No. 096029145, as such Declaration may from time to time be supplemented, amended or modified by a subsequent Declaration, or amendment thereto, duly recorded in said Recorder's Office.

(c) "Good Standing" means that a Member is current in the payment of all Assessments, fees, charges and fines duly levied against the Member and his or her Lot. To be in good standing a Member must not be subject to any suspension of voting or other membership privileges as a result of any disciplinary proceeding conducted in accordance with Article XIII, section 6, of the Declaration.

(d) "Lake of the Pines" means all portions of the Lake of the Pines common interest development which are subject to the Declaration.

(e) "Lot" means any parcel of real property designated by a number on any Subdivision Map for Lake of the Pines, excluding any parcels designated on any Subdivision Map for Lake of the Pines as Common Area. Within Lake of the Pines there are several Lots zoned for multi-family residences such as townhouses and duplexes. When any multi-family Lot has been improved with a townhouse, duplex or other multi-family structure, each residential unit constructed on the Lot shall be considered a "Lot" for purposes of determining membership and voting rights under these Bylaws.

(f) "Majority of a Quorum" means the vote of a majority of the votes cast at a membership meeting or by written ballot when the number of Members attending the meeting or the number of ballots cast equals or exceeds the quorum requirement specified in Article V, section 5, below.

(g) "Person" means and includes any individual, corporation, partnership, association or other entity recognized by the laws of the State of California.

(h) "Tenants" means any person who resides within Lake of the Pines who is not a voting or associate Member.

(i) "Voting Power" means those Members who are eligible to vote for the election of directors or with respect to any other matter, issue or proposal properly presented to the Members for approval at any time that a determination of the voting power is made.

(j) Other Definitions Incorporated by Reference. Any other capitalized terms that are defined in the Declaration shall have the same meaning when those same terms are used in these Bylaws, unless the context clearly indicates a contrary intention.

**Article II**  
**Location of Principal Office**

The principal office of the Association will be located at such place within Lake of the Pines as the Board may from time to time designate by resolution.

**Article III**  
**Membership**

**Section 1. Association Membership.** The following classes of membership exist within the Association:

(a) Voting Members. Every Owner of a Lot within Lake of the Pines is a Voting Member of the Association. However, if two or more persons are co-Owners of a particular Lot, the membership they share shall only have a single vote in any election of directors or with respect to any other matter presented to the Members for approval. Section 3, below, presents additional rules regarding the casting of votes appurtenant to Lots that are owned by more than one person.

(b) Associate Members. Any person who is not an Owner of Record of a Lot, but who resides as a permanent member of the household of an Owner of Record shall be an Associate Member.

(c) Affiliate Members. The Owners of Record of certain Lake of the Pines Rancho properties for which memberships were issued prior to 1977, and persons who are permanent members of the households of such Owners shall be entitled to become Affiliate Members upon payment of the annual membership assessment specified in Article XI, section 1(b), below. The Association maintains a list of the Lake of the Pines Rancho parcels whose Owners are eligible for affiliate membership.

(d) Membership Rights Ties to Lot Ownership. Membership in the Association is restricted to those persons who are Owners of Lots within Lake of the Pines (and to certain Rancho parcel Owners as Affiliate Members). Accordingly, membership rights may not be separated from ownership of a Lot (in the case of voting and associate memberships) or ownership of a designated lot within the Lake of the Pines Ranchos (in the case of affiliate memberships).

(e) References To "Members" in the Governing Documents. Whenever reference is made in these Bylaws or any other Governing Document to any Association action which requires the vote or written assent of the Members, that reference shall be deemed to be limited to Voting Members. Whenever reference is made in the Governing Documents to the rights and privileges of Members to use and enjoy Association Common Areas and Common Facilities, that reference shall be deemed to include Voting, Associate and Affiliate Members, unless otherwise specifically provided. Whenever reference is made to the right of the Association to suspend Member privileges, that reference shall be deemed to include and refer to persons in all three classes of Members.

**Section 2. Term of Membership.** Each Owner shall remain a Member until he or she no longer qualifies as such under section 1 above. Upon the sale, conveyance or other transfer of an Owner's interest in a Lot, the Owner's membership interest appurtenant to the Lot shall automatically transfer to the Lot's new Owner(s).

**Section 3. Multiple Ownership of Lots.** Ownership of a Lot shall give rise to a single membership vote in the Association. Accordingly, if more than one person is the Owner of Record of a Lot, only a single vote may be cast with respect to the membership appurtenant to that Lot. In all other respects, co-Owners of a Lot shall have equal rights, powers and privileges under the Governing Documents with respect to the use and enjoyment of Association Common Facilities. When a membership vote or approval is required for any action or undertaking by or on behalf of the Association, only a single written ballot (see Article IV, sections 4 and 6, below) shall be sent by the Association to the address of the first Owner of Record as named in the Association's corporate records. In the case of Lots

owned by more than one person, any Record Owner (but only one) shall be entitled to vote the membership which is appurtenant to the Lot that is owned by more than one person.

**Section 4. Furnishing Evidence of Membership.** A person shall not be entitled to exercise the rights of a Member until such person has advised the secretary in writing that he or she is qualified to be a Member under section 1 above. The Association secretary, or a member of the management staff who is responsible for maintaining membership records, shall have the right to request reasonable confirmation of a person's status as a new Owner of a Lake of the Pines Lot.

## **Article IV Membership Voting**

**Section 1. Single Class of Voting Membership.** The Association shall have one class of voting membership, consisting of those persons identified in Article III, section 1(a), above.

**Section 2. Member Voting Rights.** The Association's Voting Members shall have the right to vote on any matter specifically reserved for Member action or approval under (i) the Association's Governing Documents; (ii) the California Corporations Code; (iii) the Davis-Stirling Common Interest Development Act (California Civil Code §4000 et seq.); or (iv) otherwise by law.

**Section 3. Eligibility to Vote.** Only Members in good standing (see Article I, section 4(c)) shall be entitled to vote on any issue or matter presented to the Members for approval in accordance with sections 4 and 6 of this Article. A Member's good standing shall be determined as of the record date established by the Board for the vote on the matter. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting, or other membership privileges if the suspension results from the nonpayment of assessments, although a delinquent Member shall be entitled to request such a hearing in accordance with the Association Rules regarding CC&R enforcement and dispute resolution.

### **Section 4. Manner of Casting Votes.**

(a) **Voting at Membership Meetings.** All Member voting shall be conducted by written ballot (see section 6 of this Article). Voting at any membership meetings shall be limited to (i) the receipt and tabulation of written ballots previously mailed to the Members; (ii) the conduct of informational, nonbinding votes to poll the Members in attendance with respect to a matter or issue of interest to the Association or the Lake of the Pines community; (iii) to approve a motion approving the submission of a matter or proposal to the Members for a vote by written ballot in accordance with section 6; or (iv) votes on procedural matters relating to the conduct of the meeting, such as a vote to adjourn. Any motion pursuant to subparagraph (iii) of the preceding sentence must be approved by the affirmative vote of at least 5 percent of the voting power of the Members (see section 6(b), below).

(b) **Voting by Written Ballot.** Except for the limited membership voting permitted at meetings (see subparagraph (a), above), Members' votes shall be solicited by written ballot with respect to any issue requiring membership approval under the Governing Documents or by law. Written ballot voting shall be conducted in accordance with section 6 of this Article.

(c) **Proxy Voting.** Proxy voting shall not be permitted on any matter put to a vote by the Members, although proxies may be solicited by the Association for the sole and limited purpose of establishing a quorum at a membership meeting (see section 5, below).

**Section 5. Proxies For Quorum Purposes.** Although proxy voting shall not be permitted, the Association shall be authorized and empowered to solicit proxies from Members for the sole and limited purpose of establishing a quorum at membership meetings. This limited proxy can be included as part of any written ballot form

mailed to the Members when the time specified for conclusion of the written ballot vote is scheduled to coincide with a membership meeting.

(a) **Cumulative Voting.** Cumulative voting in the election of directors shall not be permitted.

### **Section 6. Action by Written Ballot.**

(a) **Definition of Written Ballot.** The California Corporations Code permits members of nonprofit corporations to vote by mail and without having to attend a formal meeting of the Members through the use of a "written ballot". As used in these Bylaws, the term "written ballot" means a ballot which is mailed or otherwise distributed to every Member entitled to vote on the matter and which complies with the requirements of this section. When more than one person owns a Lot, a single written ballot shall be distributed to those co-Owners, with the written ballot being mailed to the Owner of Record whose name is listed first in the Association's corporate records.

(b) **Written Ballots, Generally.** As noted in section 4(a), above, it is the intent of these Bylaws to maximize the ability of all Members to participate in the business of the Association by using the written ballot voting process described in this section 6 whenever any matter or issue requiring the vote of the Members, including the election of directors, is presented for action. Although membership meetings may still be called to discuss issues that are to be presented to the Members for approval, to hear presentations from members of the Board or candidates for election to the Board or to discuss other matters of common interest to the Owners as Members of the Association, all voting (other than votes on the procedural matters described in section 4(a)) shall be conducted by mailing or delivering to all Members a written ballot. The determination to seek Member approval for Association action in this fashion shall be made by a majority vote of the Board or by Members possessing five (5) percent of the Voting Power of the Association signing a written request and delivering this request to the president, vice president or secretary of the Association. If the determination is made to seek Member approval by written ballot, the Board shall establish a record date for the vote in order to determine those Members who are eligible to cast written ballots.

### (c) **Balloting Time Requirements.**

(i) **Director Elections.** In the case of written ballots used in the election of directors, the ballots shall be mailed to all Members who are eligible to vote not more than 60 days prior to the date set for the election, but no less than 20 days prior to such date. A Member returning his or her written ballot by mail or personal delivery to the address set forth in the solicitation materials for return of the ballots prior to the meeting at which the director election will be held must return the written ballot no later than the close of business on the second business day prior to the scheduled date of the membership meeting at which the results of the election will be tabulated and announced.

(ii) **Other Matters.** In the case of any other matter or issue submitted to the Members for approval by written ballot, the Board shall distribute the written ballot to every Member entitled to vote on the matter at least 30 days prior to the final date the written ballots are to be received to be counted.

(iii) **Extension of Balloting Period.** Except in the case of ballots distributed for the election of directors, the time fixed for the return of written ballots may be extended so long as the Board so notifies the Members on the face of the ballot or in the balloting materials originally sent to Members and then for not more than two successive periods of 30 days each. If a meeting scheduled to coincide with culmination of a director election is adjourned for any reason without concluding the election process, the time fixed for the return of written ballots in that director election shall be extended to the date that the adjourned meeting is scheduled to reconvene.

### (d) **Content of Written Ballots.**

(i) **Written Ballots Used for Voting in Director Elections.** Written ballots used in any election of directors shall set forth the

names of the candidates whose names have been placed in nomination at the time the ballot is issued (see Article VI, section 4). The ballot form shall also provide a space where the Member can designate a vote for a (write-in) candidate(s).

(ii) Written Ballots Used for Voting on Other Matters. Any written ballot distributed to the Members to vote on any issue other than the election of directors shall set forth the proposed action and provide an opportunity on the ballot form to vote "FOR" or "AGAINST" the proposal.

(iii) Specification of Time for Return of Written Ballot. All written ballots shall state the time by which the ballot must be received in order to be counted (see subparagraph (c), above).

(e) Requirements for Valid Member Action by Written Ballot. Membership approval by written ballot shall only be valid if (i) the number of votes cast by ballot within the time established for return of the ballots equals or exceeds the quorum (as specified in Article V, section 5) that would have been required to be present at a membership meeting if the voting had been conducted at a membership meeting; and (ii) the number of affirmative votes equals or exceeds the number of affirmative votes that would have been required to approve the action at such a meeting.

(f) Solicitation Rules.

(i) Solicitation Rules, Generally. Written ballots shall be solicited in a manner consistent with the requirements of Article V, section 4, pertaining to the issuance of notices of Members' meetings. All solicitations of written ballots shall indicate (A) the number of responses needed to satisfy the minimum quorum requirement for valid action; (B) the time by which the written ballot must be received by the Association in order to be counted; and (C) in the case of any written ballot distributed to vote on matters other than the election of directors, the percentage of affirmative votes necessary to approve the measure or proposal presented in the ballot.

(ii) Director Elections. In addition to the requirements of subparagraph (i), above, solicitation materials accompanying written ballots distributed in director elections shall advise the Members that their ballots may be returned by mail or personal delivery to the Association's principal office or, if an accounting firm is selected to supervise the election and balloting process pursuant to subparagraph (g), below, then to those accountants at their office address. The solicitation materials shall also set forth the address where written ballots can be returned by mail or personal delivery in advance of the meeting at which the election will be held.

(g) Additional Balloting Procedures. In order to ensure the secrecy of written ballots utilized in director elections and fairness in the conduct of the election, the Board may, but shall not be obligated to, use the services of a public accountant to receive and tabulate all written ballots (whether returned by mail or cast in person by Members attending the meeting at which the election takes place). Alternatively, the Board may appoint one or more individuals to serve as "inspectors of election", as that term is defined in section 7614 of the California Corporations Code, with authority to resolve challenges or other issues relating to the voting process or the tabulation or validity of ballots.

(h) Notification of Results of Balloting Process. Upon tabulation of the written ballots, the Board shall notify the Members of the outcome of the vote within 30 days following the close of the balloting process and tabulation of the ballots. In the case of an election of directors, the Board shall also notify those Members present at the meeting at which the election is conducted of the results of the voting immediately upon conclusion of the balloting process. If the number of written ballots cast with respect to any matter is insufficient to satisfy the minimum quorum requirements for valid action, the Board shall so notify the Members.

(i) Prohibition of Revocation. Once cast, a written ballot may not be revoked.

(j) Conduct of Informational Meetings. Use of the written ballot procedures set forth herein shall not preclude the Association from also conducting informational meetings of the Members or from

scheduling a membership meeting to coincide with the culmination of the balloting period. In the case of director elections, the balloting period shall culminate with the annual meeting, or any special meeting, at which the election is scheduled to be held (see subparagraph (c)(i), above). For purposes of this subparagraph (j), a ballot shall be deemed to coincide with a membership meeting if the deadline established for the return of ballots is specified to be a certain number of business days prior to the scheduled date of the meeting.

**Section 7. Majority Vote of Members Required for Valid Action.** The affirmative vote of a Majority of a Quorum of the Members who are entitled to vote and voting on any matter (other than the election of directors) shall be the act of the Members, unless the vote of a greater number is required by the California Nonprofit Mutual Benefit Corporation Law or by the Governing Documents. In the case of director elections, the candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected to the vacant director positions.

## **Article V Membership Meetings**

**Section 1. Place of Meeting.** Meetings of the Members shall be held at the Clubhouse facility of the Association within Lake of the Pines or at such other reasonable place within the County and at such date and time as may be designated by the Board in the notice of the meeting.

**Section 2. Annual Meeting.** There shall be an annual meeting of the Members on the fourth Saturday in the month of June of each year. The time and location of the meeting shall be established by the Board and set forth in the notice of meeting sent to the Members in accordance with section 4, below.

**Section 3. Special Meetings.**

(a) Persons Entitled to Call Special Meetings. A majority of the Board, the president or 5 percent or more of the Members may call special meetings of the Members at any time to consider any lawful business of the Association.

(b) Procedures for Calling Special Meetings Requested by Members. If a special meeting is called by Members, instead of being called by the Board of Directors or the president, the request that a special meeting be called shall be submitted by such Members in writing and shall be delivered personally or sent by first-class, certified or registered mail or by telegraphic or other facsimile transmission to the president, any vice president, or the secretary of the Association. The Members' written request shall specify the purpose for which the meeting is being requested.

The officer receiving the request shall cause notice to be promptly given to the Members entitled to vote, in accordance with the provisions of section 4 of this Article, that a meeting will be held, and the date, time and purpose for such meeting. In accordance with State law the date of any special membership meeting called in response to a member request must be scheduled not less than 35 nor more than 90 days following the receipt of a proper Members' request, and the notice of the meeting must be mailed or otherwise delivered to the Members not less than 20 days after receipt of the request. If timely notice is not given by the Association, the persons requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of Members may be held when the meeting is called by action of the Board of Directors or the president.

**Section 4. Notice of Members' Meetings.**

(a) Requirement That Notice Be Given. Notice of all regular and special meetings of the Members shall be sent or otherwise given in writing to each Member who is eligible to vote at the meeting as of the record date for notice established by the Board.

(b) Time Requirements for Notice. Except as otherwise provided in section 3(b), above, the notice of membership meetings shall be given in the manner specified in subparagraph (e) of this section, not less than 10 nor more than 90 days before the date of the meeting. If notice is given by mail and the notice is not given by first-class, registered or certified mail, the notice shall be given not less than 20 days (nor more than 90 days) before the meeting.

(c) Minimum Requirements Regarding Content of Notice. The notice of any membership meeting shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted; or (ii) in the case of a regular meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Members. At special meetings, action is limited to the matters described in the notice; however, in the case of any regular meeting any proper matter may be presented at the meeting for such action so long as a quorum is present. The vote at the meeting will be limited to a vote to have the matter submitted to all Members of record in accordance with the written ballot voting procedures described in Article IV, section 6, above.

(d) Specification of Certain Significant Actions. If the Members' approval is solicited with respect to any of the following matters, the action is invalid unless the notice or written waiver of notice or consent states the general nature of the proposal(s):

(i) Removing a director without cause;

(ii) Filling vacancies on the Board of Directors under those circumstances where a vote of the Members is required pursuant to Article VI, section 6(d) of these Bylaws;

(iii) Amending the Articles of Incorporation of the Association, these Bylaws or the Declaration in any manner requiring approval of the Members;

(iv) Approving a contract or transaction between the Association and one or more of its directors, or between the Association and any corporation, firm or association in which one or more of its directors has a material financial interest; or

(v) Approving any change in the Association's Assessments in a manner requiring membership approval under the Declaration or State law.

(e) Manner of Service. Notice of any meeting of Members shall be given either personally or by first-class mail, telegraphic or other written communication, charges prepaid, addressed to each Member either at the address of that Member appearing on the books of the Association or the address given by the Member to the Association for the purpose of notice. If no address appears on the Association's books and no other has been given, notice shall be deemed to have been given if either (i) notice is sent to that Member by first-class mail or telegraphic or other written communication to the Association's principal office; or (ii) notice is published at least once in a newspaper of general circulation in the County. Notice shall be deemed to have been given at the time the notice is delivered to the Member personally or deposited in the mail (postage prepaid) or sent by telegram or other means of written or electronic communication to the Member as specified above.

(f) Affidavit of Mailing. An affidavit of the mailing or other means of giving any notice of any Members' meeting may be executed by the secretary or the assistant secretary of the Association, and if so executed, shall be filed and maintained in the minute book of the Association. Such affidavit shall constitute prima facie evidence that proper notice was given.

#### **Section 5. Quorum Requirements Applicable to Member Meetings and Actions.**

(a) Quorum Requirements Generally.

(i) Required Quorum for Votes on Certain Assessments. Whenever Member approval is required to approve increases in the Association's Regular Assessment (see Article IV, sections 2(a) and 2(b) of the Declaration) or to approve Special Assessments in excess of 5 percent of the Association's budgeted gross expenses for the

year in which the Special Assessment is levied (see Article IV, section 3(b) of the Declaration), the minimum quorum required for membership action shall be a majority of the Voting Power of the Members and the proposal must be approved by at least a majority of the votes cast at a meeting or by written ballot at which this minimum quorum percentage has been satisfied.

(ii) Required Quorum for Member Action on Other Matters. Except as otherwise provided in subparagraph (i), above, the quorum that must be present at any meeting of the Members and for any vote of the Members conducted by written ballot shall be 40 percent of the Voting Power of the Members.

(b) Use of Proxies To Satisfy Quorum at Meetings. If a Member cannot attend a membership meeting in person, that Member may designate a proxy to attend the meeting on the member's behalf and that proxy may be counted for purposes of establishing a quorum. However, proxy holders shall have no voting privileges, as it is the intent of these Bylaws to have Members vote directly by written ballot in accordance with Article IV, section 6, above.

(c) Effect on Quorum of Departure of Members From Meeting. If a quorum is initially established at a membership meeting and thereafter a sufficient number of Members leave the meeting so that those who remain (in person or by proxy) are less than the prescribed quorum, the Members present may continue to transact business until adjournment so long as any action taken (other than action on a motion to adjourn) is approved by at least a majority of the Members required to constitute a quorum. If a quorum is never established for the meeting, a majority of those Members present may vote to adjourn the meeting for lack of a quorum, but not other action may be taken or business transacted.

#### **Section 6. Adjourned Meeting.**

(a) Adjournment, Generally. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned to another time and/or place (but not for more than 45 days) by the vote of the majority of Members present at the meeting. Unless there is an absence of a quorum (in which case no business other than adjournment may be transacted), the reconvened meeting may take any action which might have been transacted at the original meeting.

(b) Notice Requirements for Adjourned Meetings. When a Members' meeting is adjourned to another time or place, notice need not be given of the new meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. Notwithstanding the foregoing, if after adjournment a new record date is fixed for notice or voting, a notice of the rescheduled meeting must be given to each Member who on the record date for notice of the meeting is entitled to vote thereat.

### **Article VI Board of Directors**

**Section 1. General Association Powers.** Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, the Davis-Stirling Common Interest Development Act (Cal. Civ. Code, § 4000 et seq.) any limitations contained in any of the Governing Documents relating to action required to be approved by the Members, the business and affairs of the Association shall be vested in and exercised by, the Association's Board of Directors. Subject to the limitations expressed in Article X, section 1, the Board may delegate the management of the activities of the Association to any person or persons, management company or committee, provided that notwithstanding any such delegation the activities and affairs of the Association shall continue to be managed and all Association powers shall continue to be exercised under the ultimate direction of the Board.

**Section 2. Number and Qualification of Directors.** The Board of Directors shall consist of seven (7) persons who must be Owners of Record of Lots whose memberships are in good standing with all

Assessments current and who are not subject to any suspension of membership rights. Only one Owner per Lot shall be eligible to serve on the Board at any time.

**Section 3. Election and Term of Office.** Directors of the Association shall hold office on a staggered, 3 year, term basis (as described below) and the election to fill vacancies resulting from expiration of a director's term of office shall be conducted by written ballot, with the end of the balloting period scheduled to coincide with the annual membership meeting; provided, however, that if all vacancies are not filled at the annual meeting, a special membership meeting shall be called to elect directors to the vacant positions. The staggering of terms shall be on a 2-3-2 basis. There shall be no limitation upon the number of consecutive terms to which a director may be reelected. Each director, including a director elected to fill a vacancy or elected at a special meeting of the Members, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified. The term of office of each director shall begin immediately following announcement of the election results at the annual meeting (or special) meeting at which the director is elected.

**Section 4. Nomination of Directors.** Individuals can become candidates for election to the Board of Directors in any of the following ways:

(a) **Candidates Selected by Nominating Committee.** At least 90 days prior to the date of any election of directors, the president shall appoint a Nominating Committee to select qualified candidates for election to those positions on the Board of Directors held by directors whose terms of office are then expiring. The Nominating Committee shall consist of a chairman and at least two Members of the Association none of whom shall be current members of the Board. The Nominating Committee shall make its report to the Board no later than the first Board meeting in May of each year or at least 20 days prior to any special meeting at which directors are to be elected. The secretary shall forward to each Member, with the notice of the meeting at which the election is scheduled to take place (see Article V, section 4), a list of the nominees. The Nominating Committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but not less than the number of vacancies on the Board to be filled.

(b) **Petition Procedure.** In addition to those candidates selected by the Nominating Committee, any Member in good standing may become a candidate for election to the Board by filing with the secretary a petition in support of his or her candidacy signed by at least 2 percent of the Voting Power of the Association who are, themselves, in good standing with the Association. Assuming all Members are eligible to vote as of the record date, this means that the petition must be signed by at least 40 Members. The Member circulating the petition shall append his or her written certification to the petition attesting to the validity of the signatures. Candidate petitions must be filed with the secretary no later than 45 calendar days and no earlier than 60 calendar days prior to the scheduled date of the election.

(c) **Good Standing Requirement for Candidacy.** In order to be eligible for nomination and election to the Board, the Association secretary must certify that the candidate-Member is in good standing with the Association (see Article I, section 4(c)).

(d) **Resumes of Candidates.** All individuals who are candidates for election to the Board shall deliver to the Association's secretary a brief resume, together with a statement of the candidates goals for the community at or before the first Board meeting in May of each year so that the information can be provided to the Members.

**Section 5. Election of Directors.**

(a) **Directors Elected by Written Ballot.** The annual election of Directors shall be conducted by written ballot in accordance with Article IV, section 6 hereof. Directors shall be elected in accordance

with the written ballot procedures of that section to fill the number of positions on the Board then expiring.

(b) **Determination of Election Results.** The candidates receiving the highest number of votes shall be elected as directors. In the event there is a tie vote between those candidates who receive the lowest number of votes necessary to qualify the candidate for election, the tie shall be broken by lot.

**Section 6. Vacancies on Board of Directors.**

(a) **Vacancies, Generally.** A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following (i) the death, resignation or removal of a director pursuant to subparagraphs (c) and (d) hereof; (ii) an increase of the authorized number of directors; or (iii) the failure of the Members, in any written ballot for the election of any director or directors, to elect the number of directors required to fill the vacancies on the Board.

(b) **Resignation of Directors.** Except as provided in this subparagraph, any director may resign, which resignation shall be effective on giving written notice to the president, the secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

(c) **Authority of Board to Remove Directors.** The Board of Directors shall have the power and authority to remove a director and declare his or her office vacant if he or she (i) has been declared of unsound mind by a final order of court; (ii) has been convicted of a felony; or (iii) fails to attend three consecutive regular meetings of the Board of Directors which have been duly noticed in accordance with California Law.

(d) **Authority of Members to Remove Directors.** Except as otherwise provided in subparagraph (c) and (e) hereof, a director may only be removed from office prior to expiration of his or her term by the affirmative vote of a Majority of a Quorum of the Members. Any membership action to recall or remove a director shall be conducted in accordance with the following procedures:

(i) A petition must be presented in person to the president, vice president or secretary of the Association that carries the signatures of Members in good standing who represent at least 5 percent of the Voting Power of the Association. Such petition must set forth the reason(s) the petitioners are seeking the director's removal; the signature and Lot number(s) of each petitioner in his or her own handwriting; the name(s) of the sponsor(s) of the petition; and fulfill all other requirements required by law.

(ii) Within 20 days after receipt of a valid recall petition, the Board shall announce the procedures for conducting a written ballot of the Members to vote upon the requested recall. Such written ballot shall be conducted not less than 35 nor more than 90 days after the petition is presented. If the Board fails to set a date for, and give the Members notice of, the recall or written ballot within 20 days, the Members initiating the petition may call for a special meeting on their own initiative without Board approval or sanction.

(iii) The director whose removal is being sought shall have the right to rebut the allegations contained in the petition both in a written statement accompanying the Association's notice of the recall vote and at a special meeting of the members which the Association shall schedule at least 15 days prior to commencement of the written ballot vote.

(iv) If the quorum requirement for a valid membership action is not satisfied or if the recall vote results in a tie, the recall will have failed.

(e) **Removal by Court Action.** The County Superior Court may, in response to a suit filed by any director or the lesser of 20 Members or 5 percent of the Members, remove any director determined to be guilty of fraudulent or dishonest acts or gross abuse of authority or discretion with reference to the Association. The Association shall be made a party to any such action.

(f) **Filling of Vacancies.** Vacancies on the Board of Directors

shall be filled by a majority vote of the remaining directors though less than a quorum, or by a sole remaining director unless the vacancy is created through removal of a director by action of the Members in which case the vacancy shall be filled by a vote of the Members. Furthermore, the Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors by an election at a duly held meeting of the Members or written ballot.

(g) Reduction in Number of Directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

## **Article VII Board Meetings**

**Section 1. Place of Meetings**. Regular and special meetings of the Board of Directors may be held at any place within Lake of the Pines that has been designated from time to time by resolution of the Board and stated in the notice of the meeting. In the absence of such designation, regular meetings shall be held at the principal office of the Association. Notwithstanding the above provisions of this section, a regular or special meeting of the Board may be held at any place consented to in writing by all the Board members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

**Section 2. Annual Meeting of Directors**. Immediately following each annual meeting of the Members, the Board of Directors shall hold a regular meeting for the purpose of organization and the officers. Notice of this meeting shall not be required.

**Section 3. Other Regular Meetings**. Other regular meetings of the Board shall be held without call at such time as shall from time to time be established by the Board of Directors and communicated to the Board members. Ordinarily, regular meetings shall be conducted at least monthly. Notice of the time and place of regular meetings of the Board of Directors shall be noted in the Association's monthly newsletter and posted in a prominent place within the Common Area. If the Board has not established by resolution the time and location for regular meetings, notice shall be communicated to the Board members not less than 72 hours prior to the meeting; provided, however, that notice need not be given to any Board member who has signed a written waiver of notice or consent to holding the meeting as more particularly provided in section 7 of this Article.

### **Section 4. Special Meetings of the Board**

(a) Who May Call a Special Meeting. Special meetings of the Board of Directors for any purpose may be called at any time by the president or any two directors.

#### (b) Notice of Special Meetings

(i) Manner of Giving Notice. Notice of the time and place of special meetings of the Board shall be given to each director by one of the following methods (A) by personal delivery of written notice; (B) by first-class mail, postage prepaid; (C) by telephone communication, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director; or (D) by telegram, charges prepaid. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Notwithstanding the foregoing, notice of a meeting need not be given to any director who has signed a written waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof as more particularly provided in section 7 of this Article.

(ii) Time Requirements. Notices sent by first-class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the

meeting.

(iii) Notice Contents. The notice shall state the date, time, place, and purpose of the meeting.

**Section 5. Attendance by Members: Common Interest Development Open Meeting Act Provisions**. The following provisions reflect the California Common Interest Development Open Meeting Act (Cal. Civ. Code, §4900):

(a) Meetings Generally Open to Members. With the exception of executive sessions of the Board (see subparagraph (b), below) and any meetings conducted by conference telephone, any member of the Association may attend meetings of the Board of Directors; provided, however, that non-director Members may only participate in deliberations or discussions of the Board when expressly authorized by the Board member chairing the meeting. The Board may establish a time on the Board meeting agenda for comments and statements from the membership and the Board may impose reasonable time limitations on presentations by members at Board and membership meetings.

For purposes of the Open Meeting Act, the term "meeting" includes any congregation of a majority of the members of the Board at the same time and place to hear, discuss, or deliberate upon any item of business scheduled to be heard by the Board, except those matters that may be discussed in executive session.

(b) Executive Sessions. The Board, on the affirmative vote of a majority of the directors present at a meeting at which a quorum has been established, shall be entitled to adjourn at any time for purposes of reconvening in executive session to discuss: (i) litigation in which the Association is or may become a party; (ii) matters relating to the formation of contracts with third parties; (iii) Member discipline; or (iv) personnel matters. The Board must meet in executive session if requested by a Member who may be subject to a fine, penalty, or other form of discipline and the Member who is the subject of the disciplinary proceeding shall be entitled to attend the executive session. Any matter discussed in executive session shall be generally noted in the minutes of the Board meeting, taking into consideration the need to maintain confidentiality.

(c) Board Meeting Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors, other than minutes of an executive session, shall be available to the Members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member upon request and upon reimbursement of the Association's costs in making that distribution. Members shall be notified in writing at the time that the pro forma budget required by section 3 of Article XI is distributed or at the time of any general mailing to the entire membership of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained.

(d) Members' Right to Notice of Meetings. Unless the time and place of meeting is fixed by the Bylaws, or unless the Bylaws provide for a longer period of notice, Members shall be given notice of the time and place of Board meeting (as defined in subparagraph (a), above), except for "emergency meetings", at least four days prior to the date of the meeting. This notice may be given by posting the notice in a prominent place or places within the Common Area, by mail or delivery of the notice to each Lot within Lake of the Pines, or by newsletter or similar means of communication. For purposes of this subparagraph (d), an "emergency meeting" of the Board means a meeting called by the president or by any two members of the Board under circumstances that could not have been reasonably foreseen which require immediate attention and possible action by the Board and which of necessity make it impracticable to provide prior notice to the Members as required by the Open Meeting Act.

**Section 6. Quorum Requirements**. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in section 8 of this Article. Every act or decision done or made by a majority of the directors



present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, especially those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest; (ii) appointment of committees; and (iii) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting, or such greater number as is required by these Bylaws, the Articles or by law.

**Section 7. Waiver of Notice.** The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present; and (b) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the Association records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting the lack of proper notice either before or at the inception of the meeting.

**Section 8. Recess of Board Meetings.** A majority of the directors present, whether or not constituting a quorum, may recess any Board meeting to another time and place. If the meeting is recessed for more than 24 hours, notice of date, time and place of the meeting shall be given prior to the time of the recessed meeting to the directors who are not present at the time of the adjournment. Except as herein above provided, notice of a recessed meeting need not be given.

**Section 9. Action Without a Meeting.** Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as an unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of the Board. If prompt or immediate action of the Board is necessary and there is insufficient time to comply with the notice requirements set forth herein, reasonable efforts shall nevertheless be made to contact all Board members regarding the proposed action in advance thereof, rather than relying upon notification after the fact.

## **Article VIII Duties and Powers of the Board**

**Section 1. Specific Powers.** Without prejudice to the general powers of the Board of Directors set forth in Article VI, section 1, the directors shall have the following specific powers and responsibilities

(a) Exercise all powers vested in the Board under the Governing Documents and under the laws of the State of California.

(b) Appoint and remove all officers of the Association, the General Manager (subject to any contractual commitments which may exist), and other Association employees; prescribe any powers and duties for such persons that are consistent with law and the Governing Documents; and fix their compensation.

(c) Appoint such agents and employ such other employees, including attorneys and accountants, as it sees fit to assist in the operation of the Association, and to fix their duties and to establish their compensation.

(d) Adopt and establish rules and regulations subject to the provisions of Article III, section 4 of the Declaration, governing the

use of the Common Areas, the Common Facilities and roads within Lake of the Pines, and the personal conduct of the Members and their guests thereon, and take such steps as it deems necessary for the enforcement of such rules and regulations, including the imposition of monetary penalties and/or the suspension of voting rights and the right to use any Common Areas or Common Facilities; provided notice and a hearing are provided as more particularly set forth in the Association Rules. Rules and regulations adopted by the Board may contain reasonable variations and distinctions as between Owners and tenants.

(e) Enforce all applicable provisions of the Governing Documents relating to the control, management, and use of the Lots, Common Areas and Common Facilities and the roads within Lake of the Pines.

(f) Contract for and pay premiums for fire, casualty, liability and other insurance and bonds (including indemnity bonds) which may be required from time to time by the Association.

(g) Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor and services that may be required from time to time in relation to Lake of the Pines.

(h) Pay all taxes, special assessments and other assessments and charges which are, or would become, a lien on any portion of the Common Areas.

(i) Contract for and pay for construction or reconstruction of any portion or portions of Lake of the Pines which have been damaged or destroyed and which are to be rebuilt.

(j) Delegate its duties and powers hereunder to the officers of the Association or to committees established by the Board, subject to the limitations on the delegation of powers expressed in section 1 of Article IX, below.

(k) Levy and collect Assessments from the Members of the Association in accordance with the Declaration, and, in the discretion of the Board, to establish and collect reasonable use charges for any or all of the Common Facilities as the Board may deem necessary or desirable from time to time for the purpose of equitably allocating among the Members and users the cost of maintaining and operating the Common Facility for which the fee is imposed.

(l) Perform all acts required of the Board under the Declaration.

(m) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare an annual financial report, a copy of which shall be delivered to each Member as provided in Article XI, section 3, hereof.

(n) Appoint a Nominating Committee in accordance with Article VI, section 4, above, for the nomination of persons to be elected to the Board, and prescribe rules under which the Nominating Committee is to act.

(o) Appointment of an Environmental Control Committee in accordance with Article V of the Declaration, a Covenants Committee in accordance with Article XIII, section 7, of the Declaration, and such other committees as it deems necessary from time to time in connection with the affairs of the Association in accordance with Article IX of these Bylaws.

(p) Fill vacancies on the Board of Directors or in any committee, except for a vacancy created by the recall of a Board member by action of the Members.

(q) Open bank accounts and borrow money on behalf of the Association and designate the signatories to such bank accounts.

(r) Bring and defend actions on behalf of the Members in common or the Association to protect the interests of the Members or the Association, as such, so long as the action is pertinent to the operations of the Association, and assess the Members for the cost of such litigation.

(s) Enter Lots as necessary, subject to the notice requirements of Article III, section 3(b) of the Declaration, in connection with construction, maintenance or emergency repairs for the benefit of the Common Areas, Common Facilities or the Owners in common.

**Section 2. Limitations on Powers.** Without the vote or written assent of a majority of the Voting Power of the Association, the Board of Directors shall not take any of the following actions

(a) Incur aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of 5 percent of the budgeted gross expenses of the Association for that fiscal year; provided, however, that this limitation shall not apply to the expenditure of any funds accumulated in a reserve fund established for capital replacement or new capital improvements so long as the expenditure is for the purpose for which the fund was established.

(b) Sell, during any fiscal year, property of the Association having an aggregate fair market value greater than 5 percent of the budgeted gross expenses of the Association for that year; provided however, that this limitation shall not apply to the sale or other disposition of improved or unimproved Lots acquired by the Association in foreclosure proceedings.

(c) Pay compensation to members of the Board of Directors or officers of the Association, provided that directors and officers can be reimbursed for reasonable out-of-pocket expenses, verified in writing, incurred in the discharge of their duties.

## **Article IX Committees**

**Section 1. Committees Generally.** In addition to the Nominating Committee appointed and constituted pursuant to Article VI, section 4(a) of these Bylaws, the Environmental Control Committee appointed in accordance with Article V of the Declaration and the Covenants Committee appointed in accordance with Article XIII, section 7, of the Declaration, the Board may, by resolution adopted by a majority of the directors, designate one or more committees, each consisting of three or more Members (one of whom may be a director), to serve at the pleasure of the Board. Any committee established hereunder shall have those duties and responsibilities specified in the resolution forming the committee, except that no committee, regardless of Board resolution, may:

(a) Take any final action on any matter which, under the California Nonprofit Mutual Benefit Corporation Law, also requires approval of the Members.

(b) Fill vacancies on the Board of Directors or on any committee which has been delegated any authority of the Board.

(c) Amend or repeal Bylaws or adopt new Bylaws.

(d) Amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable.

(e) Appoint any other committees of the Board of Directors or designate the members of those committees.

(f) Approve any transaction (i) to which the Association is a party and one or more directors have a material financial interest; or (ii) between the Association and one or more of its directors or between the Association or any person in which one or more of its directors have a material financial interest.

**Section 2. Meetings and Actions of Committees.** Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article VII of these Bylaws, concerning meetings of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Unless otherwise provided in the Board resolution establishing the committee, minutes shall be kept of each meeting of any committee and shall be filed with the Association records. The Board of Directors may adopt additional rules, not inconsistent with the provisions of these Bylaws, for the governance of any committee.

## **Article X Officers**

**Section 1. Officers.** The officers of the Association shall be a president, a vice president, a secretary and treasurer. The Association may also have, at the discretion of the Board, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of section 3, below. Any person may hold no more than two offices, except that neither the secretary nor the Treasurer may serve concurrently as president.

**Section 2. Election of Officers.** The officers of the Association, except such officers as may be appointed in accordance with the provisions of sections 3 and 5, below, shall be chosen annually by majority vote of the Board at its meeting immediately following the annual meeting of the Members or the election of directors, and each shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

**Section 3. Subordinate Officers.** The Board may appoint, and may empower the president to appoint, such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws and as the Board may from time to time determine.

**Section 4. Removal of Officers.** Any officer may be removed, either with or without cause, by the Board at any regular or special meeting if the officer is found to have violated the Board's written Code of Ethics.

**Section 5. Resignation of Officers.** Any officer may resign at any time by giving written notice to the Board or to the president or to the secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the officer is a party.

**Section 6. Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

**Section 7. President.** The president shall be elected by the Board from among the directors. He or she shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the affairs and officers of the Association. He or she shall preside at all meetings of the Board, and shall have the general power and duties of management usually vested in the office of president of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

**Section 8. Vice President.** The vice president shall be elected by the Board from among the directors. In the absence or disability of the president, the vice president shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

**Section 9. Secretary.** The secretary shall be elected by the Board from among the directors. The secretary shall keep or cause to be kept at the principal office or such other place as the Board may order, a book of minutes of all meetings of directors and Members,

with the time and place of holding same, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of Members present in person or by proxy at Members' meetings, and the proceedings thereof. The secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. He or she shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law to be given, and he or she shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

**Section 10. Treasurer.** The treasurer shall be elected by the Board from among the directors. The treasurer, who shall be the Association's chief financial officer, shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the Association and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements. The books and records shall at all reasonable times be open to inspection by any director or Member. The treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He or she shall disburse the funds of the Association as may be ordered by the Board, shall render to the president and directors whenever they request it, an account of all of his or her transactions as treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws. If required by the Board, the treasurer shall give the Association a bond, in the amount and with the surety or sureties specified by the Board, for faithful performance of the duties of his or her office and for restoration to the Association of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

## Article XI

### Member Assessment Obligations and Association Finances

#### Section 1. Description of Assessments and Other Charges to Which Owners and Affiliate Members Are Subject.

(a) Lot Owners. Owners of Lots within Lake of the Pines are subject to Regular, Special and Special Individual Assessments as more particularly described in Article IV of the Declaration.

(b) Affiliate Members. Those persons who are eligible for affiliate membership shall only enjoy the rights and privileges of Affiliate Members upon payment of an annual membership assessment to the Association in an amount equal to One Hundred percent (100%) of the then regular annual assessment payable by Owners under Article IV of the Declaration.

(c) Other Charges. Deposits may be required of tenants, contractors and other non-members for obtaining vehicle permits, identification cards and/or Association charge privileges. The amount of such deposits and the terms and conditions, if any, for their refund, shall be determined from time to time by the Board of Directors and shall be specified in the Association Rules.

**Section 2. Checks.** All checks or demands for money and notes of the Association shall be signed by the president and treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate. Notwithstanding the foregoing, any withdrawal of funds from Association reserve accounts shall require the signature of two directors or officers.

**Section 3. Budgets and Financial Statements.** The following financial statements and related information for the Association shall be regularly prepared and copies thereof shall be distributed to each Member of the Association:

(a) Budget. A pro forma operating budget, containing all information required by Civil Code section 5300, or succeeding statute, shall be distributed to Members not less than 45 days nor more than 60 days prior to the beginning of the fiscal year.

In lieu of distributing the complete pro forma operating budget as specified above, the Board of Directors may elect to distribute a summary of the budget to the Members (within the time limits provided above), together with a notice that the complete budget is available at the Association's principal office and that copies will be furnished, upon request, to any Member at the Association's expense. This notice shall be presented on the front page of the budget summary in at least 10-point bold type. If a Member requests a copy of the complete budget, the Association shall mail the material, via first class mail, within five days.

(b) Year-End Report. Within 120 days after the close of the fiscal year, a copy of the Association's year-end report containing the information required to be disclosed by Civil Code section 5305 or succeeding statute shall be distributed to Members.

(c) Review of Accounts. On no less than a quarterly basis, the Board of Directors shall:

(i) Review a current reconciliation of the Association's operating accounts;

(ii) Review a current reconciliation of the Association's reserve accounts;

(iii) Review the current year's actual reserve revenues and expenses compared to the current year's budget;

(iv) Review the Association's latest account statements prepared by the financial institution(s) with whom the operating and reserve accounts are lodged; and

(v) Review the Association's income and expense statement for the operating and reserve accounts.

**Section 4. Required Reserve Studies.** At least once every three years, the Board shall cause a study of the reserve account requirements of Lake of the Pines to be conducted if the current replacement value of the major components which the Association is obligated to repair, replace, restore or maintain is equal to or greater than one-half of the gross budget of the Association for any fiscal year. The Board shall also review any reserve study required hereunder on an annual basis and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. The reserve study required hereunder shall include the minimum requirements specified in Civil Code section 5550 or comparable successor statute.

## Article XII

### Other Required Disclosure to Members

As required by law, the following reports and/or disclosures shall be made or provided to the Members in compliance with the deadlines set forth below:

#### Section 1. Annual Statement of Association's Collection Policy.

In addition to the budgets and financial statements described in Article XI, section 3, above, the Board of Directors shall annually distribute within 60 days prior to the beginning of the fiscal year, a statement describing the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular and Special Assessments including the recording and foreclosing of liens against Members' Lots.

#### Section 2. Notification to Members Regarding Insurance Coverage Maintained by the Association.

(a) Scope of Required Summary Disclosures. In accordance with Civil Code section 5300 and at the times specified in subparagraph (c) below, the Association shall prepare and distribute to its members a summary of the general liability insurance and directors' and officers' liability insurance maintained by the Association. In

addition, if the Association also maintains a policy of earthquake or flood insurance, a summary of that insurance shall also be provided to the Members. As to all three types of insurance coverage, the disclosure shall include the name of the insurer and the policy limits of the insurance. In addition, in the case of the Association's general liability insurance, the summary shall also disclose (i) whether the Association consulted with an insurance agent or broker regarding the coverage provided by the policy and, if so, whether the recommendations of the broker or agent were followed; (ii) the insurance deductible and the person or entity responsible for paying the deductible in the event of a loss; and (iii) whether the policy covers real property improvements of the Association. If the Association maintains earthquake or flood insurance, the summary pertaining to that insurance shall also include information concerning insurance deductibles and the person or entity responsible for paying the deductible in the event of a loss.

(b) Use of Policy Declaration Page to Comply With Summary Disclosure Requirements. In the case of all three types of insurance, the Association's disclosure obligations may be satisfied by distributing to the Members a copy of the policy declaration page, so long as that page presents the information specified above.

(c) Times When Insurance Summaries Must Be Provided. The summary information required by this section shall be provided to each Member of the Association at the following times:

(i) With the first newsletter, annual budget or financial disclosures (Article XI, section 3, above) or other general mailing to all Members by the Association next following the adoption of these Bylaws; and

(ii) With the newsletter, annual budget or financial disclosure or other general mailing to all Members by the Association next following any renewal or replacement of one or more of the insurance policies listed in subparagraph (a), where there is no lapse of coverage in connection with the renewal or replacement.

(d) Notification of Cancellation. In addition to distributing the insurance summaries described in subparagraph (a), above, as soon as reasonably practicable following any cancellation of a policy listed in subparagraph (a), the Association shall notify its Members of that event, unless the canceled policy is replaced immediately.

(e) Manner of Delivery of Insurance Summaries and Cancellation Notices. Any insurance summary or summaries provided in response to the events described in subparagraphs (c)(i) and (c)(ii), above, may be mailed or personally delivered to each Member. If the summaries are mailed, the class of postage used shall be the same as is customarily used to mail the newsletter or other general communication in which the summaries are included. Any notice sent to the Members to advise them of the cancellation and non-renewal of an insurance policy must be sent by first class mail to each Member. All mailings shall be to the Members at their respective addresses as shown in the books and records of the Association.

### **Section 3. Disclosure of Right to Receive Board Minutes.**

Members shall be notified in writing at the time that the pro forma budget required by Article XI, section 3, above, is distributed or at the time of any general mailing to the entire membership of the Members' right to have copies of the minutes of any Board meeting and how and where those minutes may be obtained (see Article XIII, section 1(d), below).

### **Section 4. Alternative Dispute Resolution (ADR) Disclosure.**

On an annual basis, the Board shall provide each member a summary of the provisions of Civil Code sections 5925, et seq., which specifically references sections 5925, et seq. and which includes the language required by section 5930 summary shall be provided to the Members either as part of the budget materials sent to the members pursuant to Article XI, section 3, or in the manner specified in Corporations Code section 5016.

**Section 5. Statement of Outstanding Charges.** Within ten days following receipt of a written request by an Owner, the Association shall provide the Owner with a written statement setting forth the following information as of the date of the statement (i) the amount of the Association's current regular and special assessments and fees, as well as any assessments levied upon the Owner's Lot which are unpaid; (ii) true information on the amounts of any delinquent assessments, penalties, attorneys' fees, and other charges against the requesting Owner's Lot which may be made a lien upon that Lot in accordance with Civil Code sections §5650, et seq.; and (iii) any change in the Association's current regular and special assessments and fees which have been approved by the Association's Board of Directors, but have not become due and payable as of the date of the statement.

**Section 6. Disclosure of Schedule of Fines or Other Monetary Penalties.** If the Association adopts a schedule of fines for commonly recurring infractions of the Governing Documents or any other policy imposing a monetary penalty or a fee on any Member for violation of any Governing Document or the Association Rules, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board shall distribute the schedule or policy to the Members by either personal delivery or by first-class mail. This distribution obligation shall arise whenever such a schedule or policy is adopted or subsequently amended.

**Section 7. Avoidance of Duplication in Reporting Obligations.** To the extent one document distributed to the Members pursuant to Article XI or this Article XII provides the information required in more than one of the foregoing sections of this Article and the time deadlines for proper distribution can otherwise be satisfied, any such requirements listed above may be satisfied by sending the Members the same document.

## **Article XIII Miscellaneous**

### **Section 1. Inspection of Books and Records.**

(a) Member Inspection Rights. All accounting books and records, minutes of proceedings of the Members, the Board and committees of the Board and the membership list of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member or his or her duly appointed representative at the offices of the Association for any purpose reasonably related to the Member's interest as such. Member's rights of inspection hereunder shall be exercisable on 10 days' prior written demand on the Association, which demand shall state the purpose for which the inspection rights are requested. Inspection rights with respect to the membership list shall be subject to the Association's right to offer a reasonable alternative to inspection within 10 days after receiving the Member's written demand (as more particularly set forth in section 8330 and following of the California Corporations Code).

(b) Director Inspection Rights. Every director shall have an absolute right at any reasonable time to inspect all books, records, documents and minutes of the Association and the physical properties owned by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

(c) Adoption of Reasonable Inspection Rules. The Board of Directors may establish reasonable rules with respect to (i) notice of inspection; (ii) hours and days of the week when inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested by the Member.

(d) Board Meeting Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any meeting of the Board of Directors, other than an executive session, shall be available to the Members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any Member upon request and upon reimbursement of the Association's costs in making that distribution.

**Section 2. General Manager.** The Board may, from time to time, employ the services of a manager to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of California, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the manager any of its day-to-day management and maintenance duties and powers under these Bylaws and the Declaration, provided that the manager shall at all times remain subject to the general control of the Board.

**Section 3. Corporate Seal.** The Association shall have a seal in circular form having within its circumference the words "Lake of the Pines Association, Incorporated, 1967, State of California."

**Section 4. Robert's Rules of Order.** In the event of a question or dispute concerning the procedural aspects of any meetings which cannot be resolved by reference to these Bylaws or applicable law, the matter shall be resolved by reference to Robert's Rules of Order.

**Section 5. Amendment of Bylaws.**

(a) **Amendment of Bylaws by Board of Directors.** The Board of Directors may, by a vote of a two-thirds majority of all directors, adopt amendments to these Bylaws when an amendment is needed to conform particular provisions of the Bylaws to changes in applicable California State law statutory requirements which the amended provision(s) is/are intended to reflect. Prior to entertaining a motion to approve any such amendment, the Board shall (i) receive a written opinion from the Association's legal counsel that a change in California statutory law necessitates a revision or revisions to these Bylaws in order to make the affected Bylaw provision(s) accurately state a legal requirement that the Association is bound by law to observe; and (ii) present the proposed amendment, together with a copy of the opinion of counsel, for discussion at a meeting of the Board of Directors held prior to the meeting at which the motion to approve the amendment is entertained and acted upon.

(b) **Amendment of Bylaws by Action of the Members.** Except as provided in subparagraph (a), above, these Bylaws may be amended or repealed, and new Bylaws adopted by the affirmative vote by written ballot of a majority of the Voting Power of the Members of the Association; provided that if any provision of these Bylaws requires the vote of a larger proportion or all of the Members, such provisions may not be altered, amended or repealed except by such greater vote, unless otherwise specifically provided herein. Any amendment to these Bylaws shall become effective immediately upon approval by the Members.

(c) **Certification of Bylaw Amendments.** The secretary of the Association shall certify adoption of any duly approved amendment to the Bylaws and a copy of said certificate and the amendment shall be included in the Association's corporate records.

(d) **Notice to Members.** The Members shall be advised promptly of any amendments to the Bylaws which have been duly approved by action of the Board or by approval of the Members in accordance with subparagraphs (a) or (b), above. If the Members have not previously been given a copy of the complete text of the amendment in connection with the vote thereon, the notice of the amendment shall include the complete text of any amended provisions.

**Section 6. Notice Requirements.** Any notice or other document permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered 72 hours after a copy of same has been deposited in the United States mail, postage prepaid,

addressed as follows: if to the Association or the Board of Directors, at the principal office of the Association as designated from time to time by written notice to the Members; if to a director, at the address from time to time given by such director to the secretary for the purpose of service of such notice; if to a Member, at the address from time to time given by such Member to the secretary for the purpose of service of such notice, or, if no such address has been so given, to the address of any Lot within Lake of the Pines owned by such Member.

**Section 7. Indemnification of Directors and Officers.** To the fullest extent permitted by California Corporations Code section 7237, or succeeding statute, the Association shall indemnify its directors, and officers, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding" as that term is used in that section and including an action by or in the right of the Association, by reason of the fact that such person is or was a director or officer. The term "Expenses," as used in this section, shall have the same meaning as in section 7237(a) of the California Corporations Code.

The Association shall have the power to purchase and maintain insurance on behalf of its directors and officers against other liability asserted against or incurred by any director or officer in such capacity or arising out of the director's or officer's status as such.

**Section 8. Construction and Definitions.** Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Mutual Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular. All captions and titles used in these Bylaws are intended solely for the reader's convenience of reference and shall not affect the interpretation or application of any of the terms or provisions contained herein.

**CERTIFICATE OF SECRETARY  
KNOW ALL MEN BY THESE  
PRESENTS**

The undersigned, secretary of the corporation known as Lake of the Pines Association, hereby certifies that the above and foregoing Restated Bylaws, consisting of 12 pages, were duly adopted by the Board of Directors on August 19, 2015, pursuant to Civil Code Section 4235 in order to solely correct the cross-references to the provisions in the Davis-Stirling Common Interest Development Act that were repealed and continued in new provisions by the adoption of Civil Code Sections 4000, et seq., and that the Restated Bylaws now constitute the Bylaws of the Association.

DATE: 6-24-2016  
  
LAKE OF THE PINES ASSOCIATION, INC.,  
a California nonprofit mutual benefit corporation  
  
By John E. McMahon (Secretary)



Recording requested by and  
When recorded return to:

BAYDALINE & JACOBSEN LLP  
895 University Avenue  
Sacramento, California 95825-6724

# **Lake Of The Pines Association**

## **Conformed Copy of the Restated Declaration Of Covenants, Conditions And Restrictions**

**(contains First Amendment to the Restated CC&Rs and  
Changes to Restated CC&Rs to reflect California Civil Code Section 4235)**





**Conformed Copy of  
 RESTATED DECLARATION OF  
 COVENANTS, CONDITIONS AND RESTRICTIONS  
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Those certain declarations of protective restrictions listed in Exhibit A, (collectively, the “Original Declarations”) which were executed by Western Lake Properties, Inc., a California corporation, Boise Cascade Home and Land Corporation, a Delaware corporation, and other developers of the Lake of the Pines common interest development (collectively the “Declarants”), and Recorded in the Official Records of Nevada County, California, at the book and page numbers of the Official Records identified in Exhibit “A”, are hereby amended, consolidated and restated in their entirety into this single Declaration covering all the Properties comprising Lake of the Pines.

## RECITALS

- A. Declarants were the original owners of those certain parcels of real property located in the County of Nevada, State of California, which are more particularly described in the Subdivision Maps listed in Exhibit “B”. All lots and parcels described and included in the Subdivision Maps listed in Exhibit “B” shall be referred to herein as “Lake of the Pines”.
- B. Declarants conveyed the lands comprising Lake of the Pines, subject to certain easements, protective covenants, conditions, restrictions, reservations, liens and charges as set forth in the Original Declarations referred to above, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Lake of the Pines common interest development and all of which shall run with Lots, Common Areas and other parcels comprising Lake of the Pines and be binding on all parties having or acquiring any right, title or interest in Lake of the Pines, or any portion thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner of a Lot within the development.
- C. It was the further intention of the Declarants to sell and convey residential Lots to the Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes (collectively, the “covenants and restrictions”) between Declarants and such Owners which are set forth in this Declaration and which were set forth in the Original Declarations and which are now being amended and restated in their entirety in this First Restated Declaration. As so amended and restated, the covenants and restrictions are intended to be in furtherance of a general plan for the subdivision, development, sale and use of Lake of the Pines as a “planned development” as that term is defined in section 4175 of the California Civil Code.
- D. Finally, it was the intention of Declarant that the “Common Areas” and “Common Facilities” within Lake of the Pines be owned and maintained by the Association, but reserved exclusively for the use and enjoyment of the Members, their tenants, lessees, guests and invitees, all subject to the terms and conditions of the Governing Documents.
- E. The Original Declarations were restated in their entirety by that document entitled Restated Declaration of Covenants, Conditions and Restrictions for Lake of the Pines recorded on October 25, 1996 as Document Number 96829145 of the Official Records of Nevada County. The Restated Declaration was subsequently amended by that First Amendment recorded on December 29, 2011 as Document Number 20110031125 in said official records. The Restated Declaration was further amended by Board Resolution on August 9, 2015 as authorized by Civil Code section 4235.
- F. Taken together, these restatements and amendments are herein called the “Declaration” or the “Restated Declaration” and are included in their entirety in this Conformed Copy of the Restated Declaration.

## ARTICLE I Definitions

**Section 1.** “Articles” means the Articles of Incorporation of the Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

**Section 2.** “Assessment” means any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of Article IV of this Declaration.

**Section 3.** “Association” means Lake of the Pines Association, Inc., a California nonprofit mutual benefit corporation, its successors and assigns. The Association is an “association” as defined in section 4080 of the California Civil Code.

**Section 4.** “Association Rules” means the rules, regulations and policies adopted by the Board of Directors pursuant to Article III, section 4 of this Declaration, as the same may be in effect from time to time. The Environmental Standards referenced in Article V, section 7, below, are a part of the Association Rules.

**Section 5.** “Board of Directors” or “Board” means the Board of Directors of the Association.

**Section 6.** “Bylaws” means the Bylaws of the Association, as such Bylaws may be amended from time to time.

**Section 7.** “Common Area” means all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area owned by the Association at the time of the Recordation of this Declaration is described in Exhibit “C”, attached hereto.

**Section 8.** “Common Expense” means any use of Association funds authorized by Article IV hereof and Article VIII of the Bylaws and includes, without limitation: (a) all expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Area or Common Facilities; (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors; (c) any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Areas and Common Facilities, and for nonpayment of any Assessments; and (d) any expenditure of Association funds to satisfy or pay any costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

**Section 9.** “Common Facilities” means the lakes within the Common Areas, the golf course, tennis courts, clubhouse facility, pro shop, the private roads, lounges, swimming pool and apron area, pool storage and pump house, pool furniture, recreation building, parking areas, and the trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures and other facilities constructed or installed, or to be constructed or installed, or currently located within the Common Area and owned by the Association.

**Section 10.** “County” means the County of Nevada, State of California, and its various departments, divisions, employees and representatives. If any portion of Lake of the Pines becomes a portion of an incorporated city, then the term “County” shall be deemed to include the city in which that portion of Lake of the Pines is located.

**Section 11.** “Declarant” means the original developers of Lake of the Pines, named in the Original Declarations listed in Exhibit “A”.

**Section 12.** “Declaration”, “Restated Declaration” and “Conformed Copy of Restated Declaration” means this instrument, as it may be amended from time to time. The “Original Declarations” is a collective term which means and refers to the documents referenced in Exhibit “A”.

**Section 13.** “Environmental Control Committee” or “Committee” means the committee appointed by the Board to discharge the duties and responsibilities described in Article V of this Declaration.

**Section 14.** “Governing Documents” is a collective term that means and refers to this Declaration and to the Articles, the Bylaws and the Association Rules.

**Section 15.** “Improvements” shall be defined as set forth in Article V, section 1(b), below.

**Section 16.** “Lake of the Pines” means all parcels of real property (Common Area and Lots) described in Exhibit “B”, together with all buildings, structures, utilities, Common Facilities, and other Improvements now located or hereafter constructed or installed thereon, and all appurtenances thereto. The term “Lake of the Pines” shall also include any additional real property that is hereafter annexed to the real property described in Exhibit “B” and made subject to this Declaration pursuant to Article XVII, section 2 hereof.

**Section 17.** “Lot” means any parcel of real property designated by a number on any Subdivision Map for Lake of the Pines, excluding the Common Area. When appropriate within the context of this Declaration, the term “Lot” shall also include the Residence and other Improvements constructed or to be constructed on a Lot. Within Lake of the Pines there are several Lots that are zoned for multi-family housing (such as townhouses or duplexes). When any residential building structure is built on a multi-family Lot, each residential unit constructed on the parcel shall be considered a “Lot” for purposes of this Declaration. Any reference herein to a “neighboring Lot” shall mean and refer to any Lot any portion of which is within a three hundred (300) foot radius of the Lot in question.

**Section 18.** “Majority of a Quorum” means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting or casting written ballots equals or exceeds the minimum quorum requirement for Member action, as specified in Article V, section 5, of the Bylaws or by statute.

**Section 19.** “Member” means every person or entity who holds a membership in the Association and whose rights as a Member are not suspended pursuant to Article XIII, section 6 hereof. Whenever the term “Member” is used in referenced to any Association action requiring the vote or assent of Members, the term shall be limited to Voting Members, as defined in Article III, section 1(a) of the Bylaws.

**Section 20.** “Mortgage” means any security device encumbering all or any portion of Lake of the Pines, including any deed of trust. “Mortgagee” shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

**Section 21.** “Owner” means any person, firm, corporation or other entity which owns a fee simple interest in any Lot.

**Section 22.** “Owner of Record” means the person or persons who appear as the owners of a fee simple interest in a Lot, as disclosed in the Official Records of the Office of the Nevada County Recorder.

**Section 23.** “Record” and “Recordation” mean, with respect to any document, the recordation or filing of such document in the Office of the Nevada County Recorder.

**Section 24.** “Regular Assessment” means an Assessment levied against an Owner and his or her Lot in accordance with Article IV, section 2, hereof.

**Section 25.** “Residence” means a private, single-family dwelling constructed or to be constructed on a Lot. If a multi-family Lot is developed as a duplex or a townhouse project, the term “Residence” shall refer to each duplex or townhouse unit.

**Section 26.** “Single Family Residential Use” means occupancy and use of a Residence for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single family residential dwellings.

**Section 27.** “Special Assessment” means an Assessment levied against an Owner and his or her Lot in accordance with Article IV, section 3 hereof.

**Section 28.** “Special Individual Assessment” means an Assessment levied against an Owner and his or her Lot in accordance with Article IV, section 4 hereof.

**Section 29.** “Subdivision Map” means the map for any portion of Lake of the Pines. The Subdivision Maps currently encompassing Lake of the Pines are listed in Exhibit “B”.

**Section 30.** “Tenant” or “Lessee” means any person who is occupying a Residence who is not an Owner or an Associate Member or a person who is living in a Residence with an Owner or Associate Member as a member of the Owner’s/Associate Member’s family or as a servant or care provider for a resident Owner or Associate Member.

## ARTICLE II

### Property Rights and Obligations of Owners

**Section 1. Owners’ Nonexclusive Easements of Enjoyment.** Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas within Lake of the Pines, including ingress and egress to and from his or her Lot, which easements and rights of access shall be appurtenant, and shall pass with the title, to every Lot, subject to the following:

(a) Regulation of Common Facilities. The Association shall have the right to regulate the use and enjoyment of its Common Facilities, including, without limitation, the right to: (i) charge reasonable admission and other fees as a condition to facilitate access and usage; (ii) limit the number of Owners or guests who may use particular recreational Common Facilities within Lake of the Pines at any particular time; or (iii) adopt and implement, as part of the Association Rules, a recreational facility pass system or other similar means of regulating the number of individuals who have the right to use and enjoy such facilities by virtue of the ownership of a Lot and the terms and conditions of such usage.

(b) Adoption of Rules. The Association shall have the right to adopt Association Rules as provided in Article III, section 4, below, and, in the event of the breach of such rules or any provision of any Governing Document by any Owner or tenant, to initiate disciplinary action against the violating Owner or tenant in accordance with Article XIII, section 6, below.

(c) Authority to Borrow. The Association shall have the right, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and Common Facilities;

(d) Dedication of Property. The Association shall have the right to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless approved by at least two-thirds of the voting power of the Members. The satisfaction of this membership approval requirement may be certified

by the President and Secretary of the Association in the manner described in Civil Code § 4270(a) for the recordation of amendments to this Declaration. In no event shall any public dedication be permitted that impairs the ingress and egress to any Lot.

(e) Easements of Record. Owners' rights in, and to, the Common Areas shall be subject to all easements affecting the Common Area which are described in Article IX, below, or as set forth on any recorded Subdivision Map for any portion of Lake of the Pines.

(f) Exclusive Use Common Areas. Owners' rights of ingress, egress, use and enjoyment of Common Areas shall also be subject to the exclusive use common area provisions of Article IX, section 4(b), below.

**Section 2. Persons Subject to Governing Documents**. All present and future Owners and residents of Lots within Lake of the Pines shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same or any of them shall be amended from time to time, unless a particular provision is specifically restricted in its application to one or more of such classes of persons (i.e. Owners, tenants, invitees, etc.). The acceptance of a deed to any Lot, the entering into a lease, sublease or contract of sale with respect to any Lot, or the occupancy of any Lot shall constitute the consent and agreement of such Owner, tenant or occupant to comply with this Declaration and the Association Rules, as the same may be amended from time to time.

**Section 3. Delegation of Use**.

(a) Delegation of Use and Leasing of Residences. Any Owner may delegate his or her rights to use and enjoy the Common Area and Common Facilities to his or her family members, tenants, lessees or contract purchasers who reside in the Owner's Residence; provided, however, that any rental or lease of a Residence may only be to a single family for Single Family Residential Use.

Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents all of which shall be deemed to be incorporated by reference into the lease or rental agreement. Each Owner-lessor shall provide any tenant or lessee with a current copy of all Governing Documents or, in the alternative, with a summary of the Governing Document provisions most pertinent to resident tenants and lessees if such a summary is published by the Association. Owners renting or leasing their Residences shall be responsible for compliance by the tenant or lessee with all of the provisions of the Governing Documents during the tenant's/lessee's occupancy and use of the Residence.

(b) Discipline of Lessees. Subject to the notice and other due process requirements set forth in subparagraph (c) below, in the event that any tenant or lessee fails to honor the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances which may include suspension of the tenant's privileges to use any recreational Common Facilities or the imposition of fines and penalties against the Owner or tenant.

(c) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to Lake of the Pines or to preserve the rights of quiet enjoyment of other residents, the Association shall have no right to initiate disciplinary action against an Owner-lessor (or the Owner's lessee or tenant) on account of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied: (i) the Owner has received written notice from the Association detailing the nature of the lessee's/tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter in the event the Owner believes that remedial or disciplinary action is unwarranted or unnecessary; (ii) the Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner; and (iii) the Owner has failed to prevent or correct the tenant's objectionable actions or misconduct. Any hearing requested hereunder shall be conducted in accordance with Article XIII, section 6, below.

(d) Association's Authority To Limit Dual Access To Amenities By Owner-Lessors and Tenants. The Association shall have the authority (see Article II, section 1(a) and Article III, section 4(a)) to prohibit an Owner who is leasing his or her residence (and the members of that Owner's family) from using recreational Common Facilities during the term of the lease, unless the Owner-Lessor concurrently occupies another residence within Lake of the Pines.

(e) Limitation on Short-Term Leases and Rentals. No Lot may be leased or rented for less than thirty (30) days, excluding Lots leased or rented between one Owner Member and another Owner Member. Lease or rental agreements for Lots may not contain provisions for early termination that evade this thirty (30) day limitation. This limitation is intended to prevent, among other things, leases or rentals to non-Owners for transient or hotel purposes.

**Section 4. Obligations of Owners**. Owners of Lots within Lake of the Pines shall be subject to the following duties and responsibilities:

(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify Association office of the names of any contract purchaser or tenant residing on the Owner's Lot (including any other persons in the purchaser's/tenant's family who have also been given a right of occupancy).

(b) Contract Purchasers. When an Owner sells his or her Lot through use of a contract of sale (i.e., a contract in which title to the Lot does not pass to the purchaser until the Owner-seller has been paid in full) he or she must delegate the membership voting rights and rights to use and enjoy the Common Area and Common Facilities that are tied to the Lot to the contract purchaser. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the Lot has been transferred to the contract purchaser.

(c) Notification Regarding Governing Documents.

(i) As more particularly provided in section 4525 of the California Civil Code, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give any prospective purchaser:

(A) A copy of the Governing Documents;

(B) The Association's most recent financial statement;

(C) A true statement in writing from an authorized representative of the Association as to (1) the amount of any delinquent Assessments, together with information relating to late charges, attorneys' fees, interest, and costs of collection which, as of the date the statement is issued, are or may become a lien on the Lot being sold; and (2) the amount of the Association's current Regular and Special Assessments and fees; and

(D) Notice of any change in the Association's current Regular and Special Assessments and fees which have been approved by the Board but have not become due and payable as of the date the information is provided.

(ii) Within 10 days of the mailing or delivery of a request for the information described in subparagraph (c)(i), above, the Association shall provide the Owner with copies of the requested items. The Association shall be entitled to impose a fee for providing the requested items equal to (but not more than) the reasonable cost incurred by the Association to prepare and reproduce the requested items. In addition, the Association may impose a reasonable fee to recover its actual costs of changing its records in connection with a change of ownership of any Lot.

(d) Payment of Assessments and Compliance With Rules. Each Owner shall pay, when due, each Regular, Special and Special Individual Assessment levied against the Owner and his or her Lot and shall observe, comply with and abide by any and all rules and regulations set forth in, or promulgated by the Association pursuant to any Governing Document.

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

(f) Joint Ownership of Lots. In the event of joint ownership of any Lot, the obligations and liabilities of the multiple Owners under

the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph (f) shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the obligation to pay all duly imposed Assessments.

### **ARTICLE III Lake of the Pines Association**

**Section 1. Membership in Lake of the Pines Association.** Because Lake of the Pines is a common interest development, as defined in California Civil Code sections 4100 and 4175, a nonprofit mutual benefit corporation was established to own, maintain and operate for the benefit of its Members and their families, tenants, guests and invitees certain Common Areas and Common Facilities. That corporation is the Lake of the Pines Association, Inc. and membership in the Association arises automatically by virtue of the ownership of a Lot within Lake of the Pines. Accordingly, Association membership is mandatory and cannot be separated from ownership of a Lot. The Association is obligated to discharge the duties and responsibilities more particularly described in this Declaration and the other Governing Documents. Reference is made to the Bylaws of the Association for a more detailed description of the voting and other rights and obligations of membership.

**Section 2. Assessments.** Both the State law (California Civil Code sections 5600(a) and 5650(a)) and this Declaration give the Association the power and the obligation to establish, fix and levy Assessments against the Owners of Lots within Lake of the Pines and to enforce payment of such Assessments in accordance with Article IV of this Declaration. Any Assessments levied by the Association against its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

**Section 3. Powers and Authority of the Association.**

(a) **Powers, Generally.** The Association shall have the responsibility of owning, managing and maintaining the Common Areas and Common Facilities and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of its responsibilities and duties and in the ownership and management of its Common properties and facilities for the benefit of its Members, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon shall be as set forth in Article VIII of the Bylaws.

(b) **Association's Limited Right of Entry.**

(i) **Right of Entry, Generally.** Without limiting the generality of the foregoing enumeration of corporation powers, the Association is hereby authorized and empowered directly or through its agents to enter any Lot when necessary to perform the Association's obligations under this Declaration, including (i) obligations to enforce the architectural, minimum construction standards, and land use restrictions of Articles V, VI and VIII hereof; (ii) any obligations with respect to construction, maintenance and repair of adjacent Common Facilities; or (iii) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, Association property or the Owners in common.

(ii) **Limitations on Exercise of Right.** The Association's right of entry pursuant to this subparagraph (b) shall be subject to the

following limitations and conditions:

(A) The right of entry may be exercised immediately and without prior notice to the Owner or resident in case of an emergency originating in or threatening the Lot where entry is required or any adjoining Lots or Common Area. The Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present.

(B) In all non-emergency situations involving routine repair and/or maintenance activities, the Association, or its agents, shall furnish the Owner or his or her lessee with at least 24 hours prior written notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry, and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing on the Lot.

(C) In all non-emergency situations involving access by the Association for purposes of enforcing the Governing Documents against an Owner in default, the Association's entry shall be subject to observance of the notice and hearing requirements imposed in Article XIII, section 6, below.

(D) In no event shall the Association's right of entry hereunder be construed to permit the Association or its agents to enter any Residence without the Owner's express prior permission.

**Section 4. Association Rules.**

(a) **Rule Making Power.** The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners ("Association Rules"). The Association Rules may concern, but need not be limited to (i) matters pertaining to the maintenance, repair, management and use of the Common Area and Common Facilities by Owners, their tenants, guests and invitees, or any other person(s) who have rights of use and enjoyment of such Common Area and Common Facilities; (ii) architectural control and the rules of the Environmental Control Committee under Article V, section 7, hereof; (iii) the conduct of disciplinary proceedings in accordance with Article XIII, section 6 hereof; (iv) regulation of parking, pet ownership and other matters subject to regulation and restriction under Article VIII, hereof; and (v) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with, or materially alter, any provision of the other Governing Documents or the rights, preferences and privileges of Members thereunder. In the event of any material conflict between any Association Rule and any provision of the other Governing Documents, the conflicting provisions contained in the other Governing Documents shall be deemed to prevail.

(b) **Distribution of Rules.** A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner.

(c) **Adoption and Amendment of Rules.** Association Rules may be adopted or amended from time to time by majority vote of the Board, provided, however, that no Association Rule or amendment thereto shall be adopted by the Board until at least 30 days after the proposed rule or rule amendment has been (i) published in the Association newsletter, if any, or otherwise communicated to the Owners in writing; and (ii) posted in the Association's principal office. The notice describing the proposed rule or amendment shall also set forth the date, time and location of the Board meeting at which action on the proposal is scheduled to be taken.

Any duly adopted rule or amendment to the Association Rules shall become effective immediately following the date of adoption thereof by the Board, or at such later date as the Board may deem appropriate. Any duly adopted rule or rule amendment shall be distributed to the Owners by mail.

**Section 5. Breach of Rules or Restrictions.** Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XIII hereof.

**Section 6. Limitation on Liability of the Association's Directors and Officers.**

(a) Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Members or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the Governing Documents; provided that such Released Party has, upon the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of the tortious act or omission of a volunteer member of the Board or volunteer officer of the Association shall recover damages from such Board member or officer if all of the following conditions are satisfied:

(i) The Board member or officer is an Owner of no more than two Lots;

(ii) The act or omission was performed within the scope of the volunteer Board member's or officer's Association duties;

(iii) The act or omission was performed in good faith;

(iv) The act or omission was not willful, wanton, or grossly negligent;

(v) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made one or more policies of insurance which shall provide coverage for general liability of the Association and individual liability of the officers and directors, with both types of insurance providing coverage of at least one million dollars (\$1,000,000).

The payment of actual expenses incurred by a Board member or officer in the execution of such person's Association duties shall not affect such person's status as a volunteer Board member or officer for the purposes of this section. The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations pursuant to California Civil Code section 5800. In the event said Civil Code section is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

**ARTICLE IV  
Assessments**

**Section 1. Assessments Generally.**

(a) Covenant to Pay Assessments. Each Owner of one or more Lots, by acceptance of a deed or other conveyance therefore (whether or not it shall be so expressed in such deed or conveyance), covenants and agrees to pay to the Association (i) Regular Assessments; (ii) Special Assessments; and (iii) Special Individual Assessments. Each such Assessment shall be established and collected as hereinafter provided.

(b) Extent of Owner's Personal Obligation for Assessments. Each Owner who acquires title to a Lot (whether at a judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the acquired Lot which become due and payable after the date of the close of escrow for such sale. Any unpaid Assessment of a previous Owner of the purchased Lot which is not satisfied in full at the close of escrow shall remain the personal debt of such previous Owner. However, any Association assessment lien on the Lot which

was recorded while the previous owner held title, shall remain in force and effect as a lien on the Lot unless that lien is extinguished for one of the reasons identified in section 11, below. Accordingly, when a person acquires title to a Lot which is subject to an assessment lien, the Association may be entitled to enforce its lien by foreclosure, as provided in section 10(b), below, even when the new Owner has no personal liability for the prior Owner's delinquent assessment obligation.

(c) Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this Article may be subject to foreclosure as provided in section 10(b) hereof.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself/herself from personal liability for Assessments duly levied by the Association, nor release the Lot or other property owned by him/her from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area or any facilities thereon or by abandonment or non-use of his/her Lot or any other portion of Lake of the Pines.

**Section 2. Regular Assessments.**

(a) Preparation of Annual Budget; Establishment of Regular Assessments. Not less than 45 days nor more than 60 days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities) by preparing and distributing to all Members a budget satisfying the requirements of Article XI, section 3 of the Bylaws. If the Board fails to distribute the budget for any fiscal year within the time period provided for in this subparagraph (a), the Board may not increase Regular Assessments for that fiscal year without the Member's approval in accordance with section 8, below.

(b) Establishment of Regular Assessment by Board/Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year. If the Association's budget discloses that the amount of the Regular Assessment must be increased by an amount which exceeds the prior year's assessment by more than 20 percent, the assessment increase can only be implemented with Member approval in accordance with section 8, below.

(c) Allocation of Regular Assessment. The total estimated Common Expenses, determined in accordance with subparagraph (a), shall be allocated among, assessed against, and charged to each Owner according to the ratio of the number of Lots within Lake of the Pines owned by the assessed Owner to the total number of Lots subject to Assessments so that each Lot bears an equal share of the total Regular Assessment. Any multi-family Lot which is vacant (i.e., no townhouse, duplex or other building structures containing more than one Residence has been constructed) shall be assessed as a single Lot; provided, however, that once a multi-family residential structure has been built on the Lot, each Residence unit in the structure shall be considered as a separate Lot for assessment purposes.

(d) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member. The Assessment roll (which may be maintained in computer form) shall show, for each Lot, the name and address of the first person who appears as an Owner of Record in the Official County Records, all Regular, Special and Special Individual Assessments levied against

each Owner and his or her Lot, and the amount of such Assessments which have been paid or remain unpaid.

(e) Mailing Notice of Assessment. Within the time requirements specified in subparagraph (a), above, the Board of Directors shall mail to each Owner, at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year.

(f) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to section 3(a)(i) of this Article for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Board.

(g) Installment Payment. The Regular Assessment levied against each Owner and his or her Lot is currently billed to the Owner(s) of the Lot in a single invoice which calls for two semi-annual payments on June 1 and December 1 of each fiscal year; provided, however, that the Association may, in future years, establish a monthly or quarterly billing plan for assessments. Installments of Regular Assessments shall be delinquent if not paid within 15 days following the due date as established by the Board (currently June 1 and December 1).

### **Section 3. Special Assessments.**

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subparagraph (b) below, the Board of Directors shall have the authority to levy Special Assessments against the Owners and their Lots for the following purposes:

(i) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient in amount, due to extraordinary expenses not contemplated in the budget prepared for that fiscal year, then the Board of Directors shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(ii) Capital Improvements. The Board may also levy Special Assessments for additional capital improvements within the Common Area (i.e., improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Facilities). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, replacement and repair of the Common Areas or existing Common Facilities through Regular Assessments (including the funding of reasonable reserves) and to maintain adequate insurance on the Common Area and existing Common Facilities in accordance with Article X hereof.

(b) Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with section 8, below: (i) any Special Assessments which, in the aggregate, exceed five (5) percent of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied; and (ii) any Special Assessments imposed pursuant to subparagraph (a)(i) of this section when the Board has failed to distribute a budget to the Members within the time specified in section 2(a) of this Article. The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any "emergency situation" as defined in section 5 of this Article.

(c) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot in the same manner prescribed for the allocation of Regular Assessments pursuant to subparagraph 2(c) above. The Special Assessment so levied shall be

recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner.

Special Assessments for purposes described in subparagraph (a)(i) of this section shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable to the Association in equal monthly installments during the remainder of the then current fiscal year. Special Assessments for purposes described in subparagraph (a)(ii) shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable in full to the Association within 30 days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances.

### **Section 4. Special Individual Assessments.**

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with section 3, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below; provided, however, that no Special Individual Assessments may be imposed against an Owner pursuant to this section until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Article XIII, section 6 hereof, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Damage to Common Area or Common Facilities. In the event that any damage to, or destruction of, any portion of the Common Area or the Common Facilities is caused by the willful misconduct or negligent act or omission of any Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses to accomplish the payment of delinquent Assessments or otherwise bring the Owner and/or his or her Lot into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable fines and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorneys fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iii) Required Maintenance on Lots. If any Lot is maintained so as to become a nuisance, fire or safety hazard for any reason, including without limitation, the accumulation of trash, junk automobiles or improper weed or vegetation control, the Association shall have the right to enter the Lot, correct the condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Association shall be effected in accordance with Article III, section 3(b), above.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed in subparagraph (a) of this section, such Special Individual Assessment shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment shall thereafter be due as a separate debt of the Owner which shall be due and payable in full to the Association within thirty (30) days after the mailing of notice of the Special Individual Assessment. Special Individual Assessments imposed to recover monetary penalties for failure of a Member to comply with the Governing Documents may only become a lien against the Member's Lot that is subject to foreclosure if permitted by law. As of the effective date of this Declaration, State law prohibits such liens.



Except to the extent prohibited by law, Special Individual Assessments (including, without limitation, those imposed to recover late payment penalties or to reimburse the Association the cost of repairing damage to the Common Areas or Common Facilities for which the assessed Member is responsible), if not paid prior to delinquency, may be collected either in an action at law or by the lien and foreclosure remedies stated in section 10(b), below.

**Section 5. Assessments to Address Emergency Situations.** The requirement of a membership vote to approve (a) Regular Assessment increases in excess of 20 percent of the previous year's Regular Assessment, or (b) Special Assessments which, in the aggregate, exceed 5 percent of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied, shall not apply to Assessments which are necessary to address emergency situations. For purposes of this section, an emergency situation is any of the following:

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

(ii) An extraordinary expense necessary to repair or maintain the Common Areas and/or Common Facilities where a threat to personal safety is discovered.

(iii) An extraordinary expense necessary to repair or maintain the Common Areas and/or Common Facilities that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to section 2(a) of this Article; provided, however, that prior to the imposition or collection of an assessment under this subparagraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of assessment.

**Section 6. Purpose and Reasonableness of Assessments.** Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively (a) to promote the recreation, health, safety and welfare of individuals residing within Lake of the Pines; (b) to promote the enjoyment and use of Lake of the Pines by the Owners and their families, tenants, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Area and Common Facilities. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created hereby) of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns; provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

**Section 7. Exemption of Certain Property of Lake of the Pines From Assessments.** The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

(a) Any portion of Lake of the Pines dedicated and accepted by a local public authority;

(b) The Common Area and Common Facilities; and

(c) Any Lot owned by the Association.

**Section 8. Notice and Procedure for Member Approval Pursuant to Sections 2 and 3.** If Member approval is required in connection with any increase or imposition of Assessments pursuant to sections 2 and 3 of this Article, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members. In accordance with Civil Code sections 5605, et seq., the minimum quorum required for such membership action shall be a majority of the Members.

**Section 9. Maintenance of Assessment Funds.**

(a) Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late

charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of the account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code section 5510(a) and Article XI, section 2 of the Bylaws.

Operating funds and reserve funds shall be maintained separately. However, within these two categories of funds, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on deposits in Association accounts shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b), below.

(b) Fund Investments. The Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or other prudent investments consistent with the investment standards normally observed by trustees. The Association Rules shall include an investment policy, describing with reasonable specificity, the types of investments authorized hereunder.

(c) Separate Accounts; Commingling of Funds. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirements for which the Special Assessment was levied, such surplus may, in the Board's discretion, be (i) returned proportionately to the contributors thereof; (ii) reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded; or (iii) credited proportionately on account of the Owners' future Regular Assessment obligations.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate account of all funds received by it in payment of each Assessment and of all disbursements made therefrom; provided, however, that receipts and disbursements of Special Assessments made pursuant to section 3(a)(i) of this Article shall be accounted for together with the receipts and disbursements of Regular Assessments.

Unless the Association is exempt from federal or state taxes, all sums allocated to capital replacement reserves shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Association.

**Section 10. Collection of Assessments; Enforcement of Liens.**

(a) Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment assessed to any Owner is not paid within 15 days after the same becomes due, such payment shall be delinquent and the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law commencing 30 days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to adopt a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by California Civil Code sections 5650(b) and 5600(b) which shall be a part of the Association's assessment collection policy. When an Owner makes a partial payment toward delinquent Assessments, late charges,

interest, attorney's fees and other reasonable costs of collection duly imposed by the Association, the payment(s) shall first be applied to reduce the principal amount owed and may only be applied to interest and other collection expenses after the principal amount in default has been paid in full.

(b) Effect of Nonpayment of Assessments.

(i) Creation and Imposition of a Lien for Delinquent Assessments.

As more particularly provided in sections 5650, et seq. of the California Civil Code, and subject to any limitations expressed therein, the amount of any delinquent Regular or Special, or Special Individual Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Lot of the Owner so assessed when the Association Records a Notice of Delinquent Assessment executed by an authorized representative of the Association, setting forth the information required by Civil Code sections 5650, et seq. The Notice of Delinquent Assessment shall be mailed in the manner set forth in Civil Code section 2924b to all Owners of Record of the Lot with respect to which the Assessments have accrued no later than ten days following recordation of the Notice.

Before the Association may record a Notice of Delinquent Assessment, the Association must send the delinquent Owner, by certified mail, a notice of the fee and penalty procedures of the Association, together with an itemized statement of the charges owned by the Owner, separately identifying the principal owed, any late charges incurred (including the method of calculation of such late charges), any attorney's fees, and the collection policy of the Association (including the right of the Association to recover all reasonable costs of collection).

(ii) Remedies Available to the Association to Collect Assessments. The Association may bring legal action against the Owner personally obligated to pay the delinquent Assessment, foreclose its lien against the Owner's Lot or accept a deed in lieu of foreclosure; provided, however, that no action to foreclose a lien created by recordation by the Association of a Notice of Delinquent Assessment may be initiated until: (A) a period of thirty (30) days has elapsed from the date the Notice is recorded; and (B) any right of the Owner to have a dispute regarding the amounts claimed in the Notice resolved through alternative dispute resolution (Civil Code sections 5705 et seq.) has passed, or been resolved, in whole or in part, against the Owner, or resolved in a manner which does not result in a binding adverse determination against the Association (i.e., mediation or non-binding arbitration).

Foreclosure by the Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted pursuant to California Civil Code section 2934a. Any sale of a Lot by a trustee acting pursuant to this section shall be conducted in accordance with sections 2924, 2924b and 2924c of the California Civil Code applicable to the exercise of powers of sale in mortgages or deeds of trust.

**Section 11. Transfer of Lot by Sale or Foreclosure.** The following rules shall govern the status of the Association's rights to enforce its Assessment collection remedies following the sale or foreclosure of a Lot:

(a) Except as provided in subparagraph (b), below, the sale or transfer of any Lot shall not affect any Assessment lien duly Recorded with respect to such Lot prior to the sale or transfer, and the Association can continue to foreclose its lien in spite of the change in ownership.

(b) The Association's Assessment lien shall be extinguished as to all delinquent sums, late charges, interest and costs of collection incurred prior to the sale or transfer of a Lot pursuant to a foreclosure or exercise of a power of sale by the holder of a prior encumbrance (but not pursuant to a deed-in-lieu of foreclosure). A "prior encumbrance" means any first Mortgagee or other Mortgage or lien recorded prior to the Association's Assessment lien.

(c) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, shall affect the Association's right to maintain an action against the foreclosed previous Owner personally to collect the delinquent Assessments, late charges, interest and associated costs of collection incurred prior to and/or in connection with the sale or transfer.

(d) This section 11 and the following section 12 are intended to reflect the California law concerning assessment lien priority in effect as of the effective date of this Declaration. In the event that the applicable California laws are revised and the statute(s) addressing assessment lien priority apply to the Association, this section and section 12 may be revised by action of the Board to conform to the new statutory provisions concerning this subject.

**Section 12. Priorities.** When a Notice of Delinquent Assessment has been Recorded, such notice shall constitute a lien on the Lot prior and superior to all other liens or encumbrances Recorded subsequent thereto, except (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (b) the lien or charge of any first Mortgage of record (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or other prior encumbrance.

## ARTICLE V

### Architectural and Environmental Control

**Section 1. Environmental Control Committee Approval of Improvements.**

(a) Approval Generally. Before commencing construction or installation of any Improvement within Lake of the Pines ("Improvement" being defined in subparagraph (b), below), the Owner planning such Improvement must submit a written request for approval to the Environmental Control Committee. The Owner's request shall include structural plans, specifications and plot plans satisfying the requirements of section 5 of this Article. Unless the Committee's approval of the proposal is first obtained, no work on the Improvement shall be undertaken. The Environmental Control Committee shall base its decision to approve, disapprove or conditionally approve the proposed Improvement on the criteria described in section 6 of this Article.

(b) Definition of "Improvement". The term "Improvement" as used herein includes, without limitation, the construction, installation, alteration or remodeling of any buildings, walls, decks, fences, swimming pools, landscape structures, solar heating equipment, spas, antennas, television satellite reception dishes, docks, piers, utility lines or any other structure of any kind. With the exception of any proposed Improvement projects involving garage modifications, in no event shall the term "Improvement" be interpreted to include Improvement projects which are restricted to the interior of any building structure. Whenever reference is made in the Declaration or in the Environmental Standards to a "fence", the term shall mean and include any hedge, structure or partition of any kind erected for the purpose of enclosing a Lot or parcel, or to divide a Lot or parcel into distinct areas or enclosures, or to separate two contiguous Lots or parcels, regardless of whether the fence is comprised of wood, wire, iron, living plant materials or trees or other materials that are intended to prevent intrusion from without, straying from within or to create a visual barrier or screen.

(c) Jurisdiction/Limitations of the Committee. In addition to its authority to review and approve proposed Improvement projects, the Committee shall also have the authority to regulate landscaping and landscape projects on Lots to the extent described in section 13, below. The Committee shall have no jurisdiction with respect to the interior portions of any Improvement or structure with the exception of any proposal to modify or convert a garage to a use which will preclude

the parking of at least two standard-sized vehicles in the garage.

**(d) Modifications to Approved Plans Must Also Be Approved.**

Once a proposed work of Improvement has been duly approved by the Environmental Control Committee, no material modifications shall be made in the approved plans and specifications therefore and no subsequent alteration, relocation, addition or modification shall be made to the work of Improvement, as approved, without a separate submittal to, and review and approval by, the Committee. If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the work, the Committee, in its discretion, may order the Owner and his or her contractors and agents to cease working not only on the modified component of the Improvement, but also on any other affected component.

In the event that it comes to the knowledge and attention of the Association, its Environmental Control Committee, or the agents or employees of either, that a work of Improvement, or any modification thereof, is proceeding without proper approval, the Association shall be entitled to exercise the enforcement remedies specified in section 11 of this Article, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement until such time as proper Environmental Control Committee review and approval is obtained.

**Section 2. Composition of the Environmental Control Committee.**

The Committee shall be composed of five or more Members appointed by the Board. In selecting Members for the Committee, the Board shall endeavor to select individuals whose occupations, education or personal experience will provide technical knowledge and expertise relevant to matters within the Committee's jurisdiction. Committee members shall serve one-year terms subject to the Board's power to remove any Committee member and to appoint his or her successor. Neither the members of the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto.

**Section 3. Duties of the Committee.**

The Committee shall have the following duties: (a) to consider and act upon the proposals and plans for Improvements submitted to it pursuant to this Declaration; (b) to establish, with approval of the Board, detailed Environmental Standards to serve as guidelines for property improvements and maintenance (see section 7, below); and (c) to perform such other duties as may be delegated by the Board from time to time. The Environmental Control Committee is charged with the responsibility of supervising the orderly development of the community and upholding and implementing the environmental standards set forth in the Governing Documents. It is not the function of the Committee to arbitrate disputes between Owners, designers, contractors or neighbors.

**Section 4. Meetings.**

The Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of a majority of the Committee members present at a meeting, so long as at least three Committee members are present, shall constitute the action of the Committee. The Committee shall keep and maintain a written record of all actions taken.

The Owner-Applicant or his architect, contractor or other representative shall be entitled to appear at any meeting of the Committee at which his or her proposal has been scheduled for review and consideration. The Applicant (or Applicant's agent) shall be entitled to be heard on the matter. If the Committee reasonably determines that other Owners' properties may be affected by the proposed Improvement (in terms of the view or solar access of the Applicant's or any adjacent Lot, noise or other considerations) the Committee may, in its discretion, require that notice of hearings on the application be sent to those neighboring Owners and they shall also be entitled to attend the meeting. If the proposed Improvement project involves a request for a variance (see section 12, below), neighboring Owners shall be notified in accordance with section 12.

**Section 5. Basis for Approval of Improvements.** When a proposed work of Improvement is submitted to the Environmental Control Committee for review, the Committee shall grant the requested approval only if the Committee, in its sole discretion, finds that all of the following provisions have been satisfied:

(a) The Owner's plans and specifications: (i) conform to this Declaration and to the Environmental Standards in effect at the time such plans are submitted to the Committee; (ii) will result in the construction of an Improvement that is in harmony with the external design of other structures and/or landscaping within Lake of the Pines; and (iii) will not interfere with the reasonable enjoyment of any other Lot Owner of his or her property, including, without limitation, the other Owner's rights to scenic and solar access free of unreasonable obstructions; and

(b) The proposed Improvement(s), if approved, will otherwise be consistent with the architectural and aesthetic standards prevailing within Lake of the Pines and with the overall plan and scheme of development of Lake of the Pines and the purposes of this Declaration.

While it is recognized that the Committee's determination to approve or disapprove an Improvement will, of necessity, be subjective to some degree, the members of the Committee shall act reasonably and in good faith. Factors commonly considered by the Committee in reviewing proposed Improvements include the quality of workmanship and materials proposed for the Improvement project, the harmony of the proposed Improvement's exterior design, finish materials and color with that of other existing structures, and the proposed location of the Improvement in relation to existing topography, finished grade elevations, roads, Common Areas and other structures.

The Committee shall be entitled to determine that a proposed Improvement or component thereof is unacceptable in the context of a particular Lot, even if the same or a similar improvement/component has previously been approved for use at another location or locations within Lake of the Pines. Factors which may cause the Committee to reject a proposal which was previously approved at another site include poor drainage, unique topography, visibility from roads, Common Areas or other Lots; proximity to other Residences or Common Facilities; changes in specifications contained in the Environmental Standards; or prior adverse experience with the product or design of the proposed Improvement or any component thereof.

**Section 6. Time Limits for Approval or Rejection.**

Within sixty (60) days after submission of plans and specifications satisfying the minimum requirements set forth on the Environmental Standards, above, the Environmental Control Committee shall return one set of such plans to the Applicant, with either written notice of approval or disapproval or with written suggestions of changes required for approval accompanying the returned set of plans. If the Committee recommends that the plans and specifications be modified, the Applicant may implement such changes to the plans and within sixty (60) days resubmit plans incorporating such changes for approval to the Committee, which shall not unreasonably withhold its approval so long as the Applicant has complied in all material respects with the requested changes. If no written notice of approval or disapproval is received by the Applicant within 60 days after the Applicant's plans and specifications (or revisions thereto) are submitted to the Committee, the plans shall be deemed to have been approved as submitted.

**Section 7. Environmental Standards.**

The Environmental Control Committee may, from time to time and with approval of the Board of Directors, adopt, amend and repeal rules and regulations to be known as "Environmental Standards." Once adopted, the Environmental Standards shall constitute a portion of the Association Rules and the procedures for adopting Association Rules generally (see Article III, section 4(c)) shall be applicable to the adoption of Environmental Standards. Currently, the Environmental Standards are set forth in a booklet entitled "Environmental Standards and Requirements For Architectural Review."

The Environmental Standards shall interpret and implement the provisions of this Article V and Article VI (Minimum Construction Standards) by setting forth:

(a) The standards, procedures and time limitations for Environmental Control Committee review and approval of Owner submittals of proposed Improvement projects (including, without limitation, minimum requirements for submitting a complete application for project approval);

(b) Guidelines for the construction of Improvements, including, without limitation, architectural design, placement on Lots, color schemes, exterior finishes and materials and similar features which are recommended or required for use on any Improvements or categories of Improvements within Lake of the Pines. Without limitation, these guidelines may include charts of approved colors, typical plans and specifications for commonly recurring projects, such as fencing, and the manner in which the height or number of stories of a Residence are to be determined (particularly in the case of Residences built on sloping Lots);

(c) The Rules can identify categories of Improvement projects or components of the plan review and approval process which can be administered by the Association staff without the need for direct involvement by the Committee in order to expedite the processing of applications for approval. In the event that the Committee determines that certain project approvals or plan processing requirements can appropriately be administered by the Association staff, such delegation and the scope thereof shall be specified in the Rules;

(d) The criteria and procedures for requesting variances from any property use restrictions or minimum construction standards that would otherwise apply to the proposed Improvement under the Governing Documents (see section 12 below);

(e) Minimum requirements for the maintenance, supervision and restoration of construction sites by Owners and their contractors. Without limiting the foregoing, the Environmental Standards may specifically regulate the activities of contractors and subcontractors, who shall be deemed to be the Owner's agents for purposes of rules enforcement and compliance matters;

(f) Minimum requirements for the landscaping of areas of the Lot that are disturbed by construction activity or which require particular landscape improvements to control drainage, avoid erosion or to otherwise enhance the appearance of the Lot;

(g) Any requirements for the payment of inspection/plan processing fees and deposits to assure the Owner's proper and timely performance in accordance with the approved plans and specifications and the application, use and/or refund of such fees and deposits;

(h) Uniform and reasonable time limitations for completion of approved Improvement projects or other duly noted compliance matters. Said rules may also include procedures to request an extension of the usual completion time in order to avoid hardship or to accommodate other factors beyond the Owner's reasonable control which have interrupted the progress of the Improvement project;

(i) The consequences of failing to timely complete approved Improvement projects, including, without limitation, the remedies available to the Association and the ECC (which may include, without limitation, the imposition of fines and penalties);

(j) Inspection of Improvement projects by the Environmental Control Committee and the procedures available to the Environmental Control Committee to assure compliance with Environmental Standards or any conditions imposed on the Improvement project during the course of construction (including, without limitation, the issuance of stop work orders to cause an immediate cessation of construction activity);

(k) The procedures available to the Environmental Control Committee to correct nonconforming uses of Lots in accordance with section 13, subparagraphs (c) through (e), below; and

(l) Procedures permitting expedited or summary approval of minor projects by the Association staff where ministerial (i.e., nondiscretionary) review and approval is appropriate.

Notwithstanding the foregoing, the Environmental Standards shall implement the provisions of this Declaration in a reasonable,

uniform and nondiscriminatory manner and no Architectural Rule shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Environmental Standards and this Declaration, the provisions of the Declaration shall prevail.

**Section 8. Inspection Fee and Deposits.** The Environmental Standards may require that the submission of plans and specifications be accompanied by a reasonable fee. The Environmental Standards may also provide for a cash deposit procedure to help ensure proper and timely completion of works of Improvement in accordance with approved plans and specifications and to reimburse the Association for damage to roadways and other Common Facilities resulting from the Owner's construction project.

**Section 9. Employment of Architect or Engineer.** If at any time the Committee determines that it would be in the best interests of the Association and its Members for an applicant to employ an architect, licensed building designer or engineer to design or review any proposed Improvements or component thereof, the Committee shall advise the applicant in writing of its determination whereupon all plans and specifications so designated by the Committee must thereafter bear appropriate evidence of such preparation or review.

**Section 10. Landscaping.** Although landscaping is not generally required (see Article VI, section 22, below) the Environmental Control Committee shall have the authority to require, as a condition to the approval of any Improvement project, that an Owner landscape any portion of his or her Lot that will be altered from its natural condition and appearance by grading or other construction activity. In addition, if the Association determines that an Owner has violated Article VI, section 22, by failing to maintain his or her lot in a neat and attractive appearance, the remedy imposed by the Association may include a requirement that the Owner submit to the Committee a landscape plan which will correct or eliminate the condition or appearance of the Lot which has caused the violation.

**Section 11. Enforcement of Environmental Compliance Matters.**

(a) **Formal Project Approval Required.** No work of Improvement that requires prior Committee approval pursuant to this Article V shall be deemed to be approved (without formal action by the Committee) simply because the Owner completes the project without a complaint, notice of violation, or commencement of a suit to enjoin such work. If the situation involves an Improvement project that is proceeding without any approval by the Environmental Control Committee (ECC) in accordance with this Article V, the hearing shall be conducted by the Association's Covenants Committee in accordance with Article XIII, sections 6 and 7, below. If the situation involves an approved project that is proceeding in a fashion that is inconsistent with the approved plans and specifications or any conditions imposed by the ECC thereon, enforcement shall be a matter within the ECC's jurisdiction. If the ECC's efforts at gaining the Owner's compliance fail, the matter shall be referred directly to the Board of Directors for further enforcement action, including the pursuit of all enforcement remedies available at law or in equity. Any deposit from the Owner which is held by the Association may continue to be held pending the outcome of the legal proceedings and may be applied towards a reimbursement of the Association's court costs and legal expenses if awarded by the court.

(b) **Investigation of Apparent Compliance Violations by the Staff.** In the event that a member of the Association's staff, the Board or the Environmental Control Committee discovers an improvement project that appears to be proceeding in violation of the approval requirements of this Article V, the matter will be investigated by staff and/or the Committee and a preliminary determination shall be made regarding the presence of a violation.

(c) **Authority to Order Abatement of Work; Injunctive Relief.** Based upon that initial assessment, the Board or the Environmental Control Committee shall have the authority to order an immediate

abatement of any construction, alteration or other matter for which Committee approval is required, to the extent that the project either has not been approved by the Committee or if work on the project is not proceeding in accordance with the plans and specifications submitted to and approved by the Committee. In addition, if preliminary or temporary injunctive relief is required to preserve the status quo and to avoid prejudice to the Association's enforcement rights, the Board may immediately seek such temporary relief from the Superior Court.

(d) Other Remedies Available to Association. If a determination is made that the Owner has failed to comply with the requirements of Article V and/or VI of this Declaration, the Owner shall be given a written notice of non-compliance which shall describe the nature of the alleged violation. If an immediate abatement of work is necessary or desirable, the Association may also issue the Owner and/or his or her contractor a stop work order applicable to the project or, in the discretion of the Committee, to a particular component thereof. In either event, the Owner receiving a notice of non-compliance can either initiate action to correct the noted violation(s) or request a hearing on the matter. The Association shall also be entitled to apply deposit funds to any penalties duly imposed on account of violations of this Article V or of the minimum construction standards of Article VI.

**Section 12. Variances.** The Environmental Control Committee shall be entitled to allow reasonable variances in any procedures specified in this Article or the Minimum Construction Standards specified in Article VI to overcome practical difficulties or prevent unnecessary hardship to Applicants, provided all of the following conditions are met:

(a) Notice of Hearings on Variance Requests. If the requested variance will necessitate deviation from, or modification of, a property use restriction that would otherwise be applicable under this Declaration, the Environmental Control Committee may conduct a hearing on the proposed variance after giving prior written notice to all Owners of Lots within three hundred (300) feet of the subject Lot and to any other Owners whom the Committee, in its discretion, consider to be affected or impacted by the variance proposal (collectively, "interested Owners"). The Board may also require that notice of the hearing on the variance be posted prominently on the Lot. The notice shall also be posted in the Association's principal office within Lake of the Pines and shall be mailed to the interested Owners at least 15 days prior to the date when the Environmental Control Committee is scheduled to act on the requested variance. At a minimum the notice shall identify the Lot where the project is located, generally describe the project, and identify the nature of the requested variance. No decision shall be made with respect to the proposed variance until the 15-day comment period has elapsed.

(b) Basis for Granting Variances; Required Findings. The Environmental Control Committee must make a good faith written determination that the variance is consistent with one or more of the following criteria: (i) the requested variance will not constitute a material deviation from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or (ii) that the variance relates to a requirement land use restriction or minimum construction standard otherwise applicable hereunder that is unnecessary or burdensome under the circumstances; or (iii) that the variance, if granted, will not result in a material detriment or create an unreasonable nuisance with respect to any other Lot or Common Area within Lake of the Pines.

**Section 13. Nonconforming Use of Properties.**

(a) Establishment of Nonconforming Use; Notice Requirements. The Association, acting through its Board or duly authorized committee, shall have the power, authority and responsibility to regulate continued compliance by Lots with the provisions of this Article and Article VI ("Minimum Construction Standards"). To this end, the Board may appoint a representative with responsibility to periodically tour Lake of the Pines and report to the Committee any

apparent violations of those Articles ("architectural violations"). If the Association determines that an architectural violation has been identified on any Lot, the Committee shall so notify the Owner in writing. The notice shall detail the nature of the alleged violation and advise the Owner of his or her right to be heard on the matter in accordance with Article XIII hereof. If the Owner fails to make a timely request for a hearing to contest the Association's determination that an architectural violation exists, the Association shall be entitled to make its own determination of whether the existing use or Improvement constitutes an architectural violation at the Board's next regularly scheduled meeting following expiration of the notice period. If the Board has delegated its authority hereunder to a committee, the committee shall make this determination and conduct any hearings on the matter.

(b) Grandfathering of Existing Uses and Improvements. Any use or Improvement which was permitted under the Original Declarations, and which is only nonconforming or in violation of this Declaration by virtue of the Owners' adoption of this First Restated Declaration, shall not be considered as to be a violation of this Declaration giving rise to any immediate enforcement remedies in the Association. Instead, any such previously authorized use or Improvement may only be treated as a nonconforming use which shall be addressed and regulated solely in accordance with subparagraphs (d) and (e) (as applicable), below.

(c) Options Available to the Association to Correct Architectural Violations; Designation of Nonconforming Uses. If an architectural violation is determined to exist, the Association shall be entitled to pursue either of two courses of action. First, the Association may pursue immediate enforcement remedies pursuant to Article XIII, section 6, below. In the alternative, if the Association determines that the violation has existed for a substantial period of time, thus making current enforcement inequitable under the circumstances or if the Board determines that other mitigating factors make immediate correction of the violation inequitable or unreasonable (such as when a use or condition has become nonconforming due to a change in the Environmental Standards or due to the adoption or subsequent amendment of this Declaration), the Board may designate the violation as a "Nonconforming Use" and Record against the subject Lot a Notice of Noncompliance With Recorded Use Restrictions ("Notice of Noncompliance") which shall identify the subject Lot, describe the Nonconforming Use and specify the Article and Section number of the Governing Document which is being violated. Prior to recording a Notice of Noncompliance the Association will make reasonable efforts to negotiate an acceptable resolution of the condition, taking into consideration such matters as the cost of the compliance project, the adverse impact of the condition on neighboring Lots, if any, and the duration of time that the condition has existed. Following recordation of a Notice of Noncompliance, the provisions of subparagraphs (d) and (e) shall apply.

(d) Nonconforming Uses on Vacant Lots and Nonconforming Uses Not Involving Buildings or Structural Improvements With a Replacement Value In Excess of Three Thousand Dollars. The following rules set forth in this subparagraph (d) apply to any Nonconforming Use of any vacant Lot and to any nonconforming use on a Lot improved by a Residence when the use does not involve the Residence or any other building structure (including, without limitation, dirt or gravel driveways) having a value in excess of Three Thousand Dollars:

(i) Continuation of Use. Except as provided in subparagraph (ii) below, any nonconforming use described in this subparagraph (d) may be continued to be maintained without being brought into compliance with this Declaration and the Environmental Standards for a period not to exceed the lesser of five years or the earlier sale of the subject Lot to a person other than the Owner at the time the nonconforming use is identified. In the case of existing dirt or gravel driveways, the Association shall have the discretion to require installation of a paved apron at the point where the driveway joins the neighboring street, in lieu of requiring paving of the entire driveway.

(ii) Limitations on Nonconforming Uses. Any nonconforming use described in this subparagraph (d) shall be subject to the following

restrictions until such time as the use is eliminated:

(A) the use shall not be expanded or extended in any way either on the same or any adjoining Lot;

(B) the nonconforming use shall not be changed, except to a use which conforms to the Governing Documents and the Environmental Standards, in effect at the time the change in use is implemented; and

(C) if the use is discontinued for a period of 12 months or more it shall not thereafter be re-established, unless otherwise agreed by the Environmental Control Committee.

(e) Nonconforming Improvements. Any nonconforming use involving a Residence or other building improvements that have a replacement value in excess of Three Thousand Dollars (referred to below as a "Nonconforming Improvement") shall be subject to the following rules:

(i) Repair and Maintenance. A Nonconforming Improvement may be maintained or repaired without the necessity of complying with the Governing Documents so long as during any period of 12 consecutive months such repair and maintenance shall not result in expenditures which exceed 25 percent of the current replacement cost of the Nonconforming Improvement. Any repair or maintenance of the Nonconforming Improvement, the cost of which exceeds 25 percent of the current replacement cost thereof, shall require compliance with the Governing Documents as then in effect.

(ii) Enlargements. A Nonconforming Improvement may not be added to or enlarged without being brought into compliance with the Governing Documents as then in effect.

(iii) Restoration. A Nonconforming Improvement which is damaged or partially destroyed to the extent of not more than 50 percent of its value (determined at the time of the event causing the damage or destruction) may be restored and the occupancy or use of such structure or part thereof, which existed at the time of such partial destruction, may be continued or resumed, provided the total cost of repairing or restoring the structure does not exceed 50 percent of the value of the Improvement and the required such restoration is started within a period of one year and is diligently prosecuted to completion. In the event the damage or destruction exceeds 50 percent of the value of such Nonconforming Improvement, no repair or reconstruction shall be made unless every portion of the Nonconforming Improvement is made to conform to all Governing Document regulations for new Improvements of a similar nature. The value shall be determined by the Association, using fair and objective valuation property valuation criteria. If the Owner disputes the Association's determination of value, the matter may be appealed to the Board of Directors whose decision shall be final. (See section 17, below.)

(f) Certificate of Compliance. Upon the elimination of any nonconforming use, the Association shall execute and deliver to the Owner a Certificate of Compliance, as described in section 14 of this Article, which shall reference any previously recorded Notice of Noncompliance, rescind the Notice of Noncompliance and confirm that the Lot is in compliance with all applicable Governing Document provisions referenced in the Notice of Noncompliance. If the Notice of Noncompliance has been recorded, the Certificate of Compliance shall also be executed in recordable form.

**Section 14. Certificate of Compliance**. Within 30 days after written demand is delivered to the Environmental Control Committee by any Owner, and upon payment to the Association of a reasonable fee (as established from time to time by the Board), the Environmental Control Committee shall provide the requesting Owner with a Compliance Certificate (commonly referred to in the law as an "estoppel certificate"), executed by any two of its members, certifying (with respect to any Lot owned by the Applicant) that as of the date thereof, either(a) all Improvements made and other work completed by the Owner comply with this Declaration; or (b) such Improvements or work do not so comply, in which event the certificate shall also identify the Nonconforming Improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in the Lot through the Owner, shall be entitled to rely on the Association's compliance

certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, all Owners and any persons deriving any interest through them. If the Association's Certificate notes Nonconforming Improvements and such Nonconforming Improvements are subsequently eliminated or brought into compliance, an unqualified Certificate of Compliance shall be immediately issued upon confirmation by the Committee.

**Section 15. Limitation on Liability**. Neither the Association, nor the Board or the Environmental Control Committee or any member thereof, shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of(a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings or specifications; (c) the development of any Lot within Lake of the Pines; or (d) the execution and filing of a Notice of Noncompliance pursuant to section 13, above, or a Compliance Certificate pursuant to section 14, above, whether or not the facts therein are correct; provided; however, that such member has acted in good faith on the basis of such information as he or she possessed.

**Section 16. Compliance With Governmental Regulations**. Review and approval by the Committee of any proposals, plans or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Owner who desires to construct, install, or modify the Improvement.

**Section 17. Appeals**. Appeals from decisions of the Environmental Control Committee or of any Committee appointed by the Board to administer the nonconforming use provisions of section 13, may be made to the Board of Directors, which may elect, in its discretion, to hear the appeal or, in the alternative, to affirm the decision of the Committee. The Association Rules shall contain procedures to process appeals pursuant to this section.

## ARTICLE VI

### Minimum Construction Standards

Unless a variance is requested from, and granted by the Environmental Control Committee in accordance with Article V, section 12, above, or the grandfathering provisions of Article V, section 13(b) apply to a particular existing Improvement on, or use of, a Lot, Improvements constructed on any Lot shall conform to the following minimum construction standards:

**Section 1. Height Restrictions**. Except as provided in this section 1, no Residence or accessory building shall have more than one story. With the prior approval of the Environmental Control Committee in accordance with Article V, this single story height restriction may be modified to permit construction of a split level or two story residence where, in the opinion of the Committee, the terrain of the Lot lends itself to such construction without harming the view from other Lots or Common Areas. The Association Rules may contain provisions defining how the height of a Residence or structure is to be measured or provisions establishing height and/or size specifications or restrictions for other types of buildings or structures including fences, walls, copings, etc.

**Section 2. Licensed Contractor**. Residences shall be constructed by a contractor or contractors licensed under the laws of the State of California, although an Owner shall not be precluded from acting as his or her own owner-builder as permitted by law.

**Section 3. Approval by Environmental Control Committee**. No Residence, garage, building, fence, wall or other permanent structure or Improvement shall be erected, altered or placed on any Lot until

building plans, specifications and a plot plan showing the location of structures on the Lots have been submitted to the Environmental Control Committee for review and approval as described in Article V hereof.

**Section 4. Minimum Square Footage Requirements.** Every Residence constructed on a Lot shall contain a minimum of 1200 square feet of fully enclosed floor area devoted to living purposes (exclusive of roofed or unroofed porches, terraces, garages, carports and other outbuildings).

**Section 5. Setback and Location of Structure.**

(a) All Lots. Setbacks for any Residence or other permanent structure (whether or not attached to the Residence) shall be at least:

(i) Thirty feet from the front Lot line abutting the street;

(ii) Twenty feet, or 25 percent of the depth of the Lot, whichever is greater, from the rear Lot line, unless such rear Lot line shall be either contiguous to a boundary line of the golf course, in which case the depth of the rear setback shall be 25 feet or 25 percent of the depth of the Lot, whichever is greater; or contiguous to a lake shoreline, in which event the depth of the rear setback shall be 50 feet or 25 percent of the depth of the Lot, whichever is greater, using as a rear line the normal high water level of such lake as shown on the Map; provided, however, that on any Lot, the rear line of which is contiguous to a lake shoreline, there may be constructed and maintained, at or adjacent to such shoreline, any boat shelter, pier, or similar structure in respect to the size, design, construction or placement of which the Committee shall have issued a permit or license;

(iii) Five feet from the side Lot lines.

(b) Additional Restrictions Applicable To Lakefront Lots. All structures must be located not less than 50 feet from the Historical Water Mark of any Lake or one quarter of the depth of the Lot measured from the rear line if over 200 feet in depth, whichever is greater. Site plans shall show topographic values, showing elevations and shall be stamped by a registered civil engineer or a licensed land surveyor.

**Section 6. No Temporary Structures.** Except as otherwise provided in Article VIII, section 17 (d) (concerning the storage and parking of recreation vehicles), no recreational vehicle, trailer, mobile home, camper, tent, shack, used structures, or other structures of a temporary character, shall be placed or erected on any Lot and in no instance may any such vehicle, trailer or structure be used as living quarters while located within Lake of the Pines.

**Section 7. Modular and Prefabricated Housing; Mobile Homes.** No modular housing unit or prefabricated housing unit assembled off the building site or mobile homes shall be permitted on any Lot. Civil Code §714.5 (which generally prohibits private covenants from restricting such homes) does not apply to Lots within Lake of the Pines because this restriction has been in effect continuously as part of the Environmental Standards, since 1983, prior to the passage of Civil Code §714.5 (1987).

**Section 8. Utility Lines.** All utility lines running from overhead utility poles within Lake of the Pines to Improvements constructed on any Lot shall be placed underground.

**Section 9. No Used Materials.** No used buildings or structures, intended for use as a Residence shall be placed on any Lot. All structures constructed or placed on a Lot shall be constructed with a substantial quantity of new material.

**Section 10. Solar Heating Systems.** Subject to limitations imposed by California law, the Environmental Control Committee shall be entitled to adopt, as part of the Environmental Standards, reasonable regulations regarding the installation of solar heating systems. These rules may include limitations on placement and design of such systems to the extent necessary to avoid an unsightly appearance from neighboring Lots or Common Area.

**Section 11. Colors and Exterior Finishes.** No reflective finishes (other than glass) shall be used on exterior surfaces (other than surfaces of hardware fixtures), including but without limitation, the exterior surfaces of any of the following roofs, all projections above roofs, retaining walls, doors, trim, fences, pipes, equipment or mailboxes. No exterior finishes shall be used without approval of the Environmental Control Committee. Generally, colors shall be restricted to those found in the chart of approved exterior paint and stain colors adopted by the Environmental Control Committee as part of the Association Rules. All exterior colors, textures and materials, including roof materials, must be adequately described in the plans and specifications (with an indication where the colors will be used upon the finished Residence) and approved in writing by the Committee prior to initiation of construction. Color samples shall be submitted to the Committee along with the plans and specifications.

**Section 12. Roofing Materials.** As required by County Ordinance, only Class A fire retardant roofing materials shall be installed on any Residence. The Environmental Control Committee shall have the authority to review and approve the roofing materials selected by an Owner as certain materials may be inappropriate in a particular context due to such factors as the design of the Residence, color, reflective characteristics, etc.

**Section 13. Roof Pitch and Eave Restrictions.** The Environmental Standards may include minimum roof pitch and eave requirements on building structures within Lake of the Pines.

**Section 14. Drainage.** No Owner shall do any work, construct any Improvement, place any landscaping or suffer the existence of any condition whatsoever that shall alter or interfere with the drainage pattern for the Owner's or any adjacent Lots or parcels or Common Area as established in connection with the approval of the final subdivision and parcel maps applicable to Lake of the Pines by the County except to the extent such alteration in drainage pattern is approved in writing by the Environmental Control Committee, the County and all other public authorities having jurisdiction. Plans and specifications submitted by an Owner to the Environmental Control Committee in connection with the construction of a Residence or other major structural Improvement shall include a drainage plan in sufficient detail to permit the Committee to assess the impacts, if any, of the Improvement on natural drainage courses. See Article VII, section 5 regarding the maintenance of drainage courses.

**Section 15. Antennas and Similar Devices.** Owners are entitled to maintain antennas for receiving and transmitting electromagnetic energy on their Lots. Nevertheless, in order to ensure adequate aesthetic controls and to maintain the general appearance of Lake of the Pines, no Owner, resident or lessee shall, at his or her expense or otherwise, place or maintain any objects, such as masts, towers, poles, television and radio antennas, or television satellite reception dishes on or about the exterior of any building within Lake of the Pines unless architectural approval is first obtained in accordance with Article V, hereof. Furthermore, no activity shall be conducted on any Lot which causes an unreasonable electromagnetic interference with equipment such as, but not limited to, computers, telephones, television or radio reception within Lake of the Pines. For purposes of this section 15, an unreasonable interference shall be deemed to exist if any neighboring property Owner or resident must install any special device on his or her computer, telephone, television or other electronic equipment in order to prevent electromagnetic interference from a neighbor's antenna or broadcast activities. The Committee's discretion to regulate television satellite reception equipment shall be subject to all limitations imposed by State and federal laws.

**Section 16. Exterior Lighting and Fixtures.** Fluorescent, mercury vapor, sodium, or amber vapor lights, or standard outdoor lights of the type used for security must be enclosed in a manner that directs the light in a specific area without causing a visual impairment to passing

motorist or a nuisance to other residents. The issue of whether a nuisance exists shall be determined by the Environmental Control Committee in its sole discretion. No colored lights (except holiday displays, yellow insect type lights or decorative, low wattage garden lights) shall be permitted at any location within Lake of the Pines. All exterior fixtures that are attached to the main Residence shall be compatible with the design and materials of the Residence. Any post mounted exterior fixtures shall also be compatible in design and materials to the fixtures attached to the main Residence.

**Section 17. Patios, Walkways and Driveways.** Driveways must be paved; no gravel/oil and chip/natural soil or any unsecured finish is permitted. Patios and walks materials shall be architecturally compatible to the design of the main structure as determined by the Environmental Control Committee.

**Section 18. Water Systems, Septic and Pools.** No individual water supply system on-site septic waste disposal system, or swimming pool shall be permitted on any Lot unless such system is designed, located and constructed in accordance with the requirements, standards and recommendations of the appropriate public health authority and the Environmental Control Committee. Approval of the installation of such systems shall also be obtained, if required, by any responsible governmental agency. All plumbing fixtures, dishwashers, toilets and other utility lines shall be connected to the approved waste water disposal system.

**Section 19. Garages.** Each Residence shall have at least a two-car, 400 square foot garage which may be either of an attached or detached design.

**Section 20. Fences.** In order to preserve the natural quality and aesthetic appearance of the existing geographic areas within Lake of the Pines, all property lines shall be kept free and open one to another. No fences (as defined in Article V, section 1(b)) shall be permitted within any Lot or along (or adjacent to) any Lot line, except where, in the opinion of the Environmental Control Committee, a fence or other enclosure (a) is consistent with the external design and aesthetic features of other Improvements on the Lot and (b) the fence will either benefit neighboring Lots by screening uses or activities that may cause visual blight or by confining pets (such as a dog run) or provide for the safety of individuals (such as a pool enclosure). In reviewing fence Improvement proposals the Environmental Control Committee shall consider the general policy of this Declaration to keep property lines open and the possible adverse impacts resulting to neighboring Lots.

**Section 21. Storage Sheds.** Owners shall construct sheds using a design and exterior materials and colors which are compatible with the design and exterior of the Owner's residence as approved by the Environmental Control Committee.

**Section 22. Landscaping.** Landscaping is not generally required on any Lot, so long as Owners maintain their Lots in a neat and attractive fashion and do not let weeds or natural vegetation become a fire hazard. However, under certain circumstances the Association or its Environmental Control Committee has the authority to require landscaping of Lots (see Article V, section 10). If landscaping is required, or if an Owner wishes to install landscaping as defined in the Architectural Standards or which involves any fences, walls or other structural improvements (such as gazebos), the landscaping plan must be approved by the Environmental Control Committee.

**Section 23. Fuel Tanks, Heating and Cooling Units.** Every tank for the storage of fuel, oil or propane, installed outside any building within Lake of the Pines must comply with all applicable governmental and safety requirements. Once approved, fuel tanks and the exterior components of heating and cooling units shall be colored and screened (by fencing or shrubbery) so as to be unobtrusive and as aesthetically pleasing as reasonably possible when viewed from

neighboring Lots, streets or Common Areas. In no event shall any gasoline tanks be maintained on any Lot with the exception of one to five gallon gas tanks commonly used in connection with the operation of small power tools and any such gas tanks shall be stored in a safe fashion. The color and manner of screening of authorized fuel tanks and the exterior components of heating and cooling units shall be a subject of regulation by the Environmental Control Committee.

**Section 24. Removal of Trees.** No tree in excess of three inches in diameter (as measured four feet above the ground) shall be removed from any Lot without first obtaining the written consent of the Environmental Control Committee. This restriction shall not apply to any tree that was planted by the Owner or his or her predecessors in interest (i.e., a tree that was not on the Lot at the time that the Lot was improved with a Residence).

**Section 25. Prohibition of Model Homes.** Lots may not be improved by structures intended to be used as model or exhibit homes.

**Section 26. Design of Mailboxes.** The Environmental Standards may contain guidelines and/or specifications regarding the upkeep and design of mailboxes. Unless the Rules include authorization for the use of Post Office approved mailbox clusters, all mail boxes must be attached to a permanent post or a monument structure that is affixed to the ground.

## ARTICLE VII

### Association and Owner Maintenance Responsibilities

#### Section 1. Common Areas.

(a) Association's Responsibility to Repair, Maintain, Manage and Replace Common Areas and Common Facilities. Except as otherwise provided in subparagraph (b), below, the Association shall be solely responsible for all maintenance, repair, upkeep and replacement of all portions of the Common Areas and all Common Facilities, other than docks, bulkheads or other similar lake improvements erected by individual Owners with the consent of the Association. Accordingly, unless specific authorization is received pursuant to subparagraph (b), no person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area. In addition, no person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area without express approval of the Environmental Control Committee.

(b) Authority to Permit Limited Owner Maintenance. There exists within Lake of the Pines small portions of Common Areas adjacent to Lots that are not suitable for use and enjoyment of all Owners and residents and which are, for some reason, difficult or uneconomical for the Association and its staff to properly maintain. Under such circumstances, the Owner of the adjacent Lot may petition the Environmental Control Committee for the right (which shall be a revocable license) to install and maintain landscaping on the adjacent Common Area.

If an Owner proceeds with the landscaping of Common Area without Committee approval, no such use may ripen into prescriptive rights and the Association may record against its Common Area property a Notice of Consent, as specified in Civil Code section 813, to prevent any such prescriptive rights from accruing. Once a Common Area landscape project has been approved, it shall not be expanded or materially altered without the prior consent of the Environmental Control Committee.

**Section 2. Owner Maintenance Responsibilities.** Each Owner shall be responsible for the maintenance and repair of his or her Residence and Lot. All Lots, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly by reason of substandard exterior painting or maintenance in the case of structures, failure to trim or otherwise maintain landscaping, or by permitting the



## **ARTICLE VIII**

### **Use of Properties and Restrictions**

accumulation of weeds, rubbish or debris on the Lot. In the event any Lot is maintained in a manner which is, in the opinion of the Board, likely to create a fire hazard, the Association shall have the right, through its agents and employees, to enter the Lot for the purpose of performing maintenance work that will eliminate or reduce the hazardous situation. The costs and expenses incurred by the Association in undertaking such action may be recovered from the Owner as a Special Individual Assessment.

The vegetation and landscaping on any Lot shall be planted and maintained by the Owner or resident in such a manner as to present an attractive appearance, reduce the risk of fire, prevent or retard shifting or erosion of soils, encourage the growth of indigenous ground cover (in areas left natural) and to cause the proper diversion of water into streets and natural drainage channels. In addition, trees and other vegetation planted by Owners shall be maintained in a manner which respects the views and solar access of neighboring Owners.

#### **Section 3. Association Recovery of Costs of Certain Repairs and Maintenance.**

(a) **Association Maintenance Necessitated by Owner Negligence.** If the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder, is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants, or invitees, and is not covered or paid for by insurance policies maintained by the Association or the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Article IV, section 4 hereof.

(b) **Owner Defaults in Maintenance Responsibilities.** If an Owner fails to perform maintenance or repair functions for which he or she is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within 15 days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Association may exercise its rights under Article III, section 3(b) to enter the Owner's Lot and perform the necessary repair or maintenance so long as the Owner has first been given notice and the opportunity to either initiate voluntary compliance activity or, in the alternative to request a hearing in accordance with Article XIII, section 6, below, if the Owner believes that the Association's request for maintenance or repair is unreasonable under the circumstances.

(c) **Owner Recovery of Costs Due to Association Negligence.** In the event the Association is proven negligent in the maintenance of common area, owners of adjacent affected Lots shall be entitled to recover costs incurred by such negligence.

**Section 4. Cooperative Maintenance Obligations.** To the extent necessary or desirable to accomplish the Association's maintenance and repair obligations hereunder, individual Owners shall cooperate with the Association and its agents and maintenance personnel in the prosecution of its work.

#### **Section 5. Drainage Structures, Ditches and Swales.**

(a) All drainage structures, culverts and canals improved by the Association for the major collection of storm runoff and any natural drainage courses within Common Areas shall be maintained regularly by the Association.

(b) Except as provided in sub-paragraph (a), above, each Owner shall keep drainage courses, ditches and swales on his or her Lot free and clear of all obstructions, and shall, in cooperation with contiguous property Owners (including the Association as to any contiguous parcels it owns), maintain all such drainage ditches, swales and culverts common to their Lots in good order.

(c) No Owner or resident shall alter or obstruct a natural drainage course, or materially add to the natural water volume of the drainage course without making adequate provisions with respect to neighboring Lots and Common Areas. Any such alterations, obstructions, or additions to water volume shall be considered a work of Improvement that is subject to prior review and approval by the Environmental Control Committee.

In addition to the restrictions established by law or Association Rules adopted by the Board of Directors pursuant to Article III, section 4, above, the following restrictions are hereby imposed upon the use of Lots, Common Areas and other parcels within Lake of the Pines.

**Section 1. Common Areas.** The Common Areas shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for aesthetic and recreational purposes by the Members, their tenants, families and guests, subject to the provisions of the Governing Documents.

#### **Section 2. Restriction on Further Subdivision and Lot Combinations.**

(a) **Restriction on Further Subdivision of Lots.** Lots within Lake of the Pines shall not be further subdivided nor shall less than all of any such Lot be conveyed by an Owner thereof and no Owner of a Lot within Lake of the Pines shall be entitled to sever his or her Lot from the Common Area portion of Lake of the Pines. The development of multi-family residential units on a Lot zoned for such use shall not be considered a subdivision for purposes of this section.

(b) **Lot Combinations.** Any proposed combination of two or more Lots into a single parcel shall require prior approval of the Environmental Control Committee and shall be treated as a request for a variance (see Article V, section 12). If a Lot combination is approved, the combined parcel shall be subject to assessment at the same rate as the combined Lots would have been assessed separately.

**Section 3. Prohibition of Drilling and Mining Activities.** Oil or natural gas drilling, refining, quarrying, or mining operations of any kind shall not be permitted upon or in any Lot and no derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any Lot.

#### **Section 4. Exclusive Residential Use and Improvement of Lots.**

No Lot shall be used for any other purpose other than single family residential purposes. No structures shall be erected, placed or permitted to remain on any Lot other than one (1) detached, single family Residence and such outbuildings as are usually accessory to a single family Residence, including a private garage and, in the case of a Lot contiguous to the lake or shoreline, a boat lift cover, pier or other similar structure. In no event shall a Residence be occupied by more individuals than permitted by local law or governmental regulations. In order to further the intent of this section 4, no more than one kitchen facility shall be installed or maintained in any Residence. For purposes of the restrictions set forth in this section 4, each unit in a duplex or four-plex residence structure shall be deemed a separate Lot.

#### **Section 5. Additional Restrictions Applicable To Lake Frontage**

**Lots.** Any Lot which borders the shores of any lake located within the Common Areas of Lake of the Pines shall be subject to the following additional restrictions:

(a) **Right To Dredge.** The Association, its successors and assigns, shall have the right at any time to dredge or otherwise remove any accretion or deposit from any Lot in order that the shoreline of any of the Common Area lakes to which such Lot is contiguous may be moved toward or to, but not inland beyond, the location of said shoreline as it would be established on the date herein if the water elevation in such lake were at the normal maximum water level as indicated in the recorded Subdivision Map in which the Lot is located and title shall pass with such dredging or other removal as by erosion.

(b) **Absence of Liability.** Neither the Association nor any of its successor or assigns shall be liable for damages caused by erosion, washing or other action of the water of any lake within the boundaries of Lake of the Pines.

(c) **Right to Regulate Level of Lake.** The Association reserves to

itself, its successors and assigns, the right to raise and lower the water level of any lake within the boundaries of Lake of the Pines; provided, however, that such right shall not be construed as permitting the elevation of the water level to a point beyond that indicated on the recorded Subdivision Maps for the Units containing the lake or any portion thereof, by increasing the height of any dam or spillway or otherwise.

**Section 6. No Occupancy Until Substantial Completion.** Residences may only be occupied when (i) the exterior of the Residence is completed and approved by the Environmental Control Committee, (ii) the Residence complies in other respects with the plans and specifications approved by the Committee, and (iii) a notice of occupancy has been issued by the County Building Inspector.

**Section 7. Prohibition of Noxious Activities.** Illegal, noxious or offensive activities shall not be carried on or conducted upon any Lot or Common Area, nor shall anything be done within Lake of the Pines which is, or could become, an unreasonable annoyance or nuisance to neighboring residents. Without limiting the foregoing, no resident shall permit noise, including, but not limited to barking dogs, the operation of excessive noisy air conditioners, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from an Owner's Lot or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Lot or the Common Area. Lots which are not maintained in accordance with the minimum standards imposed by Article VII, section 2, shall be deemed to be in violation of this section.

**Section 8. Disposal of Refuse.** Trash, ashes, garbage or other refuse shall not be dumped or stored on any Lot, nor be thrown into or left on the shoreline of any lake within Lake of the Pines. No outside burning of trash or garbage shall be permitted. Any trash that is accumulated by an Owner outside the interior walls of a Residence shall be stored entirely within appropriate covered disposal containers and facilities which shall be screened from view from any street, neighboring Lot, lake, golf course or other Common Area. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and Improvements) shall be removed promptly from Lake of the Pines to a public dump or trash collection area by the Owner or tenant at his or her expense.

**Section 9. Burning.** There shall be no exterior burning. The Association shall provide a site for the disposal of tree and plant materials in an appropriate location at least twice a year.

**Section 10. Household Pets.** The right of Owners and residents to have pets within Lake of the Pines shall be subject to the following restrictions:

(a) A reasonable number of common household pets may be kept on each Lot so long as the same are not kept or bred for commercial purposes. No other animals, livestock, or poultry of any kind shall be kept, bred or raised on any Lot or in any Residence.

(b) Permitted household pets shall only be allowed on the Common Area when they are leashed and otherwise under the supervision and restraint of their Owners.

(c) Pet owners shall be responsible for the prompt removal and disposal of pet wastes deposited by their pets in the Properties.

(d) Each person bringing or keeping a pet on Lake of the Pines shall be solely responsible for the conduct of the pet. The Association, its Board, officers, employees and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owners, their family members, guests, invitees, tenants and contract purchasers for any damage or injury to persons or property caused by any pet.

(e) The Board of Directors shall have the right to establish and enforce additional rules and regulations, defining in a uniform and nondiscriminatory manner, what constitutes a "reasonable number" of pets depending on their size, disposition and/or maintenance

requirements and imposing standards for the reasonable control and keeping of household pets in, upon and around Lake of the Pines to ensure that the same do not interfere with the quiet and peaceful enjoyment of Lake of the Pines by the other Owners and residents.

**Section 11. Signs.** No signs or billboards of any kind shall be displayed on any Lot or posted within or upon any portion of the Common Area except that Owners may post on their Lots any signs required by legal proceedings and a single "For Rent," "For Lease" or "For Sale" sign of reasonable dimensions. A-frame or other directional signs of real estate brokers advertising Lots for sale or lease shall not be allowed within the Common Area or along the roadways within Lake of the Pines.

**Section 12. Business Activities.** No business or commercial activities of any kind whatsoever shall be conducted in any Residence, garage or outbuilding or in any portion of any Lot without the prior written approval of the Environmental Control Committee; provided, however, the foregoing restriction shall not apply to the signs or activities of the Association in the discharge of its responsibilities under the Governing Documents. Furthermore, no restrictions contained in this section shall be construed in such a manner so as to prohibit any Owner from engaging in any activity on his or her lot which does not (i) require a conditional use permit from the County; (ii) create vehicular (i.e., customer) traffic; (iii) produce unreasonable noises or other disturbances; or (iv) require any exterior signage or storage of products, materials or equipment.

**Section 13. Diseases and Pests.** No resident shall permit any thing or condition to exist upon his or her Lot which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

**Section 14. Exterior Drying of Clothing.** Owners and residents who choose to dry clothing, towels or other fabrics outdoors on their Lot may only do so in an area of the Lot that does not create a visual nuisance and only if the Owner or resident promptly takes down or removes the clothing or towel(s) immediately after they are dry.

**Section 15. Covers.** Protective covers used on such items as, but not limited to, wood piles, boats, RV's, etc. must be of a design and color as permitted in the Environmental Control Standards.

**Section 16. Storage.** Storage of personal property, including, without limitation, vehicles, (other than recreational vehicles as described in section 17(d), below) on any Lot shall be entirely within the Owner's Residence, garage or other appropriate enclosed or screened storage area. The Association shall have the right to establish and maintain within the Common Areas appropriate storage yards and storage buildings for the maintenance of materials and equipment used by the Association in connection with its planting, building, repair, maintenance and preservation of the structures, landscaping and other Improvements within the Common Areas which the Association is obligated to repair and maintain.

**Section 17. Parking and Vehicle Restrictions.** The following parking and vehicle restrictions shall apply within Lake of the Pines:

(a) Vehicles shall not be parked on a regular or consistent basis on any Association street within Lake of the Pines and in no event shall a vehicle be parked along a street in a manner which (i) encroaches upon the paved surface of the roadway or (ii) which otherwise creates an unreasonable risk or safety hazard.

(b) Owners and residents shall not park any stripped down, partially wrecked, or junk motor vehicle, or sizable part thereof, on any Association street within Lake of the Pines or park or store such vehicles or parts on any Lot in such manner as to be visible to the occupants of other Lots within Lake of the Pines or to the users of any Association street, lake or the golf course. A vehicle described in this paragraph that is merely covered by a tarp shall be considered as visible if the vehicle would be visible absent the covering.

(c) All driveways shall be maintained in a neat and orderly condition.

(d) In order to maintain a pleasant aesthetic appearance within Lake of the Pines, the storage of a recreational vehicle on any Lot shall only be permitted if the vehicle can be parked and screened from view so as to avoid creating a visual nuisance. The Board of Directors may adopt criteria to determine what constitutes a visual nuisance. Material, including but not limited to trees and shrubs, used to screen the recreational vehicle, must be approved by the Environmental Control Committee. If such storage and screening cannot be achieved on a Lot, the recreational vehicle must be stored outside of Lake of the Pines. As used in this subparagraph (d) the term "recreational vehicle" means and includes any motor home, any truck with a camper unit that is designed for human occupancy, any trailers, buses, boats or trucks in excess of one ton in gross carrying capacity.

It shall not be considered a violation of the preceding subparagraph to park a recreational vehicle on a Lot for periods up to 72 hours for purpose of loading and unloading, cleaning, or the housing of visiting guests. At the discretion of the Association's management, reasonable extensions of this 72 hour parking exception may be permitted.

(e) The Board shall have the authority to adopt further reasonable rules and restrictions of uniform application regarding parking and the regulation of vehicles within Lake of the Pines as may be deemed prudent and appropriate.

#### **Section 18. Use of Private Streets Within Lake of The Pines.**

(a) The Board of Directors shall have the authority to adopt rules and regulations regarding recreational use of roadways within Lake of the Pines.

(b) In order to prevent accelerated deterioration of private roadways, the Association Board shall be entitled to collect deposits from Owners and/or contractors in connection with construction projects within Lake of the Pines. Such deposits can be designated as nonrefundable or they can, in the Board's discretion, be applied to correct or repair specific damage caused by the construction in accordance with Article V, sections 5(e) and 10(c), above.

(c) All operators of motor vehicles, including motorcycles and golf carts, within Lake of the Pines must possess a valid driver's license.

(d) All provisions of the California Vehicle Code must be honored at all times when operating any motor vehicle within Lake of the Pines, except that golf carts shall be permitted on private streets, subject to reasonable regulation for safety purposes by the Association.

(e) Although all roads within Lake of the Pines are subject to the California Vehicle Code, the Association shall have the right to adopt reasonable rules regarding the control and use of roads within Lake of the Pines, vehicles operated thereon and the speed of such vehicles. The Association is further authorized to delegate the discharge of its rights hereunder to a municipality or other governmental entity or to contract with a private security patrol company for such purposes so long as the private character of the roadways within Lake of the Pines is not jeopardized by such action.

**Section 19. Variances.** Upon application by any Owner, the Board of Directors or designated representative shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article if specific application of the restriction will, in the sole discretion of the Board of Directors, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Declaration. The notice requirements relating to architectural variances under Article V, section 12, shall apply to any variance applications pursuant to this section 19.

**Section 20. Enforcement of Property Use Restrictions.** The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the

event that the Association becomes aware of an apparent violation of any property use restrictions set forth in this Article VIII that does not necessitate immediate corrective action under Article XIII, section 6 hereof, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her right to be heard on the matter.

## **ARTICLE IX Easements**

**Section 1. Street Easements.** Each of the streets within Lake of the Pines, as designated on the Subdivision Maps except Combie Road and Magnolia Road, is a private street and forms a part of the Common Area of the Lake of the Pines development. An easement for the use and enjoyment of each of said streets is reserved to the persons who are, from time to time, Members or Associate Members of the Association, and to the tenants, guests and invitees of the aforementioned persons.

The Declarants previously offered the development's private streets to Nevada County for dedication to public use, the acceptance of which was rejected unless and until either of the following events occurred:

(a) The Declarants failed to complete said streets and appurtenant drainage improvements pursuant to its Subdivision Improvement Agreement with Nevada County; or

(b) The Association, by vote of two-thirds (2/3) of its Members entitled to vote, petitions Nevada County for inclusion of such streets and appurtenant easements into the roadway system of such County and the same conform to the standards of the County.

**Section 2. Various Easements and Rights of Way Reserved By Declarants.** The Declarants reserved for themselves and their successors and assigns (including the Association), for purposes incident to its development of Lake of the Pines, the following easements and/or rights-of-way:

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

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

(c) For lake and shoreline maintenance and control along the lakefront portion of each Lot contiguous to a lake shoreline to the extent of ten (10) feet in width designated on the Map as "Utility Maintenance Easements"; and

(d) For the installation and maintenance of radio and television transmission cables over strips of land five (5) feet in width alongside and rear property lines and ten (10) feet in width along the front property line of each Lot.

**Section 3. Public Utility Easements.** The Declarants dedicated to Nevada County rights-of-way and easement areas for the installation and maintenance of public utilities over strips of land five (5) feet in width alongside and rear property lines and ten (10) feet in width along the front property line of each Lot as contained in the offer of dedication set forth on the Subdivision Maps, reserving therefrom the easements and/or rights of way set forth in section 2(d), above, relating to radio or television transmission cables.

On each Lot, the right-of-way and easement areas reserved by the Declarants or dedicated to public utilities purposes shall be maintained continuously by the Lot Owner, but no structures, plantings or other material shall be placed or permitted to remain or other activities undertaken which may damage or interfere with the installation or maintenance of utilities; which may change the direction of flow of drainage channels in the easements; which may obstruct or retard the flow of water through drainage channels in easements; or which

damage or interfere with established slope ratios or create erosion or sliding problems. Improvements within such areas shall also be maintained by the respective Lot Owner except for those for which a public authority or utility company is responsible.

**Section 4. Rights of Owners of Lots Adjacent to Common Area Lakes.**

(a) Title To Lake Bed. The water in and land under the 230 acre lake which constitutes the principal visual element within the Common Areas of Lake of the Pines and the water in, and land under, the other smaller Common Area lakes are owned by the Association. The maximum water elevation of Common Area lakes are indicated on the Subdivision Maps for those Units in which the lake is located. The boundary of any Lot which is contiguous to the 230 acre central lake (the "lakeside boundary line") is intended to extend to the shoreline of the lake as said shoreline would be established at the Historical High Water Mark of 1507.0 feet.

(b) Lakefront Lot Easements, Boundary Line Adjustments and Exclusive Use Common Areas. In instances where there is Common Area property between any lakefront lands and the Historical High Water Mark of the large lake, the Owner of any affected lakefront Lot shall have an exclusive easement and right of use and enjoyment in and to the area of common property lying between the lakeside boundary of the Owner's Lot, as shown on the Subdivision Map, and the Historical High Water Mark. Normally, the easement area is defined by a hypothetical extension of the Owner's side Lot lines to the lake. To ensure an equitable distribution of this Common Area property in any dispute between Owners, the Board shall have the authority to define the easement area assigned to any Owner. That area of common property shall be considered as exclusive use common area, as defined in section 4145 of the Civil Code.

In addition, upon the application of any Owner of a lakefront Lot which enjoys such an exclusive use common area, the Board may negotiate a boundary line adjustment with the Owner on such terms as the Board determines to be fair and reasonable to the membership in order to make the lakeside boundary of the Lot co-extensive with the actual shoreline of the lake; provided, however, that the Board's consideration of any such request for a boundary line adjustment shall be considered as a request for a variance and shall be subject to the notice and other requirements set forth in Article V, section 12, above. One of the findings that the Board must make as a condition to granting the variance is that the area in question should not, or cannot feasibly be, dredged and/or has no common use or benefit to the Members.

(c) Absence of Riparian Rights. Except as otherwise provided in subparagraph (b), above, no Owner or any successors or assigns of an Owner, shall have any right with respect to any stream that is a tributary to any of the lakes within the Common Areas of Lake of the Pines or with respect to any of the Common Area lakes, the lands thereunder, the water therein, or with respect to the elevation, use or condition of any such lake.

**Section 5. Other Easements.** Each Lot and its Owner, and the Association as to the Common Area, are hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under Lake of the Pines and each Lot and Common Area as shown on the Subdivision Maps for any portion of Lake of the Pines.

**ARTICLE X  
Insurance**

**Section 1. Types of Insurance Coverage.** The Association shall purchase, obtain and maintain, with the premiums therefore being paid out of Common Funds, the following types of insurance, if and to the extent such insurance, with the coverages described below, is available at a reasonable premium cost, as determined by the Board:

(a) Fire and Casualty Insurance. A policy of fire and casualty insurance naming as parties insured the Association and any

Mortgagee of the Common Area, and containing the standard extended coverage and replacement cost endorsements and such other or special endorsements as will afford protection and insure, for the full insurable, current replacement cost (excluding foundations and excavation, but without deduction for depreciation) as determined annually by the insurance carrier, all Common Facilities and the personal property of the Association for or against the following:

(i) Loss or damage by fire or other risks covered by the standard extended coverage endorsement.

(ii) Loss or damage from theft, vandalism or malicious mischief.

(iii) Such other risks, perils or coverage as the Board of Directors may determine.

Such policy, or the endorsement made a part thereof, shall, to the extent available, provide that the insurer issuing the policy agrees to abide by the decision of the Association made in accordance with the provisions of Article XI of this Declaration as to whether or not to repair, reconstruct or restore all or any damaged or destroyed portion of the Common Facilities.

(b) Public Liability and Property Damage Insurance. To the extent such insurance is reasonably obtainable, a policy of comprehensive public liability and property damage insurance naming as parties insured the Association, each member of the Board of Directors, any manager, the Owners and occupants of Lots, and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the ownership and use of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000.00) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location and use.

(c) Additional Insurance and Bonds. To the extent such insurance is reasonably obtainable, the Association may also purchase with Common Funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this section, demolition insurance, flood insurance, and workers' compensation insurance. The Board shall also purchase and maintain fidelity bonds or insurance in an amount not less than 100 percent of each year's estimated annual operating expenses and shall contain an endorsement of any person who may serve without compensation. The Board shall purchase and maintain such insurance on personal property owned by the Association and any other insurance, including directors and officers liability insurance, that it deems necessary or desirable.

**Section 2. Coverage Not Available.** In the event any insurance policy, or any endorsement thereof, required by section 1 is for any reason not available, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage hereinabove described. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage.

**Section 3. Copies of Policies.** Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time.

**Section 4. Trustee.** All insurance proceeds payable under section 1 of this Article, may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. The trustee shall be a commercial bank in the County that agrees in writing to accept such trust.

**Section 5. Adjustment of Losses.** The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to section 1 of this Article. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

**Section 6. Insurance on Lots and Residences.** An Owner may carry whatever personal liability, property damage liability, fire and casualty insurance with respect to his or her Lot, Residence and personal property as the Owner desires. The Association shall have no responsibility for the adequacy or extent of such insurance coverage.

**Section 7. Disclosure of Association Insurance Coverages.** As more particularly described in Article XII of the Bylaws, the Association is required by law to provide its members with periodic disclosures of the amount and kind of insurance maintained by the Association.

## **ARTICLE XI Damage or Destruction**

**Section 1. Common Facilities; Bids and Determination of Available Insurance Proceeds.** In the event any Common Facilities are ever damaged or destroyed, then, and in such event, as soon as practicable thereafter the Board of Directors shall(a) obtain bids from at least two reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct and restore the damaged or destroyed portions of the Common Facilities to substantially the same condition as they existed prior to the damage and the itemized price asked for such work; and (b) determine that amount of all insurance proceeds available to the Association for the purpose of effecting such repair, reconstruction and restoration.

**Section 2. Common Facilities; Sufficient Insurance Proceeds.** Subject to the provisions of section 1 hereof, if, in the event of damage to or destruction of any portion of any Common Facility, the insurance proceeds available to the Association are sufficient to cover the costs of repair, reconstruction and restoration, then the Association may cause such facilities to be repaired, reconstruction and restored; provided, however, that in the event of destruction of all or substantially all of a Common Facility, the Association shall not be obligated to restore the damaged Common Facility to its prior appearance and condition if the Board's opinion, architectural or design modifications to the Facilities will result in providing the Members with an improved facility which is suitable for substantially the same use and enjoyment as the destroyed facility.

**Section 3. Common Facilities; Insurance Proceeds Insufficient in an Amount Exceeding \$5,000.** In the event that any Common Facility is totally or substantially damaged or destroyed or, if, in the event of damage to or destruction of only a portion of the Common Facilities, the insurance proceeds available to the Association are insufficient in an amount exceeding \$5,000 to cover the estimated cost of repair, reconstruction and restoration, then the Majority of a Quorum of the Members shall determine whether(a) to repair, reconstruct and restore the damaged or destroyed Common Facilities and specially assess all Owners for such additional funds as may be needed for such purpose; or (b) not to repair, reconstruct or restore the damaged or destroyed Common Facilities, but rather to utilize the insurance proceeds available for such reconstruction, together with any other sums otherwise available to the Association for such purpose, to demolish and remove the damaged or destroyed Improvements from the Common Area and to level and landscape the sites thereof and apply any balance of such proceeds and/or funds as the Members holding such voting power and their first mortgagees may determine.

**Section 4. Damage or Destruction of Residences.**

(a) **Obligation to Rebuild or Clear 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 that Residence to rebuild, repair or reconstruct the Residence or remove the damaged structure or portions thereof and restore the Lot to a neat and attractive appearance.

(b) **Environmental Control Committee Approval.** Any Owner who has suffered damage shall apply to the Environmental Control Committee for approval of plans for the reconstruction, rebuilding, or repair of his or her Residence in accordance with Article V hereof. Application for such approval shall be made in writing together with full and complete plans, specifications, working drawing and elevations showing the proposed reconstruction and the end result thereof. The Environmental Control Committee shall grant such approval only if the design proposed by the Owner would result in a finished Residence in harmony with the exterior design of other Residences within Lake of the Pines.

(c) **Time Limitation for Reconstruction.** The Owner or Owners of any damaged Residence(s) and the Environmental Control Committee shall be obligated to proceed with all due diligence hereunder. The Owner(s) shall commence reconstruction or removal of the damaged structure within three months after the damage occurs and complete reconstruction within 12 months after the damage occurs, unless an extension of these time limitations is obtained from the Environmental Control Committee in accordance with the Environmental Standards (see Article V, section 7(h)).

## **ARTICLE XII Condemnation**

If all or part of the Common Area shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Lots or Parcels, shall be payable to the Association as trustee for all Owners and mortgagees according to the loss or damages to their respective interest in the Common Area. The Association, acting through its Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation, settlement and litigation of the issues with respect to the taking and compensation affecting the Common Area. Each Owner hereby designates and appoints each Association as his or her attorney-in-fact for such purposes.

## **ARTICLE XIII Enforcement of Governing Documents**

**Section 1. Remedy at Law Inadequate.** Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration are inadequate and that the failure of any Owner, tenant, occupant or user of any Lot, or any portion of the Common Area or Common Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors, or by their respective successors in interest.

**Section 2. Costs and Attorneys' Fees.** In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the court may award to the prevailing party to such action such attorneys' fees and other costs as it may deem just and reasonable.

**Section 3. Schedule of Fines.** The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate. Once imposed, a fine or penalty may be collected as a Special Individual Assessment. The Board may delegate to management the authority to issue citations and to levy fines and penalties in accordance with the Association's published schedule of charges for violations and related procedures. If a fine schedule or

other policy of imposing monetary penalties is adopted, the Association shall be obligated to provide the members with a copy of the schedule or policy at the time it is adopted and each time the policy is amended or modified. See Bylaws at Article XII, section 6.

**Section 4. Cumulative Remedies.** The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

**Section 5. Failure Not a Waiver.** The failure of any Owner, the Board of Directors, the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon the Association or the Board, or any of its officers or agents.

**Section 6. Rights and Remedies of the Association.**

(a) **Authority of Board and Owners to Enforce Governing Documents.** In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or Tenants (or the guests, invitees or employee of any tenant), the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity. Without limiting the foregoing, the Association's remedies may include efforts at informal mediation by Association personnel, including the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreation Common Facilities or suspension of the Owner's voting rights as a Member. The decision of whether it is appropriate, necessary and in the best interests of the Association and its Members for the Association to initiate and pursue enforcement or disciplinary action shall be within the sole discretion of the Board of Directors. If the Association declines to initiate enforcement action, any Owner shall have such rights of enforcement as exist by virtue of section 5975 of the Civil Code or otherwise by law.

(b) **Limitations on Association Disciplinary/Enforcement Actions.** Whatever enforcement or disciplinary action is selected and pursued by the Association in response to apparent violations of the Governing Documents shall at all times be subject to the obligations of the Association to provide prior notice to the alleged violators of the Governing Documents and fair hearing and disciplinary procedures, in accordance with Corporations Code section 7341 and section 5975 of the California Civil Code (to the extent applicable to the enforcement proceeding). The Board, or a Covenants Committee appointed by the Board to conduct and administer disciplinary hearings and related proceedings pursuant to section 7, below, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules.

**Section 7. Covenants Committee.**

(a) **Appointment of Committee.** Acting pursuant to Article IX, section 1 of the Bylaws, the Board of Directors may establish a Covenants Committee, comprised of five or more members, to hear and decide cases involving alleged violations of the Governing Documents. If no committee is established, the Board shall perform this function.

(b) **Jurisdiction and Hearing Procedures of the Committee.** The Covenants Committee shall review written complaints from Owners, the General Manager or the Board of Directors regarding alleged

violations of the Governing Documents or Association Rules, and, when determined appropriate, conduct hearings and make findings regarding the alleged violation(s). The Covenants Committee may levy penalties and/or fines (pursuant to a Board-approved fine schedule) in the event the allegations regarding such violations are found to be true. To perform the foregoing, the Covenants Committee shall adopt rules of procedure for enforcement hearings and shall conduct its hearings in accordance with such rules after they have been approved by the Board. Notwithstanding the foregoing, the initial review and efforts to resolve apparent violations of the environmental review and approval requirements of Article V or of the minimum construction standards of Article VI shall come under the jurisdiction of the Association's duly designated staff and the members of the Environmental Control Committee (collectively "ECC Enforcement Matters"). ECC Enforcement Matters shall further be subject to the requirements of Article V, section 11, above.

(c) **Appeals.** The decisions of the Covenants Committee, if established, shall be appealable to the Board of Directors within 10 calendar days following receipt of the Committee's decision. The Board shall have the discretion to hear any appealed matter or decline to take the appeal and thus affirm the decision of the Covenants Committee. Any decision to decline an appeal shall be based on a reasonable determination from the record that the appeal lacks merit. Decisions of the Board shall be final. Procedures for appeal and the hearing of appeals shall be set forth in the Association Rules.

**Section 8. Court Actions.** Court actions to enforce the Governing Documents may only be initiated on behalf of the Association upon approval of the Board. Prior to initiating any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents (including either such action coupled with a claim for monetary damages not in excess of \$5,000) the Association shall first comply with the provisions of Civil Code sections 5925, et seq. relating to alternative dispute resolution. The Association's own notice and hearing procedures may be drafted to satisfy these statutory alternative dispute resolution requirements.

## **ARTICLE XIV Notices**

**Section 1. Mailing Addresses.** Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner: To the street address of his or her Lot or to such other address as he or she may from time to time designate in writing to the Association.

If to the Association: Lake of the Pines Association, Inc., at the principal office of the Association (or to such other address as the Association may from time to time designate in writing to the Owners). Currently the mailing address of the Association is 11665 Lakeshore North, Auburn, CA 95602.

**Section 2. Personal Service Upon Co-Owners and Others.** Personal service of a notice or demand to one of the co-Owners of any Lot, to any general partner of a partnership which is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Lot, shall be deemed delivered to all such co-Owners, to such partnership, or to such corporation, as the case may be.

**Section 3. Deposit in United States Mails.** All notices and demands required by this Declaration which are served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered four days after deposit in the United States mail in the County.

**ARTICLE XV**  
**No Public Rights in Lake of the Pines**

Nothing contained in this Declaration shall be deemed to be gift or dedication of all or any portion of Lake of the Pines to the general public or for any public use or purpose whatsoever.

**ARTICLE XVI**  
**Amendment of Declaration**

**Section 1. Amendment of Declaration.**

(a) Amendment of Declaration by Board of Directors. The Board of Directors may, by a vote of a two-thirds majority of all directors, adopt amendments to this Declaration when an amendment is needed to conform particular provisions of the Declaration to changes in applicable California State law statutory requirements which the amended provision(s) is/are intended to reflect. Prior to entertaining a motion to approve any such amendment, the Board shall: (i) receive a written opinion from the Association's legal counsel that a change in California statutory law necessitates a revision or revisions to this Declaration in order to make the affected provision(s) of the Declaration accurately state a legal requirement that the Association is bound by law to observe; and (ii) present the proposed amendment, together with a copy of the opinion of counsel, for discussion at a meeting of the Board of Directors held prior to the meeting at which the motion to approve the amendment is entertained and acted upon.

(b) Amendment of Declaration by Action of the Members. Except as provided in subparagraph (a), above, this Declaration may be amended or revoked in any respect by the vote or assent by written ballot of the holders of not less than a simple majority of the Voting Power of the Members of the Association. Notwithstanding the foregoing, the percentage of affirmative votes necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

(c) Notice to Members. The Members shall be advised promptly of any amendments to this Declaration which have been duly approved by action of the Board or by approval of the Members in accordance with this section 1. If the Members have not previously been given a copy of the complete text of the amendment in connection with the vote thereon, the notice of the amendment shall include the complete text of any amended provision(s).

**Section 2. Effective Date of Amendment.** The amendment will be effective upon the Recording a Certificate of Amendment, duly executed and certified by the president and secretary of the Association, setting forth in full the amendment so approved and that the approval requirements of either section 1(a) or section 1(b), above, have been duly met.

**Section 3. Reliance on Amendments.** Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

**ARTICLE XVII**  
**General Provisions**

**Section 1. Term.** The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Lots and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of 15 years from the date of the Recording of this Declaration. After the expiration of the initial term, the term of this Declaration shall be automatically extended for successive periods of 10 years each unless, within 6 months prior to the expiration of the initial 15-year term or any such 10-year extension period, a recordable written

instrument, approved by Owners entitled to vote and holding at least a majority of the voting power of the Association terminating the effectiveness of this Declaration, is Recorded. If a Lot has more than one Owner of Record, the assent of any one of such Owners shall bind all unless the Association has actual notice of a contrary intent by other co-Owners, in which case the will of the majority of the co-owners shall prevail. The instrument referred to in this section 1 may be executed and recorded by the President and Secretary in the same fashion as an amendment to this Declaration pursuant to Article XVI, section 2, above.

**Section 2. Annexation of Additional Property.**

(a) Scope of Article/Nature of Annexation. For purposes of this section 2, an annexation is defined as any addition of property to Lake of the Pines included within the jurisdiction of this Declaration and of the Association. Once annexation occurs, the newly annexed territory, and the Owners of property therein, shall have the same rights, duties, and obligations as the Owners of any other property included within Lake of the Pines; subject to any modification of those rights, duties and/or obligations imposed by a Declaration of Annexation recorded pursuant to subparagraph (e), below. Any owner ("Annexation Proponent") of real property which is contiguous to any border of Lake of the Pines can make a written request to the Board of Directors that a proposed annexation be submitted to the Members for approval in accordance with subparagraphs (b) through (d), below. For purposes of this section, a parcel or parcels of property shall be considered contiguous to Lake of the Pines and, thus, eligible for annexation if the property shares a common boundary with any portion of Lake of the Pines or with any other parcel ("adjoining parcel") which shares a common boundary with Lake of the Pines and is proposed for annexation contemporaneously with the adjoining parcel. Parcels proposed for annexation (the "Annexation Parcel(s)") must be separate legal parcels and all governmental approvals required as a condition for annexation must be obtained by the Annexation Proponent at his or her sole cost and expense.

(b) Application for Annexation. In order to initiate a membership vote on the proposed annexation, the owner or owners of the Annexation Parcel shall present a written proposal for annexation to the Board of Directors which shall include at least the following information:

(i) A copy of the proposed Declaration of Annexation (see subparagraph (e), below) which shall be Recorded upon approval of the proposed annexation by the Board and the Members;

(ii) A reasonably detailed description of the intentions of the owner of the Annexation Parcel with respect to the development, subdivision, and use of such parcel, including, without limitation, the number of residential lots or units, the type and location of any commercial areas, any special development conditions imposed by any local governmental agency in connection with the approval of a subdivision map for the Annexation Parcel, and any proposal to create any local districts or County Service Areas with jurisdiction over the Annexation Parcel or any portion thereof;

(iii) If any additional Common Areas or Common Facilities are proposed within the Annexation Parcel, detailed financial budgets and projections disclosing the maintenance, repair, operations, and capital reserve obligations which are likely to be incurred by the Association as a result of the annexation and the proposed method of allocating assessments to defray those anticipated expenses.

(c) Board Approval. Upon receipt of a complete application for annexation, the Board shall have a period of 60 days to evaluate and act upon the proposal. If requested by the Annexation Proponent, a copy of the Annexation application shall be mailed to the Association's Members at the Proponent's sole expense within the first 30 days of the Board's evaluation period, together with a request for Member comments. At the conclusion of the 60 day evaluation period the Board shall take one of the following actions(a) approve the proposal and call for a membership vote thereon by written ballot in accordance with subparagraph (d), below; (b) disapprove the proposal; or (c) approve the proposal subject to the satisfaction of specified

conditions. Unless Board approval is obtained, the Association shall not be obligated to present the annexation proposal to the Members unless a petition requesting a membership vote on the matter, signed by at least five percent of the membership, is presented to the Board (see Article IV, section 6 of the Bylaws).

(d) Membership Approval Required. In addition to receiving Board approval in accordance with subparagraph (c), above, any proposed annexation must also be approved by at least a majority of the voting power of the Members of the Association. The annexation proposal shall be submitted to the Members within 30 days following Board approval or receipt of a Member petition meeting the requirements specified in subparagraph (c), above. The Member vote shall be conducted by written ballot in accordance with Article IV, section 6 of the Bylaws. The solicitation materials accompanying the ballot shall include a copy of the proposed Declaration of Annexation, any financial analysis prepared in accordance with subparagraph (b)(iii), above, and any other information considered by the Board to be necessary or appropriate for an informed decision by the Members.

(e) Declaration of Annexation. Any annexations of real property to Lake of the Pines authorized under subparagraphs (c) and (d), above, shall be effected by Recording a Declaration of Annexation, or other similar instrument, with respect to the Annexation Parcel. The Declaration of Annexation (i) shall be executed by the Annexation Proponent; (ii) shall extend the general plan and scheme of this Declaration to the Annexation Parcel; and (iii) may contain such additions to, and modifications of, the covenants, conditions, easements and restrictions contained in this Declaration as may be necessary to reflect the different character or nature of development, if any, of the Annexation Parcel (such as the construction of townhomes, condominiums or commercial structures or matters unique to new Common Facilities), or any allocation of Assessments which differs from the allocation provided in Article IV, above, so long as the supplemental restrictions were submitted to the Members for consideration at the time their votes were solicited and the supplemental restrictions are consistent with the general plan and scheme of this Declaration and all applicable laws and governmental regulations. Any such supplemental declaration may set forth use restrictions and the design and building standards which shall apply to the Annexation Parcel or may give blanket approval for development of the Annexation Parcel by the Annexation Proponent in accordance with specific architectural plans and drawings which are submitted by the owner of the Annexation Parcel together with the supplemental declaration.

The Recording of a Declaration of Annexation shall constitute and effectuate the annexation of the Annexation Parcel to Lake of the Pines and thereafter the Annexation Parcel shall be subject to, and encompassed within, the general plan and scheme of this Declaration. Lots and/or Units within the Annexation Parcel shall thereupon become subject to Assessment by the Association and to the functions, powers, and jurisdiction of the Association, and the Owners of Separate Interests within the Annexation Parcel shall automatically become Members of the Association.

Any Common Areas (including private roads) which are included within the Annexation Parcel shall be conveyed to the Association, free of all liens and encumbrances, other than liens, rights-of-way, or other encumbrances disclosed on the preliminary title report for the Annexation Parcel and approved by the Association. The conveyance to the Association of any Common Areas included within the Annexation Parcel shall occur immediately following Recordation of the Declaration of Annexation unless otherwise agreed in writing by the Annexation Proponent and the Board of Directors.

**Section 3. Construction.**

(a) Restrictions Construed Together. All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of Lake of the Pines as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a

subsequent application or any other provision hereof.

(b) Restrictions Severable. Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.

(d) Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of any of the substantive terms or provisions of this Declaration.

(e) References to State Statutes. Any references in this Declaration to State Statutes shall be to the referenced statute as in effect on the date that this Declaration is Recorded in the Official Records of Nevada County, California. In the event that any referenced statute is subsequently amended or superseded, all such references shall thereupon mean and refer to the referenced statute as so amended, modified or superseded, so long as the amended statute continues to regulate or pertain to the same subject matter.

(f) Exhibits. All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

**CERTIFICATION**

We, the undersigned hereby certify, under penalty of perjury, that this Conformed Copy of the Restated Declaration of Covenants, Conditions and Restrictions contains the First Amendment to the Restated CC&Rs and the Changes to Restated CC&Rs to reflect California Civil Code Section 4235 all of which have been duly adopted with the vote and consent of the Association's Membership and Board Members as required pursuant to the governing documents and state law.

DATE: 6-24-2016

**LAKE OF THE PINES ASSOCIATION, INC.,**  
a California nonprofit mutual benefit corporation

By Richard Walker  
(President) **Richard Walker**

By John E. McMahon  
(Secretary) **John McMahon**



## EXHIBIT "A"

### ALL DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED AGAINST ANY LOTS AND PARCELS WITHIN LAKE OF THE PINES

Declaration of Restrictions for Western Lake Properties-Unit 1-A, recorded in the Official Records of Nevada County, California on March 23, 1967, Book 417, Page 390.

Declaration of Restrictions for Western Lake Properties-Unit 1-B, recorded in the Official Records of Nevada County, California on April 19, 1967, in Book 419, Page 71.

Declaration of Restrictions for Western Lake Properties-Unit 2-A, recorded in the Official Records of Nevada County, California on May 23, 1967, in Book 421, Page 99.

Declaration of Restrictions for Western Lake Properties-Unit 1-C, recorded in the Official Records of Nevada County, California on June 13, 1967, in Book 422, Page 265.

Declaration of Restrictions for Western Lake Properties-Unit 1-D, recorded in the Official Records of Nevada County, California on June 13, 1967, in Book 422, Page 279.

Amended Declaration of Restrictions for Western Lake Properties-Unit 1-C, recorded in the Official Records of Nevada County, California on June 15, 1967, in Book 422, Page 347.

Amended Declaration of Restrictions for Western Lake Properties-Unit 1-D, recorded in the Official Records of Nevada County, California on June 15, 1967, in Book 422, Page 348.

Declaration of Restrictions for Western Lake Properties-Unit 2-B, recorded in the Official Records of Nevada County, California on July 5, 1967, in Book 423, Page 671.

Declaration of Restrictions for Western Lake Properties-Unit 2-A as to Lots 906 thru 909, inclusive, and 925, recorded in the Official Records of Nevada County, California on September 12, 1967, in Book 429, Page 513.

Declaration of Restrictions for Western Lake Properties-Unit 2-C, recorded in the Official Records of Nevada County, California on September 27, 1967, in Book 431, Page 1.

Declaration of Restrictions for Western Lake Properties-Unit 2-D, recorded in the Official Records of Nevada County, California on December 12, 1967, in Book 436, Page 545.

Declaration of Restrictions for Western Lake Properties-Unit 1-A, Parcel A, recorded in the Official Records of Nevada County, California on June 6, 1968, in Book 448, Page 283.

Declaration of Restrictions for Western Lake Properties-Unit 1-D, Lots 636, 637 and 676, recorded in the Official Records of Nevada County, California on June 7, 1968, in Book 448, Page 347.

Amended Declaration of Restrictions for Western Lake Properties-Unit 2-A as to Lots 906 thru 909, inclusive and 925, recorded in the Official Records of Nevada County, California on June 6, 1968, in Book 448, Page 297.

Declaration of Restrictions for Lake of the Pines-Unit 13A, recorded in the Official Records of Nevada County, California on November 6, 1978, in Book 996, Page 6.

Declaration of Restrictions for Lone Pine Estates, recorded in the Official Records of Nevada County, California on March 9, 1982, under Recorder's Series No. 82-05157.

Declaration of Restrictions for Sunset Terrace, recorded in the Official Records of Nevada County, California on May 10, 1988, under Recorder's Series No. 88-11616.

Amended Declaration of Restrictions for Sunset Terrace recorded in the Official Records of Nevada County, California on September 13, 1988, under Recorder's Series No. 88-24605.

Amended Declaration of Restrictions for Sunset Terrace, recorded in the Official Records of Nevada County, California on September 14, 1990, under Recorder's Series No. 90-30347.

Amended Declaration of Restrictions for Sunset Terrace, recorded in the Official Records of Nevada County, California on December 27, 1990, under Recorder's Series No. 90-41322.

Declarations of Restrictions for Lake of the Pines Townhomes-Phase 1, recorded in the Official Records of Nevada County, California on December 5, 1995, under Recorder's Series No. 95-031428 thru 95-031431, inclusive.

Declarations of Restrictions for Lake of the Pines Townhomes-Phase 2, recorded in the Official Records of Nevada County, California on February 28, 1996, under Recorder's Series No. 96-005341 thru 96-005345, inclusive.

Declarations of Restrictions for Lake of the Pines Townhomes-Phase 3, recorded in the Official Records of Nevada County, California on July 10, 1996, under Recorder's Series No. 96-018938 and 96-018939.

**EXHIBIT "B"**

**LEGAL DESCRIPTION OF ALL LOTS AND PARCELS COMPRISING LAKE OF THE PINES AND  
SUBJECT TO THIS FIRST RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

Those parcels of land in the unincorporated area of the County of Nevada, State of California, described as follows:

Lots 1 thru 285, inclusive, Lot 285A and Parcels A thru P, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 1-A, recorded in the Official Records of Nevada County, California, on March 14, 1967, in Book 2, Page 84.

Lots 286 thru 514, inclusive, and Parcels Q and R as shown on the Subdivision Map of Western Lake Properties-Unit 1-B, recorded in the Official Records of Nevada County, California, on April 19, 1967, in Book 2, Page 85.

Lots 515 thru 645, inclusive, and Parcel S as shown on the Subdivision Map of Western Lake Properties-Unit 1-C, recorded in the Official Records of Nevada County, California, on June 13, 1967, in Book 2, Page 90.

Lots 646 thru 765, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 1-D, recorded in the Official Records of Nevada County, California, on June 13, 1967, in Book 2, Page 91.

Lots 766 thru 1262, inclusive, and Parcels T thru X, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 2-A, recorded in the Official Records of Nevada County, California, on May 23, 1967, in Book 2, Page 89.

Lots 1263 thru 1833, inclusive, Parcels Y and Z and Parcels A-A thru G-G, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 2-B, recorded in the Official Records of Nevada County, California, on July 5, 1967, in Book 2, Page 95.

Lots 1834 thru 1884, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 2-C, recorded in the Official Records of Nevada County, California, on September 27, 1967, in Book 2, Page 103.

Lots 1885 thru 1944, inclusive, and Parcels H-H and J-J, as shown on the Subdivision Map of Western Lake Properties-Unit 2-D, recorded in the Official Records of Nevada County, California, on December 12, 1967, in Book 2, Page 109.

Lots 1946 thru 1957, inclusive, as shown on the Subdivision Map of Lake of the Pines-Unit 13-A, recorded in the Official Records of Nevada County, California, on November 6, 1978, in Book 6, Page 10.

Lot 1958-A&B and 1964-A&B as shown on the Subdivision Map of Lake of the Pines Townhomes-Phase 3, recorded in the Official Records of Nevada County, California, on July 10, 1996, in Book 8, Page 43.

Lots 1959-A&B thru 1962-A&B, inclusive, and 1965-A&B, 1967-A&B, 1971-A&B and 1972-A&B as shown on the Subdivision Map of Lake of the Pines Townhomes-Phase 2, recorded in the Official Records of Nevada County, California, on February 28, 1996, in Book 8, Page 41.

Lots 1963-A&B, 1970-A&B, 1977-A&B, 1978-A&B and 1980-A&B as shown on the Subdivision Map of Lake of the Pines Townhomes-Phase 2, recorded in the Official Records of Nevada County, California, on December 5, 1996, in Book 8, Page 39.

Lots (Parcels) 1966, 1968, 1969, 1973 thru 1976, inclusive, and 1979 as shown on the Subdivision Map of Lone Pine Estates, recorded in the Official Records of Nevada County, California, on March 9, 1982, in Book 7, Page 23.

Lots 1981 thru 1984, inclusive, designated as Parcels 1 thru 4, inclusive, as shown on the Parcel Map in the Official Records of Nevada County, California, recorded on April 21, 1982, in Book 16, Page 1.

Lots 1985 thru 1996, inclusive, as shown on the Subdivision Map of Sunset Terrace, recorded in the Official Records of Nevada County, California, on May 10, 1988, in Book 7, Page 88.

Lot 9999 which is more particularly described as Parcel M of Western Lake Properties, Unit 1-A, recorded in the Official Records of Nevada County, California, on March 14, 1967, in Book 2, Page 84.

**EXHIBIT "C"**

**LEGAL DESCRIPTION OF ALL COMMON AREA LOTS AND PARCELS  
WITHIN LAKE OF THE PINES**

Those parcels of land in the unincorporated area of the County of Nevada, State of California, described as follows:

Lots 1 and 2, Parcels A thru D, inclusive, Parcels F thru L, inclusive, and Parcels N thru P, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 1-A, recorded in the Official Records of Nevada County, California, on March 14, 1967, in Book 2, Page 84.

Parcels Q and R, as shown on the Subdivision Map of Western Lake Properties-Unit 1-B, recorded in the Official Records of Nevada County, California, on April 19, 1967, in Book 2, Page 85.

Lots 644 and 645 and Parcel S, as shown on the Subdivision Map of Western Lake Properties-Unit 1-C, recorded in the Official Records of Nevada County, California, on June 13, 1967, in Book 2, Page 90.

Lot 646 as shown on the Subdivision Map of Western Lake Properties-Unit 1-D, recorded in the Official Records of Nevada County, California, on June 13, 1967, in Book 2, Page 91.

Lots 778, 1190, 1245 and Parcels T thru X, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 2-A, recorded in the Official Records of Nevada County, California, on May 23, 1967, in Book 2, Page 89.

Parcels Y and Z, and Parcels A-A thru G-G, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 2-B, recorded in the Official Records of Nevada County, California, on July 5, 1967, in Book 2, Page 95.

Parcels H-H and J-J as shown on the Subdivision Map of Western Lake Properties-Unit 2-D, recorded in the Official Records of Nevada County, California, on December 12, 1967, in Book 2, Page 109.

**EXHIBIT "D"**

**BOARD RESOLUTION (CIVIL CODE SECTION 4235)**

**COPY**

Recording Requested By &  
When Recorded Return To:

**Lake of the Pines Association**  
c/o ANGIUS & TERRY LLP  
1451 River Park Drive, Suite 285  
Sacramento, CA 95815

Nevada County Recorder  
Gregory J. Diaz  
Document#: 20110031125  
Thursday December 29 2011, at 01:52:04 PM  
Rec Fee:\$32.00 CCF:\$4.00  
Paid: \$36.00 KP

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**FIRST AMENDMENT TO THE RESTATED DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS  
LAKE OF THE PINES ASSOCIATION**

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**FIRST AMENDMENT TO THE RESTATED DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS  
LAKE OF THE PINES ASSOCIATION**

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**RECITALS**

- A. Lake of the Pines Association, a California nonprofit mutual benefit corporation (the "Association"), is a homeowners association organized to manage and maintain the Lake of the Pines development (the "Development") located in the County of Nevada, California. The real property within the Development is described as set forth in Exhibit A, attached hereto.
- B. The Restated Declaration of Covenants, Conditions and Restrictions of Lake of the Pines Association was filed with the Nevada County Recorder on October 25, 1996, as Document 96829145.
- C. On December 29, 2011, the Owners of the Association approved the following amendment to the CC&Rs.

**AMENDMENT**

Article II, Section 3(e), Limitation on Short-Term Leases and Rentals, is added as follows:

No Lot may be leased or rented for less than thirty (30) days, excluding Lots leased or rented between one Owner Member and another Owner Member. Lease or rental agreements for Lots may not contain provisions for early termination that evade this thirty (30) day limitation. This limitation is intended to prevent, among other things, leases or rentals to non-Owners for transient or hotel purposes.

**CERTIFICATION**

We, the undersigned, certify:

1. We are duly elected and qualified directors of Lake of the Pines Association.

2. This First Amendment to the Restated Declaration of Covenants, Conditions and Restrictions of Lake of the Pines Association was duly approved on December 29, 2011, by the Owners of Lake of the Pines Association in accordance with the procedures for amendment as set forth in Article XVI, Section 1 of the Restated Declaration of Covenants, Conditions and Restrictions of Lake of the Pines Association.

Dated: December 29, 2011

Lake of the Pines Association

President:

Chuck Lautrup  
(sign name)

Chuck LAUTRUP  
(print name)

Secretary:

Joan M. Zeigler  
(sign name)

JOAN M. ZEIGLER  
(print name)

**CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT**

State of California  
County of Nevada

On Dec 29, 2011 before me, Michelle Renee Halleib Public Notary (insert name and title of the officer) personally appeared Charles Austrup, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Michelle Renee Halleib (Seal)





**CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT**

State of California  
County of Nevada

On Dec 29, 2011 before me, Michelle Renee Halleib Public Notary (insert name and title of the officer) personally appeared Joan Zeigler, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Michelle Renee Halleib (Seal)



Exhibit A

Lots 1 thru 285, inclusive, Lot 285A and Parcels A thru P, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 1-A, recorded in the Official Records of Nevada County, California, on March 14, 1967, in Book 2, Page 84.

Lots 286 thru 514, inclusive, and Parcels Q and R as shown on the Subdivision Map of Western Lake Properties-Unit 1-B, recorded in the Official Records of Nevada County, California, on April 19, 1967, in Book 2, Page 85.

Lots 515 thru 645, inclusive, and Parcel S as shown on the Subdivision Map of Western Lake Properties-Unit 1-C, recorded in the Official Records of Nevada County California, on June 13, 1967, in Book 2, Page 90.

Lots 646 thru 765, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 1-D, recorded in the Official Records of Nevada County, California, on June 13, 1967, in Book 2, Page 91.

Lots 766 thru 1262, inclusive, and Parcels T thru X, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 2-A, recorded in the Official Records of Nevada County California, on May 23, 1967, in Book 2, Page 89,

Lots 1263 thru 1833, inclusive, Parcels Y and Z and Parcels A-A thru G-G, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 2-B, recorded in the Official Records of Nevada County California, on July 5, 1967, in Book 2, Page 95.

Lots 1834 thru 1884, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 2-C, recorded in the Official Records of Nevada County, California, on September 27, 1967, in Book 2, Page 103.

Lots 1885 thru 1944, inclusive, and Parcels H-H and J-J, as shown on the Subdivision Map of Western Lake Properties-Unit 2-1), recorded in the Official Records of Nevada County, California, on December 12, 1967, in Book 2, Page 109.

Lots 1946 thru 1957, inclusive, as shown on the Subdivision Map of Lake of the Pines-Unit 13-A, recorded in the Official Records of Nevada County, California, on November 6, 1978, in Book 6, Page 10.

Lot 1958-A&B thru 1964-A&B as shown on the Subdivision Map of Lake of the Pines Townhomes-Phase 3, recorded in the Official Records of Nevada County, California, on July 10, 1996, in Book 8, Page 43.

Lots 1959-A&B thru 1962-A&B, inclusive, and 1965-A&B, 1967-A&B, 1971-A&B and 1972-A&B as shown on the Subdivision Map of Lake of the Pines Townhomes-Phase 2, recorded in the Official Records of Nevada County, California, on February 28, 1996, in Book 8, Page 41.

Lots 1963-A&B, 1970-A&B, 1977-A&B, 1978-A&B and 1980-A&B as shown on the Subdivision Map of Lake of the Pines Townhomes-Phase 2, recorded in the Official Records of Nevada County California, on December 5, 1996, in Book 8, Page 39.

Lots (Parcels) 1966, 1968, 1969, 1973 thru 1976, inclusive, and 1979 as shown on the Subdivision Map of Lone Pine Estates, recorded in the Official Records of Nevada County, California, on March 9, 1982, in Book 7, Page 23.

Lots 1981 thru 1984, inclusive, designated as Parcels 1 thru 4, inclusive, as shown on the Parcel Map in the Official Records of Nevada County, California, recorded on April 21, 1982, in Book 16, Page 1.

Lots 1985 thru 1996, inclusive, as shown on the Subdivision Map of Sunset Terrace, recorded in the Official Records of Nevada County California, on May 10, 1988, in Book 7, Page 88.

Lot 9999 which is more particularly described as Parcel M of Western Lake Properties, Unit 1-A, recorded in the Official Records of Nevada County, California, on March 14, 1967, in Book 2, Page 84.

Lots 2 and 2 Parcels A thru D, inclusive, Parcels F thru L, inclusive, and Parcels N thru P, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit I-A, recorded in the Official Records of Nevada County, California, on March 14, 1967, in Book 4 Page 84.

Parcels Q and R as shown on the Subdivision Map of Western Lake Properties-Unit 1-B, recorded in the Official Records of Nevada County, California, on April 19, 1967, in Book 2, Page 85.

Lots 644 and 645 and Parcel S, as shown on the Subdivision Map of Western Lake Properties-Unit I-C, recorded in the Official Records of Nevada County, California, on June 13, 1967, in Book 2, Page 90.

Lot 646 as shown on the Subdivision Map of Western Lake Properties-Unit 1-D, recorded in the Official Records of Nevada County, California, on June 13, 1967, in Book 2, Page 91.

Lots 778, 1190, 1245 and Parcels T thru X, inclusive as shown on the Subdivision Map of Western Lake Properties-Unit 2-A, recorded in the Official Records of Nevada County, California, on May 23, 1967, in Book 2, Page 89.

Parcels Y and Z, and Parcels A-A thru G-G, inclusive, as shown on the Subdivision Map of Western Lake Properties-Unit 2-B, recorded in the Official Records of Nevada County California, on July 5, 1967, in Book 2, Page 95.

Parcels H-H and J-J as shown on the Subdivision Map of Western Lake Properties-Unit 2-I), recorded in the Official Records of Nevada County, California, on December 12, 1967, Book 2, Page 109.



# Lake of the Pines Association

An Incorporated Membership Community Since 1967



## LAKE OF THE PINES ASSOCIATION

### BOARD RESOLUTION TO CORRECT DAVIS-STIRLING ACT SECTION CROSS-REFERENCES IN CC&RS AND BYLAWS

We the undersigned constitute the members of the Board of Directors of Lake of the Pines Association ("Association"). We the undersigned, after due deliberation and consideration, hereby individually as members of the Board and collectively acting as the Board, consent and agree to the following action, adopt the following resolution, and transact the following business of and for the Association:

WHEREAS, the Association is a California mutual benefit non-profit corporation managing a community association, governed by the Restated Declaration of Covenants, Conditions and Restrictions of Lake of the Pines Association ("CC&Rs") recorded with the Nevada County Recorder on October 25, 1996 as Document 96829145, the First Amendment to the CC&Rs recorded with the Nevada County Recorder on December 29, 2011 as Document 20110031125, and the Restated Bylaws ("Bylaws") dated October 25, 1996;

WHEREAS, the Board believes that it is in the best interest of the Association and its members to correct the Davis-Stirling Act cross-references in the CC&Rs and Bylaws to the Davis-Stirling Act sections that became effective in 2014 pursuant to the authorization pursuant to Civil Code Section 4235, which provides:

(a) Notwithstanding any other provision of law or provision of the governing documents, if the governing documents include a reference to a provision of the Davis-Stirling Common Interest Development Act that was repealed and continued in a new provision by the act that added this section, the board may amend the governing documents, solely to correct the cross-reference, by adopting a board resolution that shows the correction. Member approval is not required in order to adopt a resolution pursuant to this section.

(b) A declaration that is corrected under this section may be restated in corrected form and recorded, provided that a copy of the board resolution authorizing the corrections is recorded along with the restated declaration.

WHEREAS, at a duly noticed and called meeting of the Board, the Board Members voted affirmatively to adopt a resolution for the Association to correct the Davis-Stirling Act cross-references in the CC&Rs and Bylaws as stated above and as set forth in the CC&Rs and Bylaws to which this resolution is attached.

#### NOW THEREFORE, IT IS RESOLVED THAT:

1. The Association's Board is hereby authorized and empowered to correct the Davis-Stirling Act cross-references in the CC&Rs and Bylaws as stated above; and

2. The Association's Board hereby approves the Davis-Stirling Act cross-references in the CC&Rs and Bylaws as stated above and as set forth in the CC&Rs and Bylaws to which this resolution is attached.

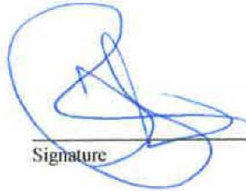
3. The CC&Rs and Bylaws to which this resolution is attached do not supersede the above-referenced First Amendment to the CC&Rs.

Dated: 08/19/15

By:   
Signature

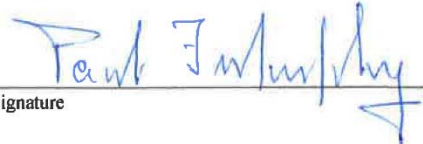
Richard Walker  
Print Name

President  
Title

By:   
Signature

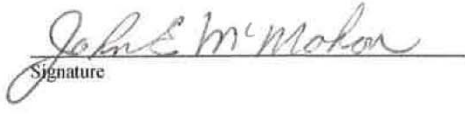
Frank Mascari  
Print Name

Vice President  
Title

By:   
Signature

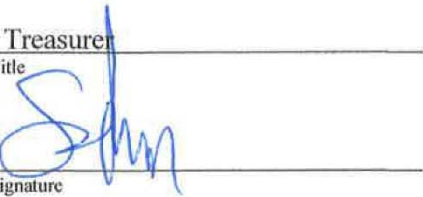
Paul Murphy  
Print Name

Treasurer  
Title

By:   
Signature

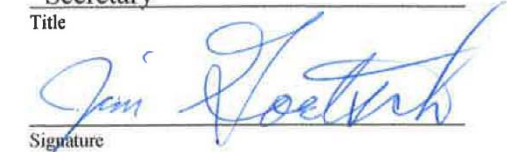
John McMahon  
Print Name

Secretary  
Title

By:   
Signature

Steve Drew  
Print Name

Director at Large  
Title

By:   
Signature

Jim Goetsch  
Print Name

Director at Large  
Title

By:   
Signature

Jim Morrill  
Print Name

Director at Large  
Title

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
(insert name and title of the officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of \_\_\_\_\_)

On \_\_\_\_\_ before me, \_\_\_\_\_  
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paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)