
**SECOND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
TAHOE TYROL**

This Second Restated Declaration of Covenants, Conditions and Restrictions of Tahoe Tyrol (the "Declaration") is made by the Tahoe Tyrol Homes Association, a California nonprofit mutual benefit corporation (the "Association").

RECITALS

A. The Association is an "association", as that term is defined in California Civil Code Section 1351(a), which has been created to manage the common interest development located the City of South Lake Tahoe, El Dorado County, California commonly known as Tahoe Tyrol and more particularly described as follows (the "Development"):

All that real property shown on the subdivision map entitled "Tahoe Tyrol" filed on September 12, 1973 as Document No. 27061 in Book F of Maps, Page 29, as corrected by the Certificates of Correction recorded on (i) July 23, 1976 in Book 1414, Page 44, (ii) April 26, 1982 in Book 2069, Page 760, (iii) September 4, 1984 in Book 2339, Page 708, and (iv) August 25, 1989 - Book 3191, Page 699, all in the official records of El Dorado County, California.

B. The original developer of the Development, David D. Bohannon Organization, a California corporation ("Declarant"), executed a document entitled "Declaration of Covenants, Conditions and Restrictions" which was recorded on September 17, 1973 as Instrument No. 27630 in Book 1221, Page 379 et seq., in the official records of El Dorado County, California (the "Original Declaration").

C. The Original Declaration was amended by a document entitled "Amendment of Declaration of Covenants, Conditions and Restrictions" which was recorded on March 19, 1985 as Instrument No. 9444 in Book 2410, Page 717 et seq., in the official records of El Dorado County, California (the "1985 Amendment").

D. The Original Declaration and the 1985 Amendment were amended, consolidated and restated by a document entitled "First Restated Declaration of Covenants, Conditions and Restrictions of Tahoe Tyrol Homes Association" which was recorded on August 30, 1993 as Instrument No. 51630 in Book 4093, Page 279 et seq., in the official records of El Dorado County, California (the "First Restated Declaration").

E. The Members voted to amend the First Restated Declaration as set forth in a document dated October 4, 1997 and entitled "Amendments of First Restated Declaration of Covenants, Conditions and Restrictions of the Tahoe Tyrol Homes Association", which document does not appear to have been recorded (the "1997 Amendment").

F. The First Restated Declaration was amended by a document entitled "Amendment to First Restated Declaration of Covenants, Conditions and Restrictions of Covenants, Conditions and Restrictions of Tahoe Tyrol Homes Association" which was recorded on June 13, 2001 as Instrument No. 2001-0035682-00 in the official records of El Dorado County, California (the "2001 Amendment").

G. The First Restated Declaration, as purportedly amended by the 1997 Amendment and as amended by the 2001 Amendment, establishes certain limitations, easements, covenants, restrictions, conditions, liens, and charges which run with and are binding upon all parties having or acquiring any right, title, or interest in the real property comprising the Development.

H. Members of the Association holding at least a majority of the total voting power of the Association desire to amend, restate and supersede the First Restated Declaration pursuant to Article IX of the First Restated Declaration.

I. Subsequent to the Members' vote to amend, restate and supersede the First Restated Declaration, the Members approved a corrective amendment to the original Section 2.2(b) of this Declaration. The Declaration now reflects this corrective amendment.

NOW, THEREFORE, it is hereby declared as follows:

1. The Original Declaration is hereby amended, restated and superseded in its entirety to read as set forth in this Declaration.

2. All of the real property comprising the Development constitutes a "planned development", as that term is defined in California Civil Code Section 1351(k).

3. All of the real property comprising the Development is held and owned and shall be held, owned, operated, managed, conveyed, hypothecated, encumbered, leased, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan and purpose of protecting, preserving, and enhancing the value, desirability, and attractiveness of the Development and every part thereof, and of fostering the development, management, improvement, enjoyment, and sale of the real property comprising the Development and any part thereof.

4. All of the covenants, conditions, and restrictions set forth in this Declaration shall constitute enforceable equitable servitudes as provided in California Civil Code Section 1354, shall constitute covenants that shall run with the real property comprising the Development, and shall be binding upon and inure to the benefit of each Owner of any portion of such real property or of any interest therein and their heirs, successors, and assigns.

ARTICLE 1 DEFINITIONS

1.1 Absolute Majority. "Absolute Majority" shall mean a majority of the Total Voting Power of the Association.

1.2 Additional Charges. "Additional Charges" shall mean all costs, fees, charges, and expenditures, including without limitation, interest, late charges, attorneys' fees, Recording and filing fees, and all other costs actually incurred by the Association in collecting and/or enforcing payment of Assessments, fines, and/or penalties.

1.3 Architectural Control Committee. "Architectural Control Committee" shall mean the committee created pursuant to Article 9 of this Declaration.

1.4 Architectural Rules. "Architectural Rules" shall mean the rules and regulations adopted by the Architectural Control Committee pursuant to Section 9.6 of this Declaration.

1.5 Articles. "Articles" shall mean the Articles of Incorporation of the Association, as they may be amended from time to time, and as filed with the Office of the Secretary of State of California.

1.6 Assessment. "Assessment" shall mean a charge levied by the Association against an Owner and his or her Lot as provided in Article 6 of this Declaration. "Assessment" shall include any or all of the following:

(a) Annual Assessments, which shall have the meaning set forth in Section 6.5 of this Declaration.

(b) Enforcement Assessments, which shall have the meaning set forth in Section 6.8 of this Declaration.

(c) Reimbursement Assessments, which shall have the meaning set forth in Section 6.7 of this Declaration.

(d) Special Assessments, which shall have the meaning set forth in Section 6.6 of this Declaration.

1.7 Association. "Association" shall mean the Tahoe Tyrol Homes Association, its successors and assigns.

1.8 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of the Association.

1.9 Bylaws. "Bylaws" shall mean the Bylaws of the Association as they shall be adopted by the Members and any duly-adopted amendments thereof.

1.10 City. "City" shall mean the city of South Lake Tahoe, California.

1.11 Common Area. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and Residents of the Development including, without limitation, lots A, B, C and D and lot 109 as shown on the Subdivision Map.

1.12 Contract Purchaser/Contract Seller. "Contract Purchaser" and "Contract Seller" shall mean the purchaser and the seller, respectively, under an installment land contract in which title to the property is transferred after the final installment payment is made.

1.13 County. "County" shall mean El Dorado County, California.

1.14 Declaration. "Declaration" shall mean this instrument, as it may be amended from time to time.

1.15 Development. "Development" shall mean all the real property described in Recital A of this Declaration as well as such other real property as may hereafter be brought within the jurisdiction of the Association.

1.16 Director. "Director" shall mean a member of the Board of Directors.

1.17 Governing Documents. "Governing Documents" shall mean the Articles, Bylaws, Declaration, Rules (including the Architectural Rules), and the policies and resolutions duly adopted by the Board and distributed to the Members.

1.18 Improvement. "Improvement" shall mean all structures and improvements including without limitation buildings, landscaping, paving, fences, and signs.

1.19 Lot. "Lot" shall mean any plot of land shown upon the Subdivision Map, with the exception of the Common Area.

1.20 Member. "Member" shall mean an Owner.

1.21 Member in Good Standing. "Member in Good Standing" shall mean a Member of the Association who is current in the payment of all dues, Assessments, fines, penalties, and other charges imposed in accordance with the Governing Documents, and who is in compliance with all of the provisions of the Governing Documents, as may be more particularly set forth in the Bylaws.

1.22 Mortgage. "Mortgage" shall mean a deed of trust as well as a mortgage in the conventional sense. "First Mortgage" shall mean any Recorded Mortgage on a Lot with first priority over other Mortgages on such Lot.

1.23 Owner. "Owner" shall mean any person, firm, corporation or other entity in which fee title to a Lot is vested as shown by the official records of the office of the County recorder, including Contract Sellers, but excluding Contract Purchasers and excluding those having such interest merely as security for the performance of an obligation. Where the context requires, the term "Owner" shall include the members of the Owner's household and the Owner's guests, tenants/lessees and invitees; provided, however, that such persons are not "Owners" for purposes of exercising voting rights in the Association.

1.24 Phase. "Phase" shall mean a group of Lots referred to together for the purposes of applying specific architectural requirements, guidelines and standards as set forth in Article 9. The Rules, including the Architectural Rules, may from time to time refer to the Phases as indicated below. Each of the following groups of Lots shall be a separate and distinct Phase:

(a) Lots 1, 3, 4, 5, 7, 65, 68, 70, 71, 73, 76, 77, 79, 80, 104, 106, 107, 111, 112, 113 and 115, as shown on the Subdivision Map shall be referred to as "Phase I".

(b) Lots 2, 6, 9, 10, 13, 15, 16, 19, 20, 21, 24, 26, 28, 35, 38, 45, 49, 50, 56, 57, 61, 78, 85, 89, 94, 95, 100, 108 and 110, as shown on the Subdivision Map shall be referred to as "Phase II".

(c) Lots 8, 11, 12, 17, 18, 22, 23, 25, 27, 29, 30, 31, 32, 33, 34, 36, 37, 40, 42, 43, 46, 47, 48, 51, 52, 54, 59, 64, 67, 82, 84, 90, 91, 96, 98, 102 and 114, as shown on the Subdivision Map shall be referred to as "Phase III".

(d) Lots 14, 39, 41, 44, 53, 55, 58, 60, 62, 63, 66, 69, 72, 74, 75, 81, 83, 86, 87, 88, 92, 93, 97, 99, 101, 103, 105, 116, 117, 118 and 119, as shown on the Subdivision Map shall be referred to as "Phase IV".

1.25 Record. "Record" shall mean, with respect to any document, the recordation or filing of such document in the office of the County recorder.

1.26 Residence. "Residence" shall mean a residential structure located upon a Lot which is designed for human residential use and occupancy.

1.27 Resident. "Resident" shall mean any person who resides on a Lot within the Development whether or not such person is an Owner as defined in Section 1.23 of this Declaration.

1.28 Rules. "Rules" shall mean the rules and regulations governing the use, occupancy, management, administration, and operation of the Development or any part thereof as adopted and published by the Board of Directors from time to time, and the Architectural Rules as adopted and published by the Architectural Control Committee from time to time.

1.29 Simple Majority. "Simple Majority" shall mean a majority of the votes of the Members (i) represented and voting at a meeting at which a quorum is present, or (ii) cast by written ballot (in conformity with California Corporations Code Section 7513) in which the number of ballots received equals or exceeds the number required to establish a quorum.

1.30 Subdivision Map. "Subdivision Map" shall mean the subdivision map entitled "Tahoe Tyrol" filed on September 12, 1973 as Document No. 27061 in Book F of Maps, Page 29, as corrected by the Certificates of Correction Recorded on (i) July 23, 1976 in Book 1414, Page 44, (ii) April 26, 1982 in Book 2069, Page 760, (iii) September 4, 1984 in Book 2339, Page 708, and (iv) August 25, 1989 - Book 3191, Page 699, all in the official records of the County.

1.31 Total Voting Power. "Total Voting Power" shall mean the total number of votes of all Members entitled to vote at a particular time, calculated on the basis of one vote for each Lot, excluding any Lots as to which an Owner is not then a Member in Good Standing.

ARTICLE 2 COMMON AREA

2.1 Purpose of Common Area. Subject to the provisions of the Declaration, the Common Area shall be held, maintained, and used to meet the common interests of the Owners, the members of the Owners' households, and the Owners' tenants, resident Contract Purchasers, and guests as provided in the Governing Documents.

2.2 Owners Non-Exclusive Easements of Enjoyment. Every Owner shall have a non-exclusive easement of use of and enjoyment in, to, and throughout the Common Area. Each such non-exclusive easement shall be appurtenant to and pass with the title to every Lot, subject to the following rights and restrictions:

(a) The exclusive easement of the Owner of each Lot over the areas adjacent to such Lot indicated by the term "A. E." on the Subdivision Map as more particularly described in Section 2.6.

(b) Easements onto the Common Area to a distance of 5 feet beyond side Lot lines and 12 feet beyond front and rear Lot lines for the encroachment of (i) eaves of Residences, and (ii) decks without impervious floors attached to Residences and supported by adequate posts and footings.

(c) The right of the Board of Directors to establish and enforce reasonable Rules governing the use of the Common Area and the facilities thereon including, without limitation, Rules (i) limiting the number of guests of Members permitted to use the Common Areas and the facilities thereon at any one time, (ii) limiting the hours of use of the Common Areas and the facilities thereon, (iii) regulating the use of the Common Areas and the facilities thereon for group activities, and (iv) regulating parking upon the Common Area.

(d) The right of the Board to charge reasonable admission and other use fees for any facilities situated upon the Common Area.

(e) The right of the Board, as more particularly addressed in the Bylaws, to suspend an Owner's right to use the recreational facilities located on the Common Area for (i) any period during which any Assessment against such Owner's Lot remains unpaid, and/or (ii) for violations of the Governing Documents by an Owner or any person for whom an Owner is responsible.

(f) The right of the Board, as set forth in Section 3.3, to grant easements and rights of way in, on, over, or under the Common Area.

(g) The right of the Board to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility, subject to Section 5.10.

(h) The right of the Board to mortgage, pledge, encumber, or otherwise hypothecate the Common Area and facilities thereon as security for money borrowed by the Association.

(i) The right of the Association or its authorized agents to perform its obligations under this Declaration, including, without limitation, obligations with respect to construction, maintenance, repair, or replacement for the benefit of the Common Area.

(j) The right of the Association to establish, construct, maintain, repair and replace entrance signs, street signs, maps, directories and other similar improvements upon the Common Area.

(k) The right of the Association to establish, construct, maintain, repair and replace facilities upon the Common Area including without limitation storage facilities and workshops, which may be necessary or convenient in the discharge of the Association's duties and the exercise of its rights under the Governing Documents.

2.3 Assignment of Rights of Use. Any Owner may assign his rights of use and enjoyment, including easements, in the Development to the members of his household, tenants, Contract Purchasers, guests and invitees, subject to the terms of the Governing Documents. Upon the leasing or renting of a Lot, or upon occupancy of a Lot by a Contract Purchaser, the Owner shall be deemed to have assigned all such rights exclusively to the tenants or Contract Purchasers of such Lot except that such Owner shall continue to have an easement for ingress and egress to such Owner's Lot to the extent necessary to discharge of the Owner's obligations and rights as a landlord. Each Owner shall notify the Secretary of the Association of the names of any tenants or any such Contract Purchasers of such Owner's Lot. Each Owner, tenant, or

Contract Purchaser shall also notify the Secretary of the Association of the names of all members of his or her household to whom such Owner, tenant, or Contract Purchaser has assigned any rights of enjoyment in the Development as provided herein and the relationship which each such person bears to such Owner, tenant, or Contract Purchaser. Any rights of enjoyment assigned pursuant to this section are subject to suspension to the same extent that rights of Owners are subject to suspension as provided in the Governing Documents. It is the express purpose and intent of the provisions of this section to limit the right of use and enjoyment of the Common Area to Residents and their guests.

2.4 Common Area Construction. Except as may be authorized by the Board, no person or entity other than the Association or its duly-authorized agents (i) shall construct, reconstruct, refinish, alter, or maintain any Improvement upon the Common Area, (ii) shall make or create any excavation or fill upon the Common Area, (iii) shall change the natural or existing drainage of the Common Area, or (iv) shall plant, remove, or destroy any seed, plant material, tree, shrub, or other vegetation upon the Common Area. If any such authorization is given by the Board:

(a) The authorization may be withdrawn at any time in which case the Owner of the Lot for which the authorization was given shall restore the Common Area to its prior condition.

(b) The Owner of the Lot for which the authorization was given shall be responsible to maintain all Improvements, plantings or other alterations made to the Common Area in good conditions and repair.

(c) The authorization shall in no way limit the rights of the other Owners to the use and enjoyment of the portion of the Common Area in question as specified in Section 2.2.

(d) The Board may condition its authorization on such terms and requirements as the Board deems appropriate.

(e) The Association may, but shall not be required to, conduct periodic inspections to ensure that the requirements of this section, including without limitation any conditions imposed pursuant to Section 2.4(d), are being met.

2.5 Mechanic's Liens. In the event there shall be Recorded against the Common Area a notice of mechanic's lien for, or purporting to be for, labor or materials alleged to have been furnished or delivered for any Owner or his or her Lot, such Owner shall immediately cause such lien to be discharged by payment, bond, or otherwise. If the Owner fails to cause the lien to be discharged, the Board may send written notice to the Owner specifying that unless the Owner causes the lien to be discharged within five (5) days from the date of such notice, the Board may cause the lien to be discharged. Within such five (5) day period, the Owner shall be granted a hearing before the Board regarding the validity of such lien and any offsets or defenses thereto. At that time, the Board shall determine whether the lien adversely and improperly affects and encumbers the rights and interests of the Association or the other Owners. If the Board of Directors determines that the lien does adversely and improperly affect and encumber such rights and interests and that adequate protection of such rights and interests has not been provided, the Board may cause the lien to be discharged by payment, bond, or otherwise. The Board shall have the right to levy a Reimbursement Assessment against the Owner responsible for causing the lien to be discharged in an amount equal to all amounts paid by the Association together with interest thereon at the legal rate and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees.

2.6 Access Easements. Each Owner of a Lot shall have an exclusive easement over those areas adjacent to such Lot indicated by the term "A. E." on the Subdivision Map for the following purposes:

(a) The construction, maintenance and use of a single paved driveway between the street and the Lot which shall not exceed 20 feet in width. The construction of carports within such areas is permitted subject to the requirements of Article 9.

(b) The construction, maintenance and use of all public utilities serving the Lot, including water, underground electricity and telephone facilities, cable television, gas facilities and sanitary sewer and storm drainage facilities.

ARTICLE 3 EASEMENTS

3.1 Easements in General. In addition to all easements reserved and granted on the Subdivision Map and the easements specified in Article 2, there are hereby specifically acknowledged, reserved and granted for the benefit of the Lots and the Owners in common and for each Lot and Owner severally, and for the Association, as their respective interests shall exist, the easements and rights of way as particularly identified in this article.

3.2 Utility and Drainage Easements. Easements over and under the Development or any portion thereof for the installation, repair, maintenance, and replacement of (i) electric, telephone, water, gas, and sanitary sewer lines, meters, and facilities, (ii) cable lines and facilities, (iii) drainage facilities, (iv) walkways, and (v) landscaping, as shown on the Subdivision Map, and as may be hereafter required or convenient to service the Development, are reserved by and shall exist in favor of the Association, together with the right to grant and transfer the same. The Association shall maintain all utility installations located in the Common Area except for those installations maintained by utility companies, public, private, or municipal and except as provided in Section 8.2(b).

3.3 Easements Granted by Board. The Board shall have the power to grant and convey to any person or entity easements and rights of way, in, on, over, or under the Common Area for the purpose of (i) constructing, erecting, operating, or maintaining thereon, therein, or thereunder overhead or underground lines, cables, wires, conduits, or other devices for electricity, cable television, power, telephone, public sewers, storm drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities, and (ii) for any other purposes deemed by the Board to be appropriate and not inconsistent with the purposes and interests of the Association. Each purchaser, in accepting a deed to a Lot, expressly consents to such easements and rights of way. No such easements may be granted if they would unreasonably interfere with the use, occupancy, or enjoyment by an Owner or Resident of his or her Lot without the consent of the affected Owner of the Lot.

3.4 General Association Easements for Maintenance, Repair and Replacement. The Association shall have an easement in, on, over or under every Lot as reasonably necessary to (i) maintain and repair the Common Area, (ii) perform maintenance upon a Lot which is not performed by its Owner as provided by Section 8.4 and Section 8.6, and (iii) otherwise perform its obligations under this Declaration.

ARTICLE 4 USE RESTRICTIONS

4.1 Single Family Residential Use. Except as specifically provided in Section 4.3, no Lot, or any portion thereof, shall be occupied or used for other than single-family residential purposes. Only one Residence, a private garage or carport and other usual and appropriate outbuildings, as approved pursuant

to Article 9, shall be erected or maintained on any Lot. Only the Residence, and no other building or structure of any kind, may be used as a living area.

4.2 No partition. There shall be no judicial partition of the Development or any part thereof, nor shall any Owner or any person acquiring any interest in the Development or any part thereof seek any judicial partition thereof. Notwithstanding the preceding, if any Lot is owned by two or more co-tenants as tenants in common or as joint tenants, this section shall not be deemed to prevent a judicial partition by sale as between such co-tenants.

4.3 Restriction on Businesses. No business of any kind shall be established, maintained, operated, permitted, or conducted within the Development except:

(a) Those professional and administrative occupations as may be permitted by, and which are conducted in conformance with, all applicable governmental ordinances provided that there is no external evidence thereof, and further provided that the Board may, in its complete discretion, prohibit the conduct of any such activities which the Board determines to be incompatible with the nature and character of the Development or which, in the Board's opinion, may or does otherwise negatively impact the quality of life and property values within the Development.

(b) Those other businesses which by law must be permitted to be conducted within the Development.

4.4 Offensive Conduct, Nuisances, Noise. No noxious, harmful or offensive activities shall be conducted upon or within any part of the Development, nor shall anything be done thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to any Residents of the Development, or which shall in any way interfere with their use of the Common Area and facilities thereon or the use and enjoyment of their Lots or Residences. Without limiting any of the foregoing, no Resident shall permit noise, including without limitation the barking of dogs or excessively loud music, to emanate from the Resident's Lot, which would unreasonably disturb another Resident's enjoyment of his or her Lot or of the Common Area. Nothing in this section shall be construed to limit the Association's ability to discharge its duties in accordance with the Governing Documents or otherwise manage the Development.

4.5 Use of the Common Area. All use of the Common Area is subject to the Governing Documents. No alterations or additions to the Common Area shall be made except as authorized by the Board pursuant to Section 2.4. Except as provided in Section 4.8 with respect to the parking of vehicles on specific portions of the Common Area, nothing shall be placed, kept, stored, or parked on the Common Area without the prior written consent of the Board, except by the Association. Without limiting the foregoing, no Owner shall place rubbish, debris, or other unsightly or unsanitary materials on the Common Area. Each Owner shall avoid causing damage to the Common Area.

4.6 Requirement of Architectural Approval. As addressed in greater detail in Article 9, construction, installation, modification, or alteration of buildings, outdoor structures, fences, awnings, outdoor lighting and all other exterior Improvements are subject to approval of the Architectural Control Committee.

4.7 Sports Apparatus.

(a) No sports apparatus, whether portable or fixed, including without limitation basketball standards, shall be permitted on any Lot except that the Board of Directors shall have the power, but not the obligation, to permit the use of portable sports apparatus, including without

limitation portable basketball standards, on any Lot. Use of such portable sports apparatus shall be subject to all rules and regulations, which shall be Rules as defined in Section 1.28, as the Board may in its discretion adopt. Such Rules may include, without limitation, requirements that the apparatus be stored completely out of sight from outside of the Lot when not in use, limitations on the times of day during which such apparatus may be used, and regulations regarding the conduct and noise generated in the use of such apparatus.

(b) No sports apparatus, whether portable or fixed, including without limitation basketball standards, shall be erected, utilized, maintained, or permitted to be used on any street within the Development. This restriction shall apply to all streets within the Development notwithstanding the fact that the streets have been dedicated to, or have been offered for dedication to, the public. One of the express purposes of this provision is to prohibit the use of sports apparatus on any street within the Development by any Owner or Resident, or either of their guests, invitees or tenants. Among other considerations, this restriction is expressly adopted to prevent the safety hazards created by the combination of vehicles traveling on the streets and the presence of such sports apparatus if they were permitted to be located or utilized on the streets.

(c) As used in this section, the term "sports apparatus" does not include bicycles, skateboards, roller skates, roller blades or any other similar wheeled equipment, whether powered or unpowered, provided that the Board of Directors shall have the discretion to adopt rules and regulations, which shall be Rules as defined in Section 1.28, governing the use of such equipment.

4.8 Vehicles on the Common Area. No wheeled or tracked vehicle, whether motorized or unmotorized, including without limitation bicycles, motorcycles, off-road vehicles, trucks, automobiles and snowmobiles, may be used or operated over or upon the Common Area, except for within the easement areas described in Section 2.6 and the areas adjacent to Common Area lot 109 and lot D designated "A. E." on the Subdivision Map, without the written permission of the Association. Nothing in this section shall be construed to limit the operation of vehicles by the Association, or its officers, employees and agents in the discharge of their duties on behalf of the Association.

4.9 Window Coverings. In no event shall windows be painted, nor shall aluminum foil, newspaper, bed sheets, cardboard or similar materials be placed in windows. All window coverings shall be maintained in good repair and condition at all times.

4.10 Signs. No sign of any kind shall be displayed to the public view from any portion of the Development except that this restriction shall not apply to:

- (a) Signs required by legal proceedings;
- (b) Signs which by law cannot be prohibited;
- (c) A single sign of customary and reasonable dimension and design, complying with the Rules and reasonably located on a Lot advertising the Lot for sale or rent;
- (d) A single identification sign which has been approved by the Board of Directors located on a Lot identifying the number or address of the Lot and/or the name of the Owner of the Lot;
- (e) Signs approved by the Board located at or near any entrance to the Development identifying the Development;

(f) Signs required for traffic control and regulation of streets or open areas within the Development; and

(g) Such other signs as the Board, in its discretion, may approve. The Board may adopt limitations on such signs including, without limitation, restrictions on the size of the signs, the duration of their posting, and their location.

4.11 Antennae and Satellite Dishes. No outside mast, tower, pole, antenna, or satellite dish shall be erected, constructed, or maintained on the Common Area or upon any Lot, except (i) those erected, constructed, or maintained by the Association, (ii) those expressly approved by the Board of Directors, or (iii) those specifically permitted by law. With respect to those outside masts, towers, poles, antennae and satellite dishes specifically permitted by law, the Association shall have the authority to regulate their installation and maintenance to the greatest extent permitted by law.

4.12 Trash Disposal. Trash, garbage, accumulated waste plant material and all other waste and refuse shall be deposited only in covered sanitary containers or recycling containers in accordance with the following provisions:

(a) Except as provided in Section 4.12(b), the containers shall be maintained upon each Lot and shall be screened or otherwise concealed from view from the Common Area, the streets or any other Lot to the extent practicable as determined by the Board.

(b) No Owner or Resident shall permit or cause any garbage, trash or other waste or refuse to be kept upon any portion of any Lot outside of the Residence or elsewhere in the Development, except in such containers.

4.13 Construction Materials, Construction Debris. No portion of the Development shall be used for the storage of building materials other than in connection construction projects approved in accordance with Article 9. All construction debris shall be picked up and deposited daily in an appropriate container.

4.14 Vehicles and Parking.

(a) No trailer, motor home, camper, boat or similar recreational vehicle or equipment, nor any vehicle without current registration permitting the vehicle to be legally operated on the public streets, shall be parked, kept or permitted to remain upon any area within the Development unless placed or maintained completely within an enclosed garage. The Board, in its complete discretion and upon such basis and terms as it deems prudent, shall have the power to adopt, modify and repeal Rules permitting the temporary use and parking within the Development of vehicles otherwise prohibited by the provisions of this subsection.

(b) No truck, van or commercial vehicle shall be permitted within the Development except for such limited times as are necessary for deliveries, the performance of maintenance, repair and replacement of Improvements within the Development and other similar situations, and then subject to any Rules adopted by the Board which may include, without limitation, a limit on the time of day or days of the week when such vehicles may be present within the Development. The term "truck, van or commercial vehicles" shall not include sedans or standard size pickup trucks and vans (with a payload capacity of 1 ton or less) which are used for both business and personal uses, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board.

(c) Noisy and Polluting Vehicles. No unreasonably noisy vehicles and no vehicles (including, without limitation, scooters, motorcycles or other motorized devices) emitting foul smelling or offensive exhaust fumes shall be operated within the Development.

(d) Parking Rules and Enforcement. In order to prevent or eliminate any parking problems within the Development, or to further define and enforce the restrictions contained in this section, the Board shall have the authority to adopt such Rules regarding vehicles and parking within the Development as the Board may deem prudent and appropriate. The Board shall also have the power to:

(i) Impose fines and other sanctions for violations of the provisions of the Governing Documents relating to vehicles and parking; and

(ii) Cause the towing, at the vehicle owner's expense, of vehicles which are parked within the Development in violation of any of the provisions of the Governing Documents, subject to the requirements of any applicable laws. Costs incurred by the Association relating to the towing and/or storage of any vehicle parked in violation of any provision of the Governing Documents shall be assessed as a Reimbursement Assessment against the Lot Owner responsible, or whose household members, tenants, Contract Purchasers, or guests are responsible, for the presence of such vehicle.

(e) Variances. The Board, in its complete discretion and upon such basis and terms as it deems prudent, shall have the power to adopt, modify and repeal Rules permitting the temporary use and parking within the Development of vehicles otherwise prohibited by the provisions of this section.

(f) Association Vehicles. Nothing in this section shall be construed to limit the operation of vehicles by the Association, or its officers, employees and agents in the discharge of their duties on behalf of the Association.

4.15 Garages, Carports and Driveways.

(a) Each Owner and Resident shall keep his or her garage, carport and driveway in a neat, orderly, sanitary, and safe condition.

(b) Each garage door shall remain closed except during the time required for the entry and exit of vehicles and individuals and when and only for as long as reasonably necessary to (i) clean the garage, (ii) perform routine washing of vehicles, and (iii) perform yard maintenance upon the Lot.

4.16 Outbuildings and Temporary Structures. No outbuilding, tent, shack, trailer, shed, cabana, temporary building, umbrella or similar building or structure, shall be located within the Development, except in strict compliance with the provisions of this Declaration, including Article 9. In no event shall any such building or structure be used as a living area.

4.17 Compliance with Laws. Nothing shall be done or kept anywhere within the Development which violates any local, state or Federal law, ordinance, statute, rule or regulation.

4.18 Animals.

(a) Household Pets. No animals, reptiles, rodents, birds, fish, livestock, or poultry shall be raised, bred or kept on any Lot or portion of the Development except that a reasonable number of domesticated birds, cats, dogs or aquatic animals kept within an aquarium, may be kept, provided that they are not kept, bred, or maintained for any commercial purposes and they are maintained under reasonable control at all times, all in conformance with any City and County ordinances.

(b) Owner's Responsibility for Pets. The owner of each pet shall be responsible for immediately removing and disposing of any waste introduced to any portion of the Development by such pet. The Board shall have the power to impose fines and other sanctions for violations of provisions of the Governing Documents relating to pets, including without limitation fines for failure to remove and dispose of pet waste as required by this section. Each Owner, Resident, and any person bringing or keeping an animal within the Development shall be absolutely liable to the Association and all other persons for any injury or damage to persons or property caused by the animal brought upon or kept upon the Development by such person or by members of his or her household, tenants, guests, or invitees. Each Owner and Resident shall indemnify the Association and its officers, directors, and agents against any and all claims, damages, losses, demands, liabilities, and expenses, including but not limited to attorneys' fees, arising out of or resulting from the presence or conduct of any animal brought upon or kept within the Development by the Owner or Resident, members of his or her household, guests, tenants, or invitees.

(c) Pet Rules. The Board may adopt and enforce pet rules, which shall be Rules as that term is defined in Section 1.28, in addition to the provisions of this section. Such Rules may include, without limitation, regulations regarding the presence of pets on the Common Area and requirements that pets be registered with the Association. The Association shall have the right to prohibit the keeping of any animal which constitutes, in the sole and exclusive opinion of the Board, a nuisance or danger to any other person.

4.19 Rental of Lots. An Owner shall have the right to rent his or her Lot subject to the provisions of the Governing Documents, including without limitation the following specific requirements:

(a) Notification of the Board. With respect to any rentals not falling within the provisions of Section 4.19(h), the Owner shall notify the Association of the duration of the lease and shall provide the Association with (i) the names of the tenants, (ii) the names of the members of the tenants' household, (iii) the tenants' telephone numbers, and (iv) such other information as the Board deems appropriate. The Association may, in its discretion, adopt a form for the provision of the information required by this subsection, together with an acknowledgment by the tenants that they have read, understand and agree to abide by the Governing Documents, which form shall be submitted to the Association for each rental of a Lot.

(b) Owner Responsibility. Each Owner renting a Lot shall be strictly responsible and liable to the Association for the actions of such Owner's tenant in or about all Lots and Common Area and for each tenant's compliance with the provisions of all Governing Documents. An Owner renting a Lot shall provide the tenant with copies of the Governing Documents and all subsequent amendments.

(c) Association's Enforcement Rights. In the event a tenant's conduct involves damage or misuse of any Common Area or facilities on any Common Area or constitutes an unreasonable

nuisance to Residents, the Association shall be entitled to maintain an eviction action against such tenant to the same extent as the Owner of the Lot, the Association being deemed to be a third party beneficiary of any lease or rental agreement involving any Lot within the Development. The Association's right to maintain an eviction action shall arise only in the event that (i) the Association has given notice to the Owner detailing the nature of the infraction and the Owner has had a reasonable opportunity to take corrective action or to appear before the Board to present arguments as to why eviction by the Association is not necessary, and (ii) the Owner has not taken action to prevent and/or correct the actions of the tenant giving rise to the damage or nuisance.

(d) Indemnification of Association. Every Owner of a Lot that is occupied by persons other than the Owner pursuant to a rental agreement or otherwise, agrees to and shall indemnify and defend the Association, its officers, directors, managers, and agents and shall hold them harmless from any cost, loss, claim, or damages of any kind, including but not limited to attorneys' fees arising out of the conduct or presence of the occupants of the Lot upon the Development, including any such arising or alleged to have arisen out of the enforcement or nonenforcement by the Association of the Governing Documents against such occupants. Without limiting the generality of the foregoing, all costs, including attorneys' fees incurred by the Association to enforce the Governing Documents against such occupants, including eviction as provided herein, shall be reimbursed to the Association by the Owner and may be assessed by the Association as a Reimbursement Assessment.

(e) Requirements of Written Rental Agreement. Any rental of any Lot shall be only by written rental agreement which shall expressly provide (i) that it is subject to all of the provisions of the Governing Documents, (ii) that the tenants of such Lot shall comply with all provisions of the Governing Documents, and (iii) that any violation of any provisions of the Governing Documents shall constitute a breach and default of the terms of such rental agreement. Pursuant to Section 3.1 of the Bylaws, the rental agreement shall not attempt to, nor shall any such agreement be effective to, transfer membership in the Association to the lessee.

(f) Requirement of Inclusive Rental Agreement. No Owner may rent or hire any garage, accessory building, or similar improvement to anyone who does not have the right of possession of the entirety of the Residence on the Lot.

(g) Time-Share Arrangements. Except with respect to Lot 4 and Lot 33 as shown on the Subdivision Map, which were divided into time-share estates or otherwise used for time-share purposes on the date the 1985 Amendment was Recorded (and no further separate interests or estates shall be recognized, permitted or created), no Lot or Lots or any portion thereof in the Development shall be leased, subleased, occupied, rented, let, sublet, or used for or in connection with any time sharing agreement, plan, program or arrangement, including, without limitation, any so called "vacation license," "travel club," "extended vacation," or other membership or time interval ownership arrangement. The term "time sharing" as used herein shall be deemed to include, without limitation, any agreement, plan, program, or arrangement under which the right to use, occupy, or possess any Lot or Lots or any portion thereof or Residence thereon in the Development rotates among various persons, either corporate, partnership, individual, or otherwise, on a periodically recurring basis for value exchanged, whether monetary or like kind use privileges, according to a fixed or floating interval or period of time. This section shall not be construed to limit the personal use of any Lot or any portion thereof in the Development by any Owner or his or her or its social guests.

(h) Vacation, Holiday and Short-Term Rentals. The Board may require that each Owner specify on an annual basis the number of occupants which the Residence on the Owner's Lot may

reasonably accommodate, which designation shall be subject to the approval of the Board (the "Occupancy Limit"). The number of occupants of a Residence may not exceed the Occupancy Limit of a Lot, or any limitations imposed by applicable laws and ordinances, with respect to vacation, holiday or other short-term rentals (and any rental of a Lot for a period of less than one month shall be considered a short-term rental). The purpose of this section is to prevent overcrowding of the Development, to prevent over-burdening of the Common Area and the facilities thereon, to protect the property values and quality of life within the Development, and to provide each Owner with an environment free from unreasonable interference from transient occupants not interested in the long-term welfare of the Development. All the provisions of Section 4.19 shall apply to such short-term rentals. In addition, and in order to accomplish the goals of this section, the Board is specifically authorized to adopt Rules regarding such short-term rentals and the activities of the occupants of the Lots pursuant to such short-term rentals which may differentiate between short-term rentals and long-term rentals.

4.20 Clotheslines. No exterior clotheslines or other outside clothes drying or airing facility shall be erected or maintained upon any Lot where the same would be visible from the Common Area, the streets or any other Lot.

4.21 Mailboxes and Exterior Newspaper Tubes. Except for the cluster-style, grouped mailboxes which are the mail receptacles for the Lots, no newspaper delivery tubes or mailboxes shall be erected or maintained within the Development.

4.22 Activities Affecting Insurance. Nothing shall be done or kept within the Development which will increase the rate of insurance maintained by the Association without the prior written consent of the Association. No Owner shall permit anything to be done or kept within the Development which would result in cancellation of any insurance policy maintained by the Association or any other Owner.

4.23 Subdivision or Merger of Lots. No Lot may be further subdivided, nor may more than one Lot be combined into a single parcel of land, for any reason.

4.24 Drainage Patterns. No obstruction, diversion, bridging, pollution or confining of water courses or of the existing channels through which surface water in the time of storms naturally flows upon and across any Lot, parkway or easement in the Development, shall be made by any Owner, and the right is expressly granted to the Association, its successors and assigns, as an incident of the development of the Development to repair and maintain such natural storm water channels, provided, however, that Owners may relocate upon their own Lot, existing water courses which are not shown on the Subdivision Map, so long as such relocation does not interfere with the existing location of such water courses where they enter and leave such Lots, it being the intention to prohibit Owners from altering the topography of any particular Lot in any manner so as to cause water to enter or leave such Lots in channels other than those presently existing.

4.25 Privies and Cesspools. No cesspool, privy or vault or receptacle of any kind for the storage of liquid waste, shall be built or maintained upon any part of the Development, but a temporary chemical toilet may be permitted during the course of construction of a building. Sewage disposal shall be by means of public sewer, and no cesspools or outside toilets shall be permitted.

4.26 Removal of Natural Materials. No derrick or structure designed for boring or for storage of oil, natural gas, minerals or natural materials, including without limitation wells for water for private use, shall be erected, placed or maintained within the Development, nor shall any oil, natural gas, minerals or natural materials be produced, extracted or quarried from the Development.

4.27 Trees, Shrubs and Other Plantings. No native tree or shrub on any part of the Development shall be cut back, removed or killed except with the approval of the Association. The Association shall have sole authority and right to trim, remove, replace, plant or replant, or otherwise care for the trees, shrubs, and plantings within any public right-of-way or other public open space, including Lots A, B, C, D and 109.

The Association shall have the right to enter upon any Lot and trim or prune, at the expense of the Owner maintaining the same, any hedge or other planting that in the Association's opinion, by reason of its location on the Lot or the height to which it is permitted to grow, is unreasonably detrimental to the adjoining property, or obscures the view of the street traffic, or is unattractive in appearance or obscures the view of the lake or mountains from other properties in the Development. The Association may grant a permit to any Owner to plant and maintain shrubs, flowers, or trees in the areas of Lots A, B, C and 109 adjacent to an Owner's Lot, to standards approved by the Association.

The exercise of the Association's rights pursuant to this section shall be subject to Section 8.4.

4.28 Storage Tanks. No tank for the storage of fuel may be maintained within the Development.

4.29 Variances. The Board shall be authorized to grant reasonable variances from the provisions of Article 4 of this Declaration upon written application from any Owner provided that the Board determines, in its sole discretion, that the specific application of the restriction to such Owner will (i) cause substantial undue hardship to the Owner, or (ii) fail to further or accomplish the common plan for the Development as contemplated by this Declaration. The Board shall have the power to limit any variance granted in scope or duration or otherwise impose such specific requirements as the Board may, in its complete discretion, see fit to require. The Board shall follow the following procedures in acting on any request for a variance:

(a) The Board, in its sole discretion, shall make an initial determination whether or not the variance on its face meets the requirements set forth in this section. If the Board determines that it does not, the variance request shall be denied and the Board shall so notify the applicant within thirty days of the Board's decision. If the Board determines that the variance does, the procedures set forth in the remainder of this section shall be followed.

(b) The Board shall conduct a hearing on the variance within forty-five days of the receipt of the written request for a variance. Notice shall be given to all Members not less than fifteen days prior to the date of the hearing. Members may submit comments in writing prior to the hearing and/or appear at the hearing. The Board shall establish a reasonable time limit for Member comments during the hearing. No decision regarding the request for variance shall be made until the conclusion of the hearing.

(c) After the conclusion of the hearing, the Board shall, in its sole discretion, either grant or deny the request for variance in accordance with the standards set forth in this section. As more fully discussed above, if the Board grants the variance request, the Board may impose such conditions as the Board deems appropriate and shall so notify the applicant within thirty (30) days of the Board's decision.

ARTICLE 5 HOMEOWNERS ASSOCIATION

5.1 Management and Operation. The Association, through the Board of Directors, shall manage and operate the Development in accordance with the applicable provisions of the Governing Documents and the applicable provisions of California law. The Association shall have all of the powers set forth in the

Governing Documents together with general power to do any and all things that a nonprofit mutual benefit corporation may lawfully do under the laws of the State of California, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Governing Documents.

5.2 Membership. Every Owner of a Lot shall be a Member of the Association and shall remain a Member thereof until such time as his or her Lot ownership ceases for any reason. Membership shall be appurtenant to and may not be separated from ownership of a Lot and shall not be transferred, encumbered, pledged, alienated, or otherwise hypothecated in any way, except in connection with the sale or encumbrance of the Lot to which it is appurtenant.

5.3 Voting. Only Members in Good Standing shall be entitled to vote, and only one vote shall be cast for each Lot, all as more particularly specified in the Bylaws.

5.4 Board of Directors. The affairs of the Association shall be managed by or under the direction of a Board of Directors. The number and qualifications of Directors shall be as established in the Bylaws, and the members of the Board shall be elected as provided in the Bylaws. The Board of Directors shall have all of the powers and duties set forth in any provision of the Governing Documents, including without limitation such powers and duties as may be expressly set forth in this Declaration.

5.5 Association Rules. The Board of Directors shall have the power and the authority to establish, promulgate, amend, repeal, and enforce such rules and regulations, which shall be known as "Rules", as the Board deems necessary for the management and operation of the Development and the conduct of business and affairs of the Association. The Rules may concern, but need not be limited to, matters pertaining to use of the Common Area, pets, signs, collection and disposal of refuse, minimum standards for maintenance of property, use of recreation facilities, parking and traffic regulations, rental or leasing of Lots, and any other subject matter within the jurisdiction of the Association as provided in the Governing Documents or by law. The Rules shall also include the Architectural Rules adopted pursuant to Section 9.6.

5.6 Manager and Other Personnel. The Board of Directors shall have the power and authority to employ a manager and such other persons or entities as the Board shall deem appropriate to assist it in managing the Development and conducting the business and affairs of the Association, as more particularly set forth in the Bylaws.

5.7 Insurance. The Board shall procure and maintain liability insurance and property insurance as it shall deem proper and as more particularly set forth in the Bylaws.

5.8 Capital Improvements. The Board of Directors shall have the power and authority to provide for the construction, reconstruction, installation, or acquisition of capital improvements upon the Common Area.

5.9 Sale or Transfer of Association Property. The Board of Directors shall have the power to sell the Association's property.

5.10 Transfer or Dedication of Common Area to Public Agency or Utility. The Board of Directors shall have the power to dedicate or transfer all or any part of the Common Area to a public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Board. No such dedication or transfer shall be effective unless approved by at least two-thirds (2/3) of the Total Voting Power.

5.11 Borrow Money. The Board of Directors shall have the power to borrow money in the name of the Association.

5.12 Mortgage of Association Property. The Board of Directors shall have the power and authority to mortgage, pledge, encumber, or otherwise hypothecate the real and personal property of the Association for money borrowed or debts incurred by the Association.

5.13 Mergers and Consolidations. The Association may (i) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes as the Association, or (ii) annex additional property to the Development, provided that the approval of an Absolute Majority is obtained.

5.14 Dissolution. So long as there is any Lot, parcel or area for which the Association is obligated to provide management, maintenance, preservation or control, the consent of all Members must be obtained for the Association to (i) transfer all or substantially all of its assets, or (ii) file a certificate of dissolution.

5.15 Limitation of Liability. Neither the Association or its directors, officers, employees, agents or committee members (collectively and individually referred to as the "Released Party") shall be personally liable for damages or in equity to any of the Members, or to any other person, for any error or omission in the discharge of their duties and responsibilities or for their failure to provide any service required hereunder or pursuant to the Bylaws, even if such Released Party is negligent, provided that such Released Party has not acted in bad faith. This standard of care and limitation of liability shall extend, without limitation, to matters such as (i) the establishment of the Association's annual financial budget, (ii) the funding of Association reserve accounts, (iii) the discharge of the Association's maintenance, repair and replacement obligations, (iv) the enforcement of the Governing Documents, and (v) to any other fiduciary duties or responsibilities imposed by law or the Governing Documents.

ARTICLE 6 ASSESSMENTS AND LIENS

6.1 Covenant of Owner. Each Owner of a Lot within the Development, by acceptance of a deed or other conveyance thereof, whether or not it shall be so expressed in such deed or conveyance, shall be deemed to have covenanted and agreed to pay to the Association: (i) Annual Assessments, (ii) Special Assessments, (iii) Reimbursement Assessments, and (iv) Enforcement Assessments levied by the Association as hereinafter provided, together with all Additional Charges. Such deed or conveyance shall be deemed to vest in the Association the right and power to initiate all actions and procedures as the Board shall deem necessary or appropriate for the collection of such Assessments and Additional Charges and for the enforcement of the liens hereinafter provided for.

Each Assessment levied by the Association under this article, together with all Additional Charges, shall be a separate, distinct, and personal debt and obligation of the Owner against whom it is assessed, and shall bind his or her heirs, devisees, personal representatives, successors, and assigns. Such obligation to pay Assessments and Additional Charges and the right and power of the Association to initiate all actions and procedures for collection shall run with the land, so that each successive Owner or Owners of Record of any Lot shall, in turn, become liable to pay all such Assessments and Additional Charges assessed during the time he or she is Record Owner of such Lot. After an Owner transfers of Record any Lot he or she owns, he or she shall not be liable for any Assessments levied thereafter with respect to such Lot. Such Owner shall remain personally liable, however, for all unpaid amounts due and owing at the time of transfer, together with Additional Charges accruing until time of collection. A Contract Seller of any Lot shall continue to be liable for all Assessments and Additional Charges until a conveyance by deed of such Lot is Recorded.

6.2 Creation of Lien. Each Assessment levied by the Association pursuant to this Declaration, together with all Additional Charges, shall be a charge upon the land and upon levy shall be secured by a continuing lien upon the property against which such Assessment is levied. The Association shall have a separate lien and a separate lien is hereby created upon each Lot to secure the payment of any such Assessments and Additional Charges as may be levied under this Declaration. The lien provided for herein shall continue to secure all Assessments and Additional Charges levied upon any Lot notwithstanding the transfer of Record title to such Lot, and any such transfer shall be subject to the Association's lien, provided that, prior to such transfer, a Notice of Delinquent Assessment has been Recorded as provided in this Declaration and by law. The priority of all such liens on each Lot shall be in inverse order so that upon the foreclosure of the lien for any particular charge on any Lot, any sale of such Lot pursuant to foreclosure of the lien will be made subject to all liens securing the respective monthly Assessments and Additional Charges on such Lot for succeeding months.

6.3 Purpose of Assessments. The Assessments levied by the Board shall be used exclusively for (i) managing and operating the Development, (ii) conducting the business and affairs of the Association, (iii) promoting the recreation, health, safety, welfare, benefit, and interests of the Owners and Residents of the Development, (iv) improving and maintaining the Common Area and, to the extent provided for in the Governing Documents or by law, the Lots situated within the Development, (v) enforcing the Governing Documents, and/or (vi) otherwise benefitting the Owners.

6.4 Authority of the Board. The Board shall have the power and the duty to levy Annual and Special Assessments sufficient to meet the Association's obligations under the Governing Documents and applicable law.

6.5 Annual Assessment.

(a) Calculation of Estimated Requirement. Not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of each fiscal year, the Board shall complete and distribute to all Owners an estimate of the net funds required by the Association for such fiscal year (including a reasonable amount allocated to contingencies and to a reserve fund for restoration, repair, and/or replacement of those components for which the Association is responsible and which must be repaired or replaced on a periodic basis) to manage, administer, operate, and maintain the Development; to conduct the affairs of the Association; and to perform all of the Association's duties in accordance with this Declaration.

(b) Allocation of Annual Assessment. The Board shall allocate and assess the amount of estimated required funds equally among the Lots by dividing the amount by the number of Lots.

(c) Payment of Annual Assessments. Unless the Board shall designate otherwise, Annual Assessments shall be levied on an annual basis and shall be paid by January 31 of each fiscal year.

(d) Increases in Annual Assessment. Pursuant to California Civil Code Section 1366(b), except as otherwise provided by law, the Board shall not increase the Annual Assessment for any fiscal year above the amount of the Annual Assessment for the preceding fiscal year by more than the maximum amount permitted by law, except upon the affirmative vote or written consent of a majority of Members voting on any such increase in the Annual Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent

(50%) of the Members of the Association, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

6.6 Special Assessments.

(a) Purpose of Special Assessments. If at any time during any fiscal year the Annual Assessment proves inadequate for any reason, including nonpayment of any Owner's share thereof or the unexpected repair, replacement, or reconstruction of Improvements located in the Development, or if funds are otherwise required for any authorized activity of the Association, the Board may levy a Special Assessment in the amount of such actual or estimated inadequacy or cost.

(b) Allocation of Special Assessments. Special Assessments shall be allocated and assessed among the Lots in the same manner as Annual Assessments.

(c) Approval of Special Assessments. Except in the case of an emergency situation as defined in California Civil Code Section 1366, in any fiscal year the Board may not levy Special Assessments which, in the aggregate, exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, except upon the affirmative vote or written consent of a majority of the Members voting on any such Special Assessment, provided that a quorum is established. For purposes of the preceding sentence, a quorum shall mean more than fifty percent (50%) of the Members of the Association, notwithstanding any lower quorum requirement which may be set forth in the Bylaws.

6.7 Reimbursement Assessments. The Association shall levy a Reimbursement Assessment against any Owner and his or her Lot (i) if a failure by such Owner, or any person or pet for whom the Owner is responsible, to comply with any provision of the Governing Documents has necessitated or resulted in an expenditure of funds by the Association to deal with such lack of compliance or to bring such Owner or his Lot into compliance, or (ii) in the event that the Association has expended funds performing emergency repairs as authorized by this Declaration or for any other reasons specifically authorized by the provisions of this Declaration. A Reimbursement Assessment shall include any costs, including attorneys' fees, incurred by the Association, including costs of collecting from an Owner any amount which the Owner is obligated to pay to the Association. A Reimbursement Assessment shall be due and payable to the Association when levied.

6.8 Enforcement Assessments. The Board may levy an Enforcement Assessment (and any fine imposed by the Board in accordance with the provisions of the Governing Documents shall be deemed to be such an Enforcement Assessment), for violation of any of the provisions of the Governing Documents. Any Enforcement Assessment shall be due and payable to the Association when levied.

6.9 Failure to Fix Assessments. The failure or omission by the Board to fix or levy any Annual Assessment provided for by the terms of this Declaration before the expiration of any fiscal year, for that fiscal year or the next fiscal year, shall not be deemed either a waiver or a modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay Assessments or any installment thereof for that or any subsequent year, but the amount of the Annual Assessment fixed for the preceding fiscal year shall be the amount of the Annual Assessment for the ensuing fiscal year until a new Annual Assessment is levied.

6.10 Offsets. All Assessments levied by the Board shall be payable in the full amount specified, including any Additional Charges imposed as provided by the terms of this Declaration, and no offsets

against any such amounts shall be permitted for any reason whatsoever, including without limitation a claim that the Association has failed to properly exercise its duties of maintenance or enforcement.

6.11 Delinquent Assessments. Any installment or other portion of an Assessment not paid within fifteen (15) days after its due date shall be delinquent and shall be subject to interest and late charges not to exceed the maximum rate permitted by law, as well as all other Additional Charges. The Board, on behalf of the Association, may enforce the payment of any delinquent Assessment plus Additional Charges by bringing an action at law against any Owner personally obligated to pay the same, or by foreclosing the lien against the Owner's Lot by judicial or non-judicial foreclosure, except as prohibited by law. Prior to Recording a Notice of Delinquent Assessment, the Association shall provide notice to the Owner as required by California Civil Code Section 1367(a) or other applicable statute. The Notice of Delinquent Assessment shall be mailed in the manner set forth in California Civil Code Section 2924b to all record owners of the Lot no later than ten (10) days after recordation as required by California Civil Code Section 1367(b). No procedures shall be initiated to foreclose the lien securing any Assessment levied under this article until after the expiration of thirty (30) days following the Recording of a lien created pursuant to California Civil Code Section 1367(b) or other applicable statute. Except as prohibited by law, upon the Recording of the Notice of Delinquent Assessment referred to above, the Association may, at its option, declare the entire balance of all sums then due or to become due from the Owner, immediately due and payable, which total sum may then be included in any suit, action, or other procedure initiated to collect such sums, including all Additional Charges.

6.12 Power of Sale. Each Owner does hereby appoint the Association as trustee to enforce and to foreclose any lien which is established pursuant to the terms of this Declaration, by private power of sale, as provided in Division III, Part 4, Title 14, Chapter 2, Article 1, of the California Civil Code, and does further grant to the Board of Directors, on behalf of the Association, the authority and power to sell the Lot of such Owner in the event of any default in payment of any Assessments or Additional Charges levied against such Lot, for lawful money of the United States, to the highest bidder, to satisfy such lien, except as prohibited by law. The Association or any Owner may purchase the Lot at the sale. The Board may commence any procedure for the collection of delinquent Assessments upon its own decision. The remedies provided in this Declaration for collection of delinquent Assessments shall be cumulative and not exclusive.

6.13 Certificate of Satisfaction and Release of Lien. Upon payment in full of a delinquent Assessment, including any Additional Charges, or the satisfaction thereof, the Board shall Record, in the same manner as the Notice of Delinquent Assessment, a further certificate stating the satisfaction thereof and the release of the lien.

6.14 Priority. Except as otherwise expressly provided by law, the lien securing each of the Assessments provided for under this article shall have priority as of the date of Recording of the original Declaration applicable to the Development over all other liens and encumbrances applicable to the Lots; provided, however, that such Assessment lien shall be subordinate to the lien of any First Mortgage Recorded against the Lot; and provided, further, that such subordination shall apply only to the Assessments which have become due and payable prior to the sale of such property pursuant to a decree of foreclosure of any such First Mortgage, or pursuant to a power of sale contained in any such First Mortgage. Such foreclosure sale shall not relieve such property from liability for any Assessments and Additional Charges thereafter becoming due, nor from the lien of any subsequent Assessment.

6.15 Association Funds. All Association accounts shall be maintained in one or more banks or other depositories selected by the Board, which accounts shall be clearly designated as belonging to the Association. The Assessments collected by the Association shall be properly deposited into such accounts. The Assessments collected by the Association shall be used for the purposes set forth in Section 6.3.

6.16 Waiver of Exemptions. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this article, the benefit of any homestead or exemption laws of the State of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed pursuant to the terms of this article.

6.17 Property Exempt From Assessments. The following property subject to this Declaration shall be exempt from the Assessments, Additional Charges, and liens created herein:

(a) All property dedicated to and accepted by the City, County, or other local public authority and devoted to public use.

(b) Any Lot which is owned by the Association as a result of the Association having acquired such Lot through foreclosure. Such exemption shall be applicable only during the period in which the Association is Record Owner of such Lot.

(c) All Common Area.

ARTICLE 7 DAMAGE OR DESTRUCTION; CONDEMNATION

7.1 Damage to or Destruction of Improvements to Association Property. In the event of damage to or destruction of any Improvement to the Common Area or to any other real property owned by the Association, the Board of Directors shall, in its discretion and based upon considerations such as the existence of insurance proceeds from insurance coverage for such damage or destruction and the frequency of use of the Improvement, determine whether to repair or replace the damaged or destroyed Improvement. If any such damage or destruction was insured against and the insurance proceeds are insufficient to cover the costs of repair or replacement of the damaged or destroyed Improvement, and if the Board elects to repair or replace the Improvement, the Association may levy a Special Assessment against the Members as provided in this Declaration to cover the additional cost of the repair or replacement not covered by the insurance proceeds. If the Board elects not to repair or replace the Improvement, the applicable insurance proceeds shall be used in the manner consistent with the purposes of the Association and as determined by the Board.

7.2 Damage to or Destruction of Improvements to Lots. In the event of damage to or destruction of the Improvements on any Lot, the Owner of such Lot shall (i) completely repair or rebuild the Improvements to the same state as they existed prior to such damage or destruction or in any other manner approved by the Architectural Control Committee in accordance with Article 9, or (ii) completely remove all remaining portions of such damaged or destroyed Improvements. Such repair, rebuilding, or removal shall be commenced within a reasonable time, which shall in no event exceed one year after the occurrence of the damage or destruction and shall be completed within one year after the date of commencement unless a longer period is agreed to in writing by the Board.

7.3 Condemnation of Common Area. If at any time all or any portion of any Common Area, or any interest therein, shall be taken for any public or quasi-public use, under any statute, by right of eminent domain, or by private purchase in lieu of eminent domain, the entire compensation or award in condemnation, to the extent such award is not apportioned among the Owners and the Association by court judgment or by agreement among the condemning authority, the Association and each of the affected Owners, shall be paid to the Association and shall be used in the manner determined by the Board, provided that such use shall not be inconsistent with the purposes of the Association. The Association shall represent the interests of all Owners in any proceedings relating to such condemnation.

7.4 Condemnation of Lots. If an entire Residence or Lot, or so much thereof as to render the remainder unfit for use as a residence, is condemned or taken for a public or quasi-public use, pursuant to any statute, by right of eminent domain, or by private purchase in lieu of eminent domain, the Owner's membership in the Association shall terminate as of the last day of the month in which the condemnor obtains the right to possession, or upon Owner's vacating the premises, whichever occurs last. If only a portion of such Residence or Lot is taken and the remainder is fit for use as a Residence, the Owner shall continue to be a Member of the Association. In any condemnation action involving an Owner's Residence or Lot, the Association shall have the right to seek compensation for any damages incurred by the Association.

ARTICLE 8 MAINTENANCE OF PROPERTY

8.1 Association Responsibilities. The Association shall maintain, repair, and replace the Common Area and all facilities, Improvements and landscaping thereon, including without limitation the entrance signs, clubhouse/community building, basketball area, parking areas, park, swimming pool, spa, walks and utility facilities (except for those utility facilities which are maintained by public or private utility companies or agencies), and all other real and personal property that may be acquired by the Association, keeping such property in good condition and repair.

8.2 Owner Responsibilities.

(a) Lots. Each Owner shall be solely and exclusively responsible for the maintenance, repair and replacement of his or her Lot and all Improvements thereon, and shall keep the same in good and attractive condition and repair, in accordance with the provisions of this Declaration. Such maintenance, repair and replacement shall be of a high quality consistent with the character of the Development.

(b) Easement Areas. Each Owner shall be solely and exclusively responsible for the maintenance, repair and replacement of the driveways, carports, and public utilities, including water, underground electricity and telephone facilities, cable television, gas facilities and sanitary sewer and storm drainage facilities, serving his or her Lot and located within the areas designated "A. E." on the Subdivision Map, except to the extent they are maintained by utility companies, public, private, or municipal

8.3 Compliance With Architectural Provisions. An Owner's right and responsibility for maintaining, repairing or replacing any portions of his or her Lot, including landscaping, shall be subject to any applicable provisions of the Governing Documents relating to landscaping and architectural control, including Article 9.

8.4 Owner Failure to Maintain. The Board shall have the absolute discretion to determine whether any maintenance, repair, or replacement which is the responsibility of an Owner is necessary to preserve the appearance and value of the property comprising the Development, or any portion thereof, and may notify an Owner of the work the Board deems necessary. In the event an Owner fails to perform such work within thirty days after notification by the Board to the Owner, the Board may, after written notice to the Owner and the right of a hearing before the Board, cause such work to be done and charge the cost thereof to the Owner as a Reimbursement Assessment.

8.5 Owner Liability. In the event the need for any maintenance, repair, or replacement by the Association is caused by the willful or negligent act or omission of an Owner, members of any Owner's household, or an Owner's tenants, Contract Purchaser, guests, invitees, or household pets, the cost of such maintenance, repair, or replacement, including the cost of materials, labor, supplies, and services shall be charged to, and paid by, such Owner in the form of a Reimbursement Assessment.

8.6 Authority for Entry of Lot. The Association or its agents may enter any Lot, whenever such entry is necessary, in the Board's sole discretion, in connection with the performance of any maintenance, repair, construction, or replacement for which the Association is responsible or which it is authorized to perform, including without limitation the authorization provided in Section 8.4. Although under no obligation to do so, the Board, in its complete and sole discretion, may enter or may authorize the Association's agents to enter any Lot to effect emergency repairs where such repairs are necessary for safety reasons or to prevent or discontinue damage to the entered Lot, any other Lot or the Common Area. The cost of performing any such emergency repairs shall be charged to the Owner as a Reimbursement Assessment. Such entry shall be made with as little inconvenience to the Residents as practicable and only upon reasonable advance written notice of not less than twenty-four hours, except in emergency situations.

8.7 Association Liability. The Association shall not be responsible or liable for any maintenance, repair, or replacement of a Lot or any Improvement thereon, except to the extent that the need for such maintenance, repair, or replacement results from the negligence or fault of the Association, its employees, contractors, or agents.

8.8 Board Discretion. The Board shall have the discretion to determine the manner, method, extent and timing of the performance of any and all maintenance, repair and replacement obligations imposed upon the Association this article.

8.9 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.

ARTICLE 9 ARCHITECTURAL CONTROL

9.1 Submission of Plans and Specifications. Except for Improvements made or constructed by or on behalf of the Association, no Improvements including without limitation trees and other landscaping, Residences, buildings, fences, walls, obstructions, balconies, screens, patio covers, awnings, or other structures of any kind, shall be commenced, located, erected, painted, or maintained within the Development, nor shall any exterior addition to or change or alteration therein be made, until the plans and specifications showing the nature, kind, shape, color, height, size, materials, and location of the same shall have been submitted to and approved in writing by the Architectural Control Committee as to (i) quality of workmanship and design, (ii) harmony of external design in relation the nature and character of the Development and the Improvements thereon, (iii) location in relation to surrounding structures, topography, finished grade elevation, and (iv) compliance with the provisions of this Declaration.

9.2 General Standards and Requirements. The following standards and requirements shall apply:

(a) Type and Character of Design. Exterior design of all the Improvements on any Lot shall be compatible with the overall atmosphere of Tahoe Tyrol. Approval of such exterior design shall be in the discretion of the Architectural Control Committee, subject to the review of the Board.

(b) Home Size. Each Residence shall have a total floor area (excluding decks, patios, balconies and garages) of at least 1,400 square feet.

(c) Lot Coverage. No Residence, driveway, parking area or deck may exceed the impervious coverage allowed for building and paved driveways as such limitations are contained in the deed from the Declarant to the first Owner of each Lot. In no event shall the impervious area, whether a part of the structure, decks, eaves or fireplace chimney or the driveway area, exceed the allowable impervious area, as such impervious area is determined and computed by the land use ordinances or other regulations of the Tahoe Regional Planning Agency, and as such limitations are shown on the Subdivision Map.

(e) Compliance with Declaration. All Improvements must comply with the provisions of this Declaration including, without limitation, those specified in Article 4.

(f) Governmental Approvals. All Improvements must be approved by the appropriate governmental entity including, without limitation, the City, County and the Tahoe Regional Planning Agency.

9.3 Establishment of Architectural Control Committee. The Board shall appoint an Architectural Control Committee consisting of a chairperson, who shall be a Director, and two other members, who shall be Members in Good Standing. All the members of the Architectural Control Committee shall serve at the pleasure of the Board. The Board shall have the power, in its complete discretion and either with or without cause, to remove any member of the Architectural Control Committee. In the event of death, resignation or removal of any member of the Architectural Control Committee, the Board shall have the full authority to designate a successor. If at any time there shall not be a duly-constituted Architectural Control Committee, the Board shall exercise the functions of the Architectural Control Committee in accordance with the terms of this article.

9.4 Duties. It shall be the duty of the Architectural Control Committee to consider and act upon proposals or plans submitted to it, to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by this Declaration.

9.5 Meetings. The Architectural Control Committee shall meet as necessary to properly perform its duties hereunder. Every act done or decision made by a majority of the members of the Architectural Control Committee shall be the act or decision of the Architectural Control Committee. The Architectural Control Committee shall keep and maintain a record of all actions taken by it at such meetings or otherwise. The Architectural Control Committee and its members shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred by them in the performance of any Architectural Control Committee function.

9.6 Architectural Rules. The Architectural Control Committee may, from time to time, and subject to the Board's approval and in certain instances the approval of an Absolute Majority, adopt, amend, and repeal rules and regulations to be known as Architectural Rules (which shall be Rules as defined in Section 1.28) in accordance with the following provisions:

(a) The Architectural Rules shall interpret and implement the provisions of this article by setting forth (i) standards and procedures for Architectural Control Committee review, and (ii) guidelines for architectural design, placement of Residences and other structures, color schemes, exterior finishes and materials, and similar features which are approved for use in the Development which shall be complementary to and consistent with the Architectural Guidelines referred to in Section 9.6(b).

(b) The Architectural Rules shall include the document entitled "Tahoe Tyrol Owners Association Exterior Design, Paint & Trim Color Standards" effective as of October 9, 1999 and as subsequently amended pursuant to this section (the "Architectural Guidelines"). The Architectural Guidelines distinguish between the Phases within the Development with respect to such design, paint and trim color standards. The Architectural Guidelines may only be modified upon the approval an Absolute Majority.

(c) The Architectural Rules shall not be in derogation of the minimum standards required by this Declaration.

(d) The Architectural Rules may impose limits on the days and hours of construction and impose any other restrictions and regulations which the Board deems appropriate to limit the impact of construction activities on the Residents.

(e) In its discretion, and subject to the Board review provisions of Section 9.11, the Architectural Control Committee may grant variances from specific Architectural Rules subject to such terms and conditions as it deems appropriate.

9.7 Application. Any Owner proposing to perform any work of any kind whatever, which requires prior approval pursuant to this article, shall apply for approval by notifying the Association, in writing, of the nature of the proposed work and furnishing such information and documentation as the Architectural Control Committee or Board may require.

9.8 Grant of Approval. The Architectural Control Committee shall grant the requested approval only if:

(a) The Owner shall have complied with the provisions of Section 9.1 and Section 9.2 above;

(b) The Architectural Control Committee shall find that the plans and specifications conform to both (i) this Declaration, and (ii) the Architectural Rules in effect at the time such plans were submitted to the Committee, unless a variance is granted from such Architectural Rules pursuant to Section 9.6; and

(c) The Architectural Control Committee shall determine that the proposed Improvements would be consistent with the standards of the Development and the purposes of this Declaration as to quality of workmanship, design and materials, as to harmony of exterior design with the existing structures, and as to location with respect to topography and finished grade elevations.

9.9 Form of Approval. All approvals and denials of requests for approval shall be in writing except as provided in Section 9.10. The Architectural Control Committee may approve a request for approval subject to the Owner's consent to any modifications made by the Architectural Control Committee. If the Owner does not consent to the modifications, the request for approval shall be deemed denied in its entirety. Any approval or approval with modifications shall become effective on the thirty-first day following the date of such approval and shall be subject to Board review as provided in Section 9.11.

9.10 Time for Architectural Control Committee Action. Any request for approval which has not been acted upon by the Architectural Control Committee within forty-five days from the date of receipt

thereof by the Architectural Control Committee shall be deemed approved. The Owner requesting approval shall have the burden of establishing the date of receipt of the request for approval by the Architectural Control Committee by evidence in the form of either a copy of such request for approval date-stamped by the Association or by a return receipt provided by the U. S. Postal service acknowledging that such request for approval was delivered to the Association.

9.11 Board Review. The Architectural Control Committee shall submit a copy of its findings and determinations to the Board which shall then have thirty days from the date of the approval or denial of the request for approval to review, upon its own initiative, the action of the Architectural Control Committee. The Board may also review the action of the Architectural Control Committee at the request of the Architectural Control Committee or any Member, including the Owner submitting the request for approval, provided that any such request shall be presented to the Board within ten days from the date of the approval or denial of the request for approval by the Architectural Control Committee. If a review is conducted, the Board may affirm, reverse or modify the decision in its discretion and in accordance with the provisions of the Governing Documents and shall so notify the applicant within thirty days following the Board's decision.

9.12 Commencement. Upon receipt of approval pursuant to this article, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all installation, construction, reconstruction, refinishing, alterations, and excavations pursuant to such approval, commencement to occur, in all cases, within ninety days from the effective date of such approval or upon such later date as the Board may in its discretion designate. If the Owner shall fail to comply with this paragraph, any approval previously given shall be deemed revoked unless the Board, upon written request of the Owner made prior to the expiration of the time for commencement, extends the time for such commencement. No such extension shall be granted except upon a finding by the Board that there has been no change in the circumstances upon which the original approval was granted.

9.13 Completion. The Owner shall, in any event, complete the installation, construction, reconstruction, refinishing, or alteration of any Improvement, within one year after commencing construction thereof (or in the case of projects under construction when this Declaration is Recorded, within one year after the date of Recordation), except and for as long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or his agents. If an Owner fails to comply with this section, the Board shall proceed in accordance with the provisions of Section 9.14, below, as though the failure to complete the Improvements was a non-compliance with approved plans.

9.14 Inspection. Inspection of work and correction of defects therein shall proceed as follows:

(a) Upon the completion of any installation, construction, reconstruction, alteration, or refinishing of the exterior of any Improvements, or upon the completion of any other work for which approved plans are required under this article, the Owner shall give written notice thereof to the Architectural Control Committee.

(b) Within sixty days after the receipt of such written notice, the Architectural Control Committee, or its duly authorized representative, may inspect such Improvement to determine whether it was installed, constructed, reconstructed, altered, or refinished to substantial compliance with the approved plans. If the Architectural Control Committee finds that such installation, construction, reconstruction, alteration, or refinishing was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such non-compliance within such sixty day period, specifying particulars of non-compliance and shall require the Owner to remedy such non-compliance.

(c) If the Owner shall have failed to remedy such non-compliance upon the expiration of thirty days from the date of such notification, the Architectural Control Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged non-compliance. The hearing date shall be not more than thirty nor less than fifteen days after notice of the non-compliance is given to the Board by the Architectural Control Committee. Notice of the hearing date shall be given at least ten days in advance thereof by the Board to the Owner, to the Architectural Control Committee and, in the discretion of the Board, to any other interested party.

(d) At the hearing the Owner, the Architectural Control Committee and, in the Board's discretion, any other interested person, may present information relevant to the question of the alleged non-compliance. After considering all such information, the Board shall determine whether there is a non-compliance, and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a non-compliance exists, the Board shall require the Owner to remedy or remove the same within a period of not more than forty-five days from the date of the Board's ruling. If the Owner does not comply with the Board's ruling within such period or within any extension of such period as the Board, in its discretion, may grant, the Board, at its option, may either remove the non-complying Improvement or remedy the non-compliance and all expenses incurred in connection therewith shall be assessed against the Owner as a Reimbursement Assessment.

(e) If, for any reason, the Architectural Control Committee fails to notify the Owner of any non-compliance within sixty days after receipt of a notice of completion from the Owner, the Improvement shall be deemed to be in accordance with the approved plans. The Owner shall have the burden of establishing the date of receipt of the notice of completion by the Architectural Control Committee by evidence in the form of either a copy of such notice date-stamped by the Association's office or by a return receipt provided by the U. S. Postal service acknowledging that such notice was delivered to the Association.

9.15 Preliminary Approval. Any Owner proposing to construct Improvements requiring the prior approval of the Architectural Control Committee may apply to the Architectural Control Committee for preliminary approval by submission of preliminary drawings of the proposed Improvements in accordance with the Design Guidelines. The purpose of the preliminary approval procedure is to allow an Owner proposing to make substantial Improvements an opportunity to obtain guidance concerning design considerations before expending substantial sums for plans and other exhibits required to apply for final approval. Application for preliminary approval shall be considered and disposed of as follows:

(a) Within forty-five days after proper application for preliminary approval, the Architectural Control Committee shall consider and act upon such request. However, notwithstanding any other provision of this Declaration, no failure to act upon an application for preliminary approval shall be deemed to be an approval of such application. The Architectural Control Committee shall grant the approval only if the proposed Improvement, to the extent its nature and characteristics are shown by the preliminary application, would be entitled to a final approval on the basis of a full and complete application. In granting or denying approval, the Architectural Control Committee may give the applicant such directions concerning the form and substance of the final application for approval as it may deem proper or desirable for the guidance of the applicant.

(b) Any preliminary approval granted by the Architectural Control Committee shall be effective for a period of ninety days from the date of the issuance thereof or such longer period as

may be approved by the Architectural Control Committee. During such period, any application for final approval which consists of proposed Improvements in accordance with the provisions of the preliminary approval, and is otherwise acceptable under the terms of this Declaration, shall be approved by the Architectural Control Committee.

(c) In no event shall any preliminary approval be deemed to be an approval authorizing installation or construction of the subject Improvements.

9.16 Non-Waiver. The approval by the Architectural Control Committee of any plans, drawings, or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Control Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval.

9.17 Estoppel Certificate. Within thirty days after written demand is delivered to the Association by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Board shall Record an estoppel certificate, if permitted by the County, certifying (with respect to any Lot of such Owner) that as of the date thereof, either: (i) all Improvements made and other work completed by such Owner comply with this Declaration, or (ii) such Improvements or work do not so comply, in which event the certificate shall also identify the non-complying Improvements or work and set forth with particularity the basis of such non-compliance. Any purchaser from the Owner, or from anyone deriving any interest in a Lot through him, shall be entitled to rely on such certificate with respect to the matters therein set forth, such matters being conclusive as between the Association and all Owners and such persons deriving any interest through them.

9.18 Notice of Noncompliance. If any Improvements are installed within the Development that are not in conformance with this Declaration, the Association is authorized to Record a Notice of Noncompliance, if permitted by the County. The Notice of Noncompliance shall provide: (i) a legal description of the Lot affected, (ii) the name of the record Owner as most recently reported to the Association, and (iii) a description of the general nature of the noncompliance. If and when such Lot is brought into compliance with this Declaration, as determined by the Board, the Association shall issue and, if permitted by the County, Record an estoppel certificate in accordance with Section 9.17.

9.19 Liability. Neither the Board, the Architectural Control Committee nor any member or representative thereof shall be liable to the Association or to any Owner for any damage, loss, or prejudice suffered or claimed on account of: (i) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (ii) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; (iii) the development of any property within the Development; (iv) the execution and filing of an estoppel certificate pursuant to Section 9.17, whether or not the facts therein are correct; provided, however, that the Architectural Control Committee, the Board or any member or representative thereof has acted in good faith on the basis of such information as may be possessed by it or him; or (v) the execution and filing of a notice of noncompliance pursuant to Section 9.18, whether or not the facts therein are correct; provided, however, that the Architectural Control Committee, the Board or any member or representative thereof has acted in good faith on the basis of such information as may be possessed by it or him. Without in any way limiting the generality of the foregoing, the Architectural Control Committee, the Board or any member or representative thereof, may, but is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Control Committee. Every purchaser, by acquiring title to a Lot or portion thereof agrees not to bring any action or suit against the Board, the Architectural Control Committee, or their members or representatives seeking to recover any such damages.

9.20 Compliance With Governmental Requirements. The application to the Association, and the review and approval of any proposals, plans, or other submittals, shall in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements, the responsibility for which lies solely with the respective Owner, nor shall it constitute the assumption of any responsibility by or impose any liability on the Board, the Architectural Control Committee, or their members as to the accuracy, efficacy, or sufficiency of such proposals, plans or other submittals.

ARTICLE 10 ENFORCEMENT

10.1 Violations as Nuisance. Every act or omission constituting or resulting in a violation of any of the provisions of the Governing Documents shall be deemed to constitute a nuisance. In addition to any other remedies which may be available, such nuisance may be abated or enjoined by the Association, its officers, the Board or by any Owner. The Board shall not be obligated to take action to abate or enjoin a particular violation if, in the exercise of its discretion, the Board determines that acting to abate or enjoin such violation is not likely to foster or protect the interests of the Association and its Members as a whole.

10.2 Violation of Law. Any violation of a state, municipal or local law, ordinance or regulation pertaining to the ownership, occupancy, or use of any property within the Development is hereby declared to be a violation of this Declaration and subject to any and all of the enforcement procedures set forth herein.

10.3 Owners' Responsibility for Conduct and Damages. Each Owner shall be fully responsible for informing members of his or her household and his or her tenants, Contract Purchasers, contractors and guests of the provisions of the Governing Documents, and shall be fully responsible for the conduct, activities, any Governing Document violation of any of them, and for any damage to the Development or the Association resulting from the negligent or intentional conduct of any of them or any household pets. If a Lot is owned jointly by two or more persons, the liability of each Owner in connection with the obligations imposed by the Governing Documents shall be joint and several.

10.4 No Avoidance. No Owner may avoid the burdens or obligations imposed by the Governing Documents through non-use of any Common Area facilities or by abandonment of his or her Lot.

10.5 Rights and Remedies of the Association.

(a) Rights Cumulative. The Association, its Directors, Officers, or agents, and any Owner shall have the right to enforce any and all provisions of the Governing Documents by any proceeding at law or in equity, or through the use of such other remedies as are available and deemed appropriate by the Board. Each remedy provided is cumulative and not exclusive.

(b) Member Not In Good Standing. Upon a determination by the Board of Directors, after prior notice to the affected Member and an opportunity for a hearing, that such Member has violated any provision of the Governing Documents including a failure to pay any Assessment when due, the Board shall give notice in writing to such Member that he or she is deemed not to be a Member in Good Standing. Such Member shall be deemed to remain in that status until such time as the Board shall determine in writing that the violation which resulted in the Board's determination has been cured or remedied or, on some other basis as in the judgment of the Board is just and proper, that such Member shall again be deemed to be a Member in Good Standing of the Association. Such Member shall be so notified in writing with a copy given to the Secretary.

(c) Imposition of Sanctions. In the event of a breach or infraction of any provision of the Governing Documents by an Owner, members of an Owner's household, or his or her tenants, Contract Purchasers, contractors, guests, pets or invitees, the Board shall have the power to impose sanctions against the Owner. Such sanctions may include, without limitation, the imposition of fines and/or the suspension of an Owner's rights as a Member, including an Owner's voting rights or an Owner's right to use the recreational or community facilities on the Common Area. Except as provided in Section 10.7 below, imposition of sanctions shall be effective only after the Board has held a hearing as provided in Section 8.1.4 of the Bylaws. The payment of any such fine may be enforced as an Enforcement Assessment as provided in Section 6.8 of this Declaration as well as in any manner permitted by law. Each Owner shall further be obligated to pay Reimbursement Assessments levied by the Board for reimbursement of any costs incurred by the Association relating to violation of any provisions of the Governing Documents by such Owner, members of such Owner's household, or his or her tenants, Contract Purchasers, contractors, guests, pets or invitees.

(d) Inadequacy of Legal Remedy. Except for the non-payment of any Assessment levied pursuant to the provisions of Article 6 of this Declaration, it is hereby declared that a remedy at law to recover damages for a default in the performance of any of the terms and provisions of any of the Governing Documents or for the breach or violation of any such provisions is inadequate and that the failure of any Owner or a member of the household of any Owner or an Owner's tenants, guests, or household pets or any other occupant or user of any of the property within the Development to comply with any provision of the Governing Documents may be enjoined in any judicial proceedings initiated by the Association, its Officers or Board of Directors, or by any Owner or by their respective successors in interest.

(e) Limitation on Disciplinary Rights. The Association shall not have the power and authority to cause a forfeiture or abridgment of a Member's right to the full use and occupancy of his or her Lot as the result of the failure by such Owner, members of such Owner's household, or his or her tenants, guests, invitees or household pets to comply with any provision of the Governing Documents, except where such forfeiture or abridgment is the result of the judgment of a court of competent jurisdiction, a decision arising out of an arbitration proceeding, or a foreclosure or sale under private power of sale for failure of such Owner to pay Assessments levied by the Association pursuant to Article 6 of this Declaration. The provisions of this subsection shall not affect the Association's right to impose fines or monetary penalties or to suspend an Owner's membership rights, as provided in the Governing Documents.

10.6 Disciplinary Rules. The Board or a committee appointed by the Board for that purpose may adopt rules and regulations that further elaborate upon and refine procedures for conducting disciplinary proceedings and otherwise imposing sanctions upon Members of the Association for violation of provisions of the Governing Documents. Such rules, when approved and adopted by the Board, shall be deemed to be a part of the Association Rules provided for in, and constituting a part of, the Governing Documents.

10.7 Emergency Situations. The following shall constitute emergency situations: (i) an immediate and unreasonable infringement of or threat to the safety or peaceful enjoyment of Residents of the Development, (ii) a traffic or fire hazard, or (iii) a threat of material damage to or destruction of the Development or any portion thereof. Notwithstanding any other provisions of the Governing Documents, under circumstances involving conduct that constitutes an emergency situation, the Association may undertake immediate corrective action. Hearings with respect to such corrective action shall be held following the corrective action in accordance with Section 8.1.4(e) of the Bylaws.

10.8 Alternative Dispute Resolution. California Civil Code Section 1354(b) shall be complied with respect to any dispute subject to such section.

10.9 Non-Waiver. Failure to enforce any provision of the Governing Documents at any time shall not be deemed a waiver of the right to do so thereafter with respect to the same or any other violation of any provision of the Governing Documents.

10.10 Notices. Any notices required or given under this article shall be in writing and may be given by any method reasonably calculated to give actual notice to the affected Member; provided, however, that if notice is given by mail, it shall be sent by first-class mail, postage prepaid, sent to the most recent address for the affected Member as shown on the records of the Association.

10.11 Costs and Attorneys' Fees. In the event the Association shall take any action to enforce any of the provisions of the Governing Documents or shall determine that any Member or members of his or her household or his or her tenants, Contract Purchasers, guests, invitees or household pets have violated any provision of the Governing Documents, and whether or not legal or judicial proceedings are initiated, the prevailing party shall be entitled to recover the full amount of all costs incurred, including attorneys' fees, in responding to such a violation and/or in enforcing any Governing Document provision. The remedies of the Association to recover the amount of such costs and attorneys' fees shall include, without limitation, the imposition of a Reimbursement Assessment as provided in Section 6.7 of this Declaration.

10.12 Indemnification. Each Owner, by acceptance of his or her deed, agrees for himself or herself and for the members of his or her household, his or her Contract Purchasers, tenants, guests or invitees, to (i) indemnify each and every other Owner for, (ii) to hold each and every other Owner harmless from, and (iii) to defend each and every other Owner against, any claim of any person for personal injury or property damage occurring within the Lot of such Owner, except that such Owner's liability may be diminished to the extent that the injury or damage occurred by reason of the negligence of any other Owner or person temporarily visiting in such Lot or is fully covered by insurance.

ARTICLE 11 AMENDMENT

This Declaration may be amended by the affirmative vote or written consent of Members representing at least an Absolute Majority. Any amendment of the Declaration shall be signed and acknowledged by the duly authorized officer(s) of the Association and shall be Recorded.

ARTICLE 12 GENERAL PROVISIONS

12.1 Headings. The headings used in this Declaration are for convenience only and are not to be used in interpreting the meaning of any of the provisions of this Declaration, or otherwise.

12.2 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision hereof shall not invalidate any other provisions hereof.

12.3 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of fostering a plan of community ownership and occupancy and of management of the Development for the benefit of the community.

12.4 Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine, and neuter shall each include the masculine, feminine, or neuter, as the context requires.

12.5 Easements Reserved and Granted. Any and all easements referred to herein shall be deemed reserved or granted, or both reserved and granted, as appropriate, by reference to this Declaration in a deed to any Lot.

12.6 Power of Attorney. To the extent necessary to carry out and enforce the provisions of this Declaration, an irrevocable power of attorney coupled with an interest is granted to the Association by the Owners and each of them.

12.7 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 all of the real property subject to this Declaration, including without limitation the Lots and the Common Area, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors and officers, and their respective agents and successors in interest, for a term of thirty years from the date of Recordation of this Declaration. Thereafter the term shall be automatically extended for successive periods of ten years each, unless within the six months prior to the expiration of the initial thirty year term or any ten year extension period a written instrument, approved by at least an Absolute Majority, terminating the effectiveness of this Declaration is Recorded.

IN WITNESS WHEREOF, the Members of the TAHOE TYROL HOMES ASSOCIATION holding at least a majority of the total voting power of the Association hereby affirm, approve, and adopt this Second Restated Declaration of Covenants, Conditions and Restrictions of Tahoe Tyrol pursuant to Article IX of the First Restated Declaration, by means of the signatures of the President and the Secretary of the Association, which Declaration shall be Recorded.

DATED: _____, 2002.

TAHOE TYROL HOMES ASSOCIATION,
a California nonprofit mutual benefit corporation

By: _____
James M. Roten, President

By: _____
Richard Evon, Secretary

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OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
TAHOE TYROL

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**RECORDING REQUESTED BY, AND
WHEN RECORDED, RETURN TO:**

TAHOE TYROL HOMES ASSOCIATION
% STEIN & BAYDALINE LLP
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(Space Above For Recorder's Use)

SECOND RESTATED DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

OF

TAHOE TYROL