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McCUTCHEN, DOYLE, BROWN & ENERSEN, LLP
1333 North California Boulevard, Suite 210
Post Office Box V
Walnut Creek, CA 94596
Attn: Elizabeth Naughton

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Chicago Title Co.
J. Brullard

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (STONEBRIAR)

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") is made by Stonebriar, L.P., a California limited partnership ("Declarant") in reference to the following facts.

PRELIMINARY STATEMENT

A. Declarant is the owner of that certain real property (the "Property") located in the unincorporated part of the County of El Dorado (the "County"), State of California, described as follows:

Lots 62-97, inclusive, Lots 115-117, inclusive, and Lots 129-135, inclusive, as shown on the Final Map entitled "Stonebriar, Unit No. 2," recorded on March 6, 2001, in the Official Records of the County in Book I of Maps at Page 93 ("Unit 2 Final Map").

B. The Property contains 52 separate residential building lots (collectively, "Lots"). Each owner of a Lot shall be referred to herein as an "Owner," and collectively as the "Owners." Declarant desires to impose upon all of the Property mutually beneficial covenants, conditions and restrictions constituting a common plan for the use and development of the Property.

NOW, THEREFORE, Declarant declares that each and all of the Lots shall be reciprocally benefited and burdened by the covenants, conditions and restrictions hereinafter set forth, which shall run with the Lots so burdened and benefited and be enforceable by and binding upon the successors and assigns of Declarant, and that each of such Lots or any portion thereof or interest therein shall be held, used, sold, conveyed, pledged, mortgaged and leased subject to and in accordance therewith.

ARTICLE 1 USE RESTRICTIONS

1.1 Permitted Buildings. No building other than: (a) one detached single-family private residence (a "Private Residence" or a "Residence"); (b) a private garage for the use of the occupants of such Residence; and (c) other usual and appropriate outbuildings incidental and appurtenant to a Private Residence shall be erected or maintained on any Lot. As used herein, the term "Private Residence" is intended to exclude every form of boarding and lodging house, duplex, condominium, apartment building, hotel or motel, sanitarium, acute care or convalescent hospital and the like, and preclude the conduct of any commercial activity, enterprise, trade or business on any Lot except as provided in Section 1.7. However, Lots owned by Declarant may be used for model homes and sales or construction offices for the purpose of selling the Lots (or Lots together with completed Residences) until all of the Lots (or Lots together with completed Residences) have been sold by Declarant.

1.2 Occupancy; Diligent Prosecution of Construction. No trailer, recreation vehicle, garage or other outbuilding shall be used as a temporary or permanent Residence, nor shall any residential structure be moved onto a Lot from any other location. The foregoing shall not preclude Declarant or a general contractor from using a trailer on a Lot for the purpose of conducting Property sales activities, or for the purpose of supervising the construction of Residences, ancillary structures or other improvements. Except for the construction of Residences, ancillary structures and improvements by Declarant, once construction of any Residence, structure or other improvement is begun, construction shall be prosecuted diligently and the Residence, structure or other improvement shall be completed within a reasonable time. If any Residence, structure or other improvement shall suffer exterior damage or destruction, repair and reconstruction thereof shall be promptly commenced and prosecuted to completion, or the Residence, structure or other improvement shall be promptly demolished. In such event, all rubble and debris shall be promptly removed from the Property, and the Lot (or portion thereof) formerly occupied by the demolished Residence, structure or other improvement shall thereafter be maintained in a neat, clean, safe and weed-free condition.

1.3 Fences and Walls. All fences between Lots shall be of solid wood, and shall be approximately 6 feet in height. The Owner of a Lot on which a fence or wall is located shall maintain and, as necessary, repair and replace the fence or wall. If a fence or wall is located on the common boundary of adjacent Lots, each Owner shall maintain the surface of the fence or wall which faces its Residence. Notwithstanding the foregoing, if any fence or wall forming the boundary of an easement or occupying the common boundary of adjacent Lots requires repair or replacement rather than maintenance of its surface, then the adjacent Owners shall share equally in the cost thereof, unless the need for such repair or replacement was caused by the fault or neglect of one of the Owners, and then the cost of repair or replacement shall be paid by the Owner at fault.

1.4 Laundry. No exterior clothesline shall be erected or maintained on any Lot nor shall there be any drying or laundering of clothes outside of the structure if such laundering or clothes drying would be visible from any street or other Lot.

1.5 No Nuisance. No obnoxious, offensive or illegal activity shall be conducted or permitted to occur on any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the other residents of the Property including, by way of example and not by way of limitation, maintenance of flashing lights visible, or noise-making devices audible, outside a particular Lot, or the accumulation of rubbish or debris of any kind on any Lot so as to permit odors to arise therefrom or so as to render any Lot unsightly, unsanitary, offensive or detrimental to any other Lot. No portion of the Property shall be used or maintained for the accumulation of rubbish or debris. Trash, garbage and other waste shall be kept in covered, sanitary, fly-proof containers which shall be located so as not to be visible from any street or other Lot, except as required for regular collection. There shall be no exterior fires of any kind, except barbecues which shall be contained within standard equipment designed for such purposes.

1.6 Alteration of Slopes; Drainage.

(a) There shall be no cutting, filling, grading, contouring or other altering of the slope of any Lot, or the construction of any improvement or the allowance of any obstruction, which would: (i) promote sliding or other instability; (ii) cause the flooding or erosion of any adjoining Lot; or (iii) interfere with or alter the drainage pattern of any Lot or drainage through the Property, as established by the grading and drainage plan for the Property approved by the City.

(b) Several of the Lots contain storm drainage easements in the rear or side yards which will be maintained by the Springfield Meadows Community Services District ("CSD"). No Owner shall construct any improvement, or damage, destroy or interfere with the improvements constructed by Developer with the storm drainage easements as shown on each Final Map.

(c) The CSD is hereby granted an easement over all the Lots containing storm drainage easements for purposes of maintaining, repairing and replacing, as necessary any storm drain improvements (including without limitation culverts and pipes) located in easements.

1.7 Commercial Activity. Subject to Section 1.1, no commercial enterprise, trade or activity shall be conducted in or upon a Lot or Residence, either directly or indirectly unless it satisfies all of the following requirements: (a) the use shall be clearly incidental and secondary to the use of the dwelling as a Residence; (b) the use shall be conducted entirely within the Residence and carried on only by the inhabitants thereof; (c) no article shall be sold or offered for sale from the Lot or Residence; (d) the use shall not generate vehicular or pedestrian traffic in excess of that which is normally associated with single-family residential use and shall require no additional parking spaces; (e) no professional equipment, apparatus or business equipment or trucks shall be kept or stored on the premises; provided, however, that home office equipment and telecommuting equipment such as, without limitation, computers, printers and other computer-related equipment and communications equipment may be permitted so long as all the other requirements of this Section are satisfied; (f) the use shall not involve any exterior indication of the home occupation or alteration of the Residence to adapt to the home occupation; (g) the use shall not involve the use of an exterior sign, and shall not create noise, odor, dust, fumes, vibration, smoke, electrical interference, or other interference with the

residential use of adjacent Lots; (h) no person, employee or assistant shall be employed in the Residence or dispatched from the Residence; and (i) the home occupation shall have no advertising of the home address in the telephone book, newspapers or other media of any kind. Nothing herein or elsewhere in this Declaration shall preclude any Owner from providing residential child care services in accordance with all applicable statutes, ordinances and other State and County requirements.

1.8 Lease. Other than the provisions in this Section 1.8, there is no restriction on the right of an Owner to lease its Residence. No Owner may lease or permit subleases of less than the entire Residence. No Owner shall be permitted to lease a Residence for transient or hotel purposes (a rental for any period less than 30 days or a rental which includes providing the occupants with customary hotel service such as room service for food and beverage, maid service, laundry and linen service or bellhop service).

1.9 Garages. When garages are not in use (the fact that a vehicle is parked in a garage shall not constitute "use"), garage doors shall be closed. No permanent storage shall be permitted in any garage or covered parking space that interferes with the ability to park vehicles therein for an extended period of time.

1.10 Hydrocarbon and Mineral Exploration and Extraction; Storage Tanks. No water drilling, oil drilling, development or refining, and no quarrying or mining operations of any kind shall be permitted on the Property, nor shall oil wells, tanks, tunnels or mineral excavations be permitted upon the surface of the Property, nor shall derricks or other structures designed for use in drilling for water, oil, natural gas, steam or other hydrocarbons or minerals be erected, maintained or operated upon any portion of the Property. No tank nor tower whether above or below the ground shall be kept on any Lot for the storage of any petroleum substance or any other toxic or hazardous substance.

1.11 View Obstructions. Declarant does not guarantee, represent or warrant any privacy or protected views from within the Property, and no Lot is assured privacy or the existence or unobstructed continuation of any particular view. Each Owner acknowledges that any construction or installation by Declarant or any third party may impair the view of such Owner and hereby consents to such impairment. Additionally, the Owners hereby consent to the impairment of views caused by the growth of trees and other landscaping.

1.12 Pets and Animals. No animals, livestock, farm animals, reptiles, rodents, birds or poultry of any kind may be raised, bred or kept on any Lot, except that reasonable numbers of dogs, cats or other common household pets may be kept so long as they are not kept, bred or maintained for any commercial purposes, or in such numbers or with such lack of control as to constitute a nuisance, health hazard or violation of any City, County or State law.

1.13 Vehicles. No trailers or mobile homes (whether towed or self-powered, and whether designed for permanent residence or recreational use), boats, trucks (other than pickup trucks with no greater than one-ton capacity), campers, recreational vehicles, commercial vehicles or inoperable or disabled automobiles or pickup trucks shall be kept, maintained, repaired, reconstructed, remodeled or parked: (a) on any private or public street within the Property at any time; (b) on the driveway or backyard of any Lot for more than forty-eight

(48) hours, unless screened from view from all streets and other Lots; or (c) on the front yard or lawn of any Lot at any time. No vehicle of any kind shall be parked, kept or permitted to remain on any driveway in such a manner as to encroach upon any sidewalk.

1.14 Signs.

(a) No signs, banners or placards shall be installed or maintained anywhere on the exterior of a home or Lot within the Property, except: (i) one sign in conformance with the requirements of California Civil Code Section 713 advertising the Residence as being "For Sale" or "For Rent"; (ii) one Owner-identification sign in conformance with the requirements of California Civil Code Section 713; (iii) signs required by legal proceedings; (iv) political signs; or (v) signs promoting the security, health and welfare of the Owners.

(b) The foregoing limitations shall not apply to Declarant during the period of time in which the Property is being developed and the Lots and any Residences constructed thereon are being offered for initial sale. During such period, Declarant shall be governed solely by applicable statutes, ordinances and other laws.

1.15 Airspace and Exterior. No outside antenna, satellite dish, aerial tower or other device for the transmission or reception of television, radio or other waves shall be erected or placed anywhere in the Property unless the device is effectively screened from the view from all other Lots and streets in the Property, except for satellite dishes with a diameter of one meter or less, which may be erected on a Lot in any event. Air conditioning units and similar electrical or mechanical devices which protrude through walls or are roof- or exterior-mounted shall be permitted only if the Residence, as originally designed and constructed by Declarant, included such a unit or device or made provision for the installation thereof by an Owner.

1.16 Maintenance of Exterior Landscaping Fences, Walls and Irrigation Systems. Each Owner or occupant of a Residence shall maintain, in good, neat, attractive and weed-free condition the portions of its yards and landscaping and fences, walls and hedges which are visible to any other Lot or from the street. Each Owner or occupant of a Residence shall promptly replace dead or damaged landscaping in the above described areas with landscaping comparable to that which was originally installed. All irrigation systems serving a Lot shall be kept by the Owner of the Lot in good condition and repair. No Owner or occupant shall permit any thing or condition on its Lot which would induce, breed or harbor infectious plants, diseases or noxious insects or vermin.

1.17 Wood Stoves/Fireplaces. All Residences shall contain only wood stoves and fireplaces that have been certified by the Environmental Protection Agency.

1.18 Setbacks. No development shall occur within 50 feet of all seeps, wet swales, and intermittent channels that are not affected by construction shown on the vesting tentative map. The 50 foot setback shall extend outward from the edge of the channel or adjoining wetlands, whichever distance proves to be greater. No wetland vegetation within such designated setbacks shall be disturbed at any time. No vegetation shall be removed within any parkway corridors or setback areas.

1.19 Positioning of Dwellings on Certain Lots. On Lots 62-78, inclusive, residences shall face Stonebriar Drive and not the private access driveways.

ARTICLE 2 DESIGN REVIEW

2.1 Architectural Committee.

(a) Except as otherwise provided in Section 2.1(b) below, with respect to Declarant, (i) no buildings, fences, walls, or other permanent structures shall be erected, altered or placed on any Lot, (ii) no landscaping shall be installed which is visible from a public street or adjacent Lot, and (iii) no exterior of any structure shall be painted or the exterior building materials replaced or altered, until building plans, specifications and plot plans showing the location of structures on the Lot and/or the exterior treatment proposed to be given to any structure and/or landscape plans showing the nature and arrangement of the landscaping materials have been submitted to and approved in writing as to conformity and harmony of external design, and as not interfering with the reasonable enjoyment of any other Lot, by the Architectural Committee. Notwithstanding the foregoing, installation or replacement of a fence, wall or roof shall be deemed approved by the Architectural Committee if it is constructed of the same materials as fences, walls or roofs previously approved for the same Lot by the Architectural Committee (or installed by Declarant) and will occupy the same relative position on its Lot as previously-approved fences, walls, or roofs do with respect to their Lots. For purposes of determining comparable locations of fences or walls, interior Lots shall be compared only to interior Lots and corner Lots shall be compared only to corner Lots. The procedures for submitting plans to the Architectural Committee shall be contained in rules adopted by the Architectural Committee pursuant to Section 2.2. It shall be the sole responsibility of each Owner to determine and abide by the lawful regulations of the City and any other public agencies having jurisdiction regarding alterations to any Lot.

(b) Declarant shall not be required to obtain the approval of the Architectural Committee in connection with the construction of a dwelling unit or any ancillary structure or improvement on a Lot or for the planting of landscaping or for any alterations or modifications made by Declarant.

(c) The Architectural Committee shall consist of not fewer than three or more than five members at any time. All of the initial members shall be appointed by Declarant. Members appointed to the Architectural Committee by Declarant need not be Owners and may be employees, agents or independent contractors of Declarant. The members appointed by Declarant shall serve at the pleasure of Declarant and may be removed or replaced at any time by Declarant. The initial members shall be Robert Knobel, Stephen Hicks, and Carrie Newbery. The initial address of the Architectural Committee shall be at 9216 Kiefer Boulevard, Sacramento, CA 95827. Changes to the membership or address of the Architectural Committee shall be made by recording a notice of change in the County records.

(d) Declarant may appoint all members and replacements to the Architectural Committee until the first anniversary of the issuance of the Public Report. After that date, the Owners shall have the power to appoint one member of the Architectural Review Committee and

Declarant may appoint the remainder of the members until conveyance of 90% of all Lots or the 5th Anniversary of the conveyance of title to the first Lot to an Owner, whichever first occurs.

(e) Upon the close of escrow of the sale of the last Lot within the Property by Declarant (excluding a bulk sale of five or more Lots), the Owners shall have the power to appoint all the members of the Architectural Committee. Persons appointed to the Architectural Committee by the Owners shall be the Owners of Residences within the Property. Declarant's appointees shall be deemed as having resigned as of the date of close of escrow of the sale by Declarant of the last Lot within the Property, notwithstanding the unwillingness of other Owners to serve as members.

(f) Whenever a position on the Architectural Committee has or will become vacant and such position is to be filled from among the Owners other than Declarant, the Architectural Committee shall notify all of the Owners in writing of the number of positions to be filled and that nominations for such position are solicited. Within a reasonable time after the delivery of such notice, the Architectural Committee shall collect the names of the nominees and distribute a written ballot to each of the Owners requesting that each such Owner vote for that number of nominees necessary to fill the vacant positions. Each Owner shall be entitled to cast one vote for each Lot owned, for each vacant position on the Architectural Committee. Only ballots returned within 30 days of the date of mailing of the ballots shall be counted in determining the nominees elected. The nominees receiving the highest number of votes shall become members of the Architectural Committee; provided, however, that under no circumstances shall a vacant position to be filled from among the Owners other than Declarant through an election in which fewer than 50% of the Owners participate. If the Owners are unable to elect at least 3 members to the Architectural Committee through an election in which 50% or more of the Owners participate, then there shall be no design review or required Architectural Committee approval under this Declaration until such time as sufficient Owners participate in an election such that at least three members are elected.

(g) Any member of the Architectural Committee appointed by the Owners other than Declarant may be removed from office upon the vote of more than fifty percent (50%) of the Owners. Such votes shall be cast on the same basis as provided for the election of members to the Architectural Committee by the Owners other than Declarant. The resulting vacancy shall be filled as provided in this Section.

2.2 Powers of the Architectural Committee. The Architectural Committee shall have the following powers in connection with architectural control:

(a) to review and approve, disapprove or conditionally approve all plans, submittals, applications and requests made or tendered to it by Owners, or their agents, pursuant to the provisions of this Declaration. In connection therewith, the Architectural Committee may investigate and consider the architecture, design, layout, drainage and other features of the proposed improvements;

(b) to adopt rules and guidelines for the review and approval of plans, content of submissions, scheduling of meetings, conduct of meetings and related matters;

(c) to require the submission of site plans, diagrams, photographs, materials or other presentation material as may be necessary for complete review and consideration of the proposed improvements. All such plans and specifications shall be submitted in writing in duplicate and each shall be signed by the Owner or an authorized agent;

(d) to adopt criteria, consistent with the purpose and intent of this Declaration, to be used in making its determination to approve, disapprove or conditionally approve any matter submitted to it for decision;

(e) to adopt a schedule of reasonable fees for processing submittals and otherwise to cover the costs of exercising its rights and powers hereunder and to establish the time and manner in which such fees shall be paid; and

(f) to enjoin any action taken in violation of the covenants relating to architectural control.

2.3 Duties of the Architectural Committee. The Architectural Committee shall:

(a) render a decision, in writing, on each matter submitted to it within 30 days of receipt of all data required by its rules and guidelines. Failure to render a decision within said period of time shall be deemed to be an approval of the matter as submitted. The approved plans and specifications, if any, shall be signed in duplicate by a duly authorized member or employee of the Architectural Committee. One copy shall be retained by the Architectural Committee and one copy shall be returned to the Owner or applicant;

(b) publish and make available to Owners and prospective owners all of its rules, guidelines and criteria from time to time adopted, if any;

(c) impose a requirement, at the time of granting any approval, that the improvements or landscaping be commenced and completed within a stipulated time, failing which the approval shall be deemed revoked. Any failure to prosecute landscaping or improvements or alterations diligently to completion shall be deemed a breach of the Owner's covenants under this Declaration;

(d) as conditions precedent to approval of any matter submitted to it, the Architectural Committee shall find that:

(i) general architectural considerations, including the character, scale and quality of the design, the architectural relationship with the site and other buildings, building materials, colors, screening of exterior appurtenances, exterior lighting and similar elements have been incorporated in order to ensure the compatibility of the proposed improvement with its design concept and the character of adjacent buildings;

(ii) general site considerations including site layout, open space and topography, orientation and locations of buildings, vehicular access, circulation and parking, setbacks, height, walls, fences and similar elements have been designed to provide a desirable environment;

(iii) general landscape consideration, including the location, type, size, color, texture and coverage of plant materials, provision for irrigation, maintenance and protection of landscaped areas and similar elements have been considered to ensure visual relief, to complement buildings and structures, and to provide an attractive environment for the enjoyment of the Owners in general and the enhancement of property values in the Property generally; and

(e) if the Committee makes a negative finding on one or more of the factors set forth in paragraph (d) above, as applicable to the submission before it, it shall disapprove such submission or condition its approval on revisions to the plans or specifications so as to allow an affirmative finding to be made.

2.4 No Liability for Architectural Control. Neither Declarant, the Architectural Committee nor the members or designated representatives thereof shall be liable for damages to anyone submitting plans or specifications to them for approval, or to any Owner of property affected by this Declaration by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications, or for any defect, whether in design or construction, in any structure constructed from such plans and specifications. Neither Declarant, the Architectural Committee nor any member thereof shall be responsible for reviewing or approving any plans with respect to the adequacy of engineering design in any aspect whatsoever. Every person who submits plans or specifications to the Architectural Committee for approval agrees, by submission of such plans and specifications, and every Owner or occupant of any of said property also agrees, that it (they) will not bring any action, suit or claim against Declarant, the Architectural Committee or any of the members or designated representatives thereof with respect to any matters for which such persons or entities are relieved of liability pursuant to this section. Each Owner, in addition to satisfying the requirements set forth in this Declaration, shall determine and satisfy the requirements imposed by the County or other governmental agencies having jurisdiction over the Property in connection with its construction. Approval by the Architectural Committee does not constitute a representation that the proposed construction will be approved by the County or any governmental agency or that it conforms to the zoning or building requirements of the County.

2.5 Arbitration of Architectural Decisions. If an Owner seeking the approval of the Architectural Committee with respect to a matter affecting such Owner's Lot shall dispute the decision of the Architectural Committee in connection with such decision, the dispute shall be resolved by binding arbitration between such owner and the Architectural Committee. Such arbitration shall be conducted by a single neutral arbitrator in accordance with the provisions of Sections 1280 *et seq.* of the California Code of Civil Procedure. An Owner shall not undertake any construction or other act in connection with the disputed matter, until the award in arbitration is made. The non-prevailing party in the arbitration shall bear and pay all costs of the arbitration, including, without limitation, the reasonable attorneys' fees of the prevailing party and the costs, if any, of confirming the arbitration award.

2.6 Assessment of Costs.

(a) The Architectural Committee shall have the right and power to recover from each Owner such Owner's share, as calculated in accordance with Section 2.6, of any costs incurred or planned to be incurred with respect to the following:

(i) the fees and costs of architects, engineers and consultants engaged by the Architectural Committee and attorney's fees and costs of filing and prosecuting, as plaintiff, suits and actions in connection with the enforcement by the Architectural Committee of any of the covenants set forth in this Declaration or any contracts which the Architectural Committee is authorized to make;

(ii) the fees and costs of attorneys and consultants engaged by the Architectural Committee, or for which the Architectural Committee may become liable, if it is named as a defendant in any suit or action or as a party to any arbitration commenced pursuant to this Declaration or any contract which the Architectural Committee is authorized to make;

(iii) the premium cost of a policy of "errors and omissions" insurance for the Architectural Committee, if available, which policy shall be in an amount which is reasonable in light of the potential liability of Architectural Committee members;

(iv) reasonable working capital, including but not necessarily limited to the minimum sum necessary to keep the checking account, as hereinafter provided, in force and effect;

(v) the costs of postage, stationery and related incidental expenses arising from the performance by the Architectural Committee of its duties under this Declaration;

(vi) defaulted assessments as provided in Section 2.6(g); and

(vii) any other costs reasonably associated with the discharge of its obligations under this Declaration.

Any sums which the Architectural Committee is entitled to recover from the Owners are called "Owner Costs."

(b) Each Owner's share of Owner Costs shall be a fraction of the Owner Costs, the numerator of which shall be the number of Lots in the Property owned by the Owner and the denominator of which shall be the total number of Lots in the Property. Declarant shall pay for any Lots it owns.

(c) At the time the Architectural Committee assesses any Owner Costs, it shall deliver to each Owner in the Property a statement which describes the expenditures, indicates the estimated total amount thereof, the Owner's share of Owner Costs and names the proposed payee or payees. Such statement shall also set forth the date on or before which payment must be made by the Owner to the Architectural Committee, which date shall be not less than fifteen (15) calendar days from the date of the notice. All payments shall be immediately deposited in a checking account with a federally insured depository. All

withdrawals from the account shall be by check signed by two (2) members of the Architectural Committee.

(d) If the proposed assessment is for costs to be incurred in connection with commencement of legal action of the type described in Section 2.6(a)(i), then the Architectural Committee shall not incur such costs without first complying with this Section 2.6(d). The Architectural Committee shall incur no such cost prior to the delivery of notice of an intent to file an action and expiration of the period for Majority Protest. If Owners liable for more than fifty percent (50%) of the total costs expected to be incurred in connection with the matter protest the expenditure (a "Majority Protest"), the Architectural Committee shall not undertake or prosecute the matter. A protest shall be deemed made by an Owner only if it is made in writing and delivered to the Architectural Committee within the time period provided in the notice for the payment of the share of Owner Costs which time period shall be at least 30 days. A Majority Protest shall not prevent one (1) or more Owners from undertaking a suit or action in connection with any breach of any covenant under this Declaration, but any such suit or action shall be commenced and prosecuted in the name of such Owner or Owners and at such Owner's or Owners' sole cost and expense.

(e) More than one (1) assessment may be levied with respect to a matter. However, if the matter is subject to Majority Protest, a subsequent assessment (other than for a deficit existing on conclusion of the matter) shall be subject to Majority Protest proceedings in the same manner as the initial assessment unless the amount of the proposed assessment is within the limits set forth in a previous notice which was not previously disapproved. Upon the conclusion of any matter for which assessments were made, the Architectural Committee shall deliver a statement to each Owner who was assessed setting forth the actual expenditures for such matter and indicating whether a surplus or deficit exists with respect thereto. If a deficit exists, it shall be assessed to the Owners in the Property in the same manner as provided herein for Owner Costs (but without right of Majority Protest) and if a surplus exists, it shall be paid to those Owners who were assessed and paid their assessments, in accordance with such Owner's share.

(f) An assessment of Owner Costs shall be the personal obligation of the Owner of a Lot at the time notice of the assessment is given and such personal liability shall not terminate by transfer of title to a Lot after such notice is given and before the assessment is paid. The Owners who pay the assessments with respect to any matter shall be entitled to the refund of any surplus with respect to such matter, notwithstanding the transfer of title of a Lot to a new Owner prior to the determination of any such surplus. However, it shall be the duty of the transferor Owner to advise the Architectural Committee of its forwarding address and its intention to retain its rights to any surplus at the time it transfers title to its Lot, failing which, the Architectural Committee shall be entitled to pay the surplus to the transferee Owner and the former Owner shall have no rights of recovery against the Architectural Committee.

(g) If any Owner in the Property fails to timely pay its share of Owner Costs, the Architectural Committee shall be entitled to commence and prosecute an action to recover the defaulted sum, together with interest at the judgment rate and a late payment charge in the amount of ten percent (10%) of the defaulted assessment, in a court of competent jurisdiction. Nothing contained in this Declaration shall entitle the Architectural

Committee to impose a lien against the defaulting Owner's Lot or Lots pursuant to Section 1367 of the California Civil Code, such right and power hereby being expressly waived and disclaimed. However, nothing contained in this Declaration shall preclude the Architectural Committee, once having obtained a judgment against the defaulting Owner, from recording an abstract of judgment in any county in the State and, thereby, imposing a judgment lien against the defaulting Owner's Lot. In connection with the foregoing, the Architectural Committee shall be entitled to assess against the other Owners in the Property, in accordance with their shares, the amount of any defaulted assessment and, upon recovery thereof from the defaulting Owner, the recovered amount shall be returned to the non-defaulting Owners in the same manner as provided herein for the return of a surplus.

2.7 Community Services District. In addition to approval from the Architectural Committee, all alterations may be subject to the approval of the CSD in accordance with the rules and regulations adopted by the CSD from time to time. Owners shall contact the CSD as described in Section 3.1 for further information.

ARTICLE 3 SPECIAL DISTRICTS

3.1 Community Services District. The Property is within the Springfield Meadows Community Services District ("CSD"). The CSD will maintain all public roadways, parks, bridges, and culverts. The CSD is an assessment district authorized by state law. These assessments will appear on the Owners' property tax bills and will be applied to the LLD. The Board of Directors of the CSD consists of three individuals and meets monthly on the last Thursday of the month. For further information regarding the CSD, Owners may contact the CSD directly at: P.O. Box 5266, El Dorado Hills, CA 95762; phone: (916) 933-0476; fax: (916) 933-2199, or the El Dorado County Public Works Department.

ARTICLE 4 GENERAL PROVISIONS

4.1 Severability. If any provision of this Declaration or any part thereof is invalid or for any reason becomes unenforceable, no other provision or any part thereof, shall be thereby affected or impaired.

4.2 Mortgagee Protection. Nothing contained in this Declaration shall impair or defeat the lien of any mortgage or deed of trust made in good faith and for value, but title to any property subject to this Declaration, obtained through foreclosure sale in satisfaction of any such mortgage or deed of trust or deed in lieu thereof, shall thereafter be held subject to all of the restrictions and provisions hereof.

4.3 Notices. All notices under this Declaration shall be in writing and delivered to each Owner at the address of each Lot by personal delivery or by first class mail, postage prepaid.

4.4 No Waiver. The provisions of this Declaration are declared to constitute mutual equitable servitudes for the protection and benefit of each Lot in the Property. Failure by Declarant or any other person or persons entitled to enforce any measure or provision upon

violation thereof shall not preclude any enforcement thereafter or be deemed a waiver of the right to do so, unless specifically stated in this Declaration.

4.5 Amendment. This Declaration may be amended by a recorded writing duly executed and acknowledged by the Owners, from time to time, of 51 percent of the Lots encumbered hereby; provided, however, that (a) Section 2.4 shall not be amended without Declarant's prior written consent; (b) Section 2.5 shall not be amended without Declarant's prior written consent so long as the Architectural Committee consists of Declarant's appointed members; and (c) no amendment which creates any right to impose liens on the Lots pursuant to Section 1367 of the California Civil Code shall have force and effect so long as Declarant owns any Lots in the Property.

4.6 Term of Declaration. This Declaration shall run with the land and shall continue in full force and effect until 50 years after the date of its recordation. Thereafter, the same shall be automatically extended for successive periods of ten years, unless, prior to the commencement of any such extension period, the then Owners of 51 percent or more of the Lots in the Property elect to terminate this Declaration in a writing recorded in the Official Records of the County.

4.7 Binding Effect. By accepting a deed, contract of sale, purchase agreement, lease, or rental agreement, each grantee, tenant or occupant accepts and takes title to his/her estate or interest subject to all of the covenants, restrictions, easements and agreements set forth in this Declaration, and agrees to be bound by the same.

4.8 Enforcement. Each Owner (including Declarant, for so long as it owns any interest in the Property), shall have the right to enforce, by any proceeding at law or in equity, all provisions of this Declaration. Notwithstanding the fact that a Residence or Lot may not be occupied by the Owner thereof, the Owner shall be primarily liable for all obligations imposed by this Declaration.

4.9 Prohibition Against Further Subdivision. No Lot shall be further subdivided. The foregoing shall not be deemed to preclude "lot-line adjustments" so long as they comply with the requirements of Government Code Section 66412 or any applicable successor or amendment thereto.

4.10 Dispute Resolution. In conjunction with Declarant's development of the Subdivision, Declarant desires to impose a dispute resolution mechanism for the benefit of all Lots in the Subdivision providing for resolution by judicial reference of all claims against Declarant arising from or relating to alleged construction defects. Therefore, all claims against Declarant arising out of or relating to the condition of the Subdivision, the Lots and/or the improvements thereon, including without limitation, claimed defects in a Lot, any site improvement or the residence, whether such disputes may arise in contract or in tort, shall be settled by a referee appointed pursuant to and having the powers set forth in Section 638 *et seq.* of the California Code of Civil Procedure, as amended from time to time. The referee shall be a person with not less than ten years experience in the design or construction of improvements such as those claimed to be defective. This provision is intended by Declarant to be construed as

an equitable servitude and shall be enforceable by Declarant, its successors and assigns, whether or not Declarant, its successors or assigns continue to own property in the Subdivision.

4.11 Annexation. Declarant may elect from time to time in its sole discretion, by recordation of a notice of annexation or similar declaration in the Official Records of the County, to annex all or part of the property which adjoins the Property and is described in Exhibit A attached (the "Annexable Territory") into the Property, and thereby to bring such Annexable Territory within the general plan and scheme of this Declaration. This right of annexation shall expire on the fifth (5th) anniversary of the date this Declaration is recorded. Upon recordation of such a notice of annexation or similar declaration, all the covenants, conditions and restrictions set forth in this Declaration shall apply to the property described in the notice or declaration as if such property were originally covered by this Declaration and may provide for such additional covenants, conditions and restrictions on the annexed property as may be deemed necessary or desirable by Declarant; provided, however, that any additional covenants, conditions or restrictions shall not alter or change the general common plan or scheme created by this Declaration, nor affect the provisions hereof or thereof as covenants running with the land or equitable servitudes, it being the express desire and intention of Declarant to establish a cohesive plan of covenants and servitudes to be uniformly applicable to the Property and Annexable Territory, and thereafter the owners of property within the Annexable Territory shall have all the rights and responsibilities of owners of Lots under this Declaration.

4.12 Legal Fees. If any court proceeding is initiated to enforce any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorneys' and experts' fees and costs in addition to the costs of such proceeding. The prevailing party shall mean the party so designated by the court pursuant to Section 1717(b) of the California Civil Code or any successor or similar statute.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of
April 26, 2001, to be effective upon recordation in the Official Records of the
County.

Stonebriar, L.P., a California Limited Liability
Partnership

By: WILLIAM LYON HOMES, INC.,
a California corporation, its general
partner

By: [Signature]
Its: VICE PRESIDENT
By: [Signature]
Its: ASST. SECRETARY