

**FIRST RESTATED DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
LAHONTAN**

This First Restated Declaration of Covenants, Conditions and Restrictions for Lahontan (the "Declaration") amends and restates in their entirety the provisions of the Declaration of Covenants, Conditions and Restrictions for Lahontan executed by Lahontan, LLC, an Arizona limited liability company (the "Declarant") and recorded in the Official Records of Placer County, California on September 20, 1996, as Instrument No. 96-0055823-00, as subsequently amended and supplemented by those documents listed in Exhibit "A", (collectively the "Original Declaration").

**RECITALS**

A. The real property that is subject to this Declaration is located in the unincorporated area of Placer County, California, and is more particularly described in Exhibit "B". The property described in Exhibit "B" is referred to in this Declaration as "Lahontan".

B. By recording the Original Declaration, Declarant declared and established that all of the Lots and parcels defined herein as Lahontan shall be held, sold and conveyed subject to the following protective covenants, conditions, restrictions, limitations, reservations, liens, grants of easements, rights, rights of way, charges and equitable servitudes, all of which are for the purpose of maintaining and protecting the desirability and attractiveness of the Lahontan development. These protective covenants, conditions, restrictions, limitations, reservations, liens, grants of easements, rights, rights of way, charges and equitable servitudes: (i) created a general plan and scheme for the subdivision, development, sale and use of the Lots and Common Areas comprising Lahontan as a "planned development" as that term is defined in California Civil Code Section 1351(k); (ii) are for the benefit and protection of the Lahontan development and for the protection of the desirability and attractiveness of the Lots, Common Areas and other parcels of real property located therein; (iii) were intended to run with all the real property comprising Lahontan, as defined herein; (iv) were and continue to be binding on all parties having or acquiring any right, title or interest in the Lahontan development, or any portion thereof, and their successors and assigns; and (v) were intended to be in furtherance of the provisions of that certain document entitled

"Conditions of Approval - Vesting Tentative Map/Master Plan Conditional Use Permit - 'Gooseneck Ranch PUD' (SUB-312/CUP-1693)" (the "Conditions of Approval").

C. Lahontan was developed in a manner which includes single family home sites, Common Areas dedicated as Open Space, an entryway gatehouse, and a real estate sales office. Declarant developed Lahontan, and implemented the master plan for the development in several Phases. As Phases were ready for development and sale, the land and improvements comprising each Phase were subjected to the Original Declaration and brought into the Lahontan common interest development by the process of annexation described in Article XIV of the Original Declaration. The Recording information for the Declaration of Annexation for each Phase of Lahontan is listed in Exhibit "A", attached hereto. It is possible that additional lands could be annexed to the Property, with consent of the Owners in the manner described in Article XIV, below.

D. The Common Area and Common Facilities that are owned and maintained by the Association are more particularly described in Section 1.07, below, and include: street lights, private streets, walls, gates, Open Space Common Areas and landscaped Common Areas. The Association has no ownership interest in or control over any portions of the Lahontan development other than the Common Area and Common Facilities within the Property, except as otherwise set forth in this Declaration. Without limiting the foregoing, the golf course and golf course facilities owned by the Lahontan Golf Club (the "Golf Course") are not part of the Common Area or Common Facilities of the Association. The Golf Course property is not subject to this Declaration, although the owner of the Golf Course property enjoys certain easement and other rights hereunder (see particularly Article XVI, below). Membership in and use of the Golf Course is subject to the control of the owner of the Golf Course.

E. The master plan for Lahontan also called for the formation of the Lahontan Community Association, a California nonprofit mutual benefit corporation. All Owners of Lots in Lahontan, by virtue of their Lot ownership, are Members of the Association. In turn, the Association is the owner of all of the Common Areas and Common Facilities within Lahontan. The Association is responsible for establishing, levying and collecting Assessments and other charges imposed hereunder in order to defray Association Common Expenses, including the maintenance of adequate Reserves. The Association is also responsible for administering and enforcing the provisions of the Governing Documents for the benefit of the Owners in common.

F. On \_\_\_\_\_, 2001, fifty-one percent (51%) of the voting power of the Members of the Association voted by written ballot to amend and restate the Original Declaration, all in accordance with the procedures for amendment set forth in Section 19.02 of the Original Declaration. It was the intention of the Owners to replace the Original Declaration, in its entirety, with the Recordation of this First Restated Declaration; except that this Declaration shall have the same priority as the Original Declaration in the chain of title to the Lots, Common Areas and other parcels comprising Lahontan, as determined by the Official Records of Placer County, California. The Owners' action to amend and restate the Original Declaration as set forth herein and the fact that the requisite percentage of affirmative votes required in the Original Declaration was achieved, is attested by the execution of this Declaration by duly authorized officers of the Association, as required by section 1355(a) of the California Civil Code. As so amended and restated, the easements, covenants, restrictions and conditions set forth herein shall run with the Properties and shall be binding upon all parties having or acquiring any right, title or interest in the Properties or any portion thereof, and shall inure to the benefit of each Owner thereof.

## **ARTICLE I**

### **Definitions**

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

**1.02. "Assessment" means any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner and his or her Lot in accordance with the provisions of Article IV of this Declaration, and defined as follows:**

**(a) "Regular Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.02, below.**

**(b) "Special Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.03, below.**

**(c) "Special Individual Assessment" means an Assessment levied against an Owner in accordance with Section 4.04, below.**

**1.03.** “Association” means the Lahontan Community Association, a California nonprofit mutual benefit corporation, its successors and assigns. The Association is an "association" as defined in California Civil Code section 1351(a).

**1.04.** “Board of Directors” or “Board” means the Board of Directors of the Association.

**1.05.** “Bylaws” means the First Restated Bylaws of the Association, as such Bylaws may be amended from time to time.

**1.06.** “Common Area” means all real property owned or controlled by the Association for the common use and enjoyment of the Owners. The Common Area to be owned or controlled by the Association at the time of the conveyance of the first residential Lot is described as: (a) the following lettered Lots, as shown on the Subdivision Maps: Lots B, E and G, J, Z, CC, DD, EE, FF, HH, KK, LL, MM, NN; and (b) land lying within the boundaries of the following roadways within Lahontan: Clubhouse Drive, Dave Dysart, David Frink, George Giffen, Paul Doyle, Lahontan Drive, John Moody, Joseph Gray, William Hurd, Snowshoe Thompson, James Reed, John Keiser, James McIver, Lodge Trail Drive, Jake Teeter, Tom Dolley, Joseph Marzen, Garwood Dean, Bob Watson, and E.J. Brickell, George Whittell, Lloyd Tevis, Yank Clement, Elle Ellen, Dick Barter and Bob Sherman, Laura Knight, Bob Haslem, Elias Baldwin, Carrie Pryor, Joseph Bernard, Lars Haugen, John McKinney, Camp Trail, Stewart McKaym, and the land lying within the boundaries of Lodge Trail Drive (fee title portion only), Stewart McCay. Also defined as Common Area are, or shall be any easement over a Lot which easement is conveyed to the Association by the Declarant before conveyance of the Lot to an Owner, when the easement area is for landscaping, utilities, signage or monumentation purposes, or for trails or trail access. Unless the context clearly indicates a contrary intent, any reference to the "Common Areas" shall also include any Common Facilities located thereon.

**1.07.** “Common Expense” means any use of Common Funds authorized by Article IV of this Declaration and Article XII of the Bylaws and includes, without limitation: (a) all expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Area and Common Facilities; (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Association and its Board of Directors to the extent required by Article X of this Declaration; (c) any amounts reasonably necessary for reserves for maintenance, repair and

replacement of the Common Areas and Common Facilities, and for nonpayment of any Assessments; and (d) costs and expenses incurred by the Association in the performance of its duties and responsibilities under the Governing Documents.

**1.08.** “**Common Facilities**” means the entry gate, the private streets, the Open Space and the trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures and other facilities constructed or installed, or to be constructed or installed, or currently located within any portion of the Common Area.

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

**1.10.** “**County Service Area**” or “**CSA**” means County Services Area No. 28, established by the County to provide specified services to the Lahontan development (see Section 7.01(d)), which is located within zone 142 of the CSA.

**1.11.** “**Declarant**” means Lahontan, LLC, an Arizona limited liability company, the original subdivider and developer of Lahontan.

**1.12.** “**Declaration**” means this instrument, as it may be amended from time to time. The "Original Declaration" means the Declaration of Covenants, Conditions and Restrictions for Lahontan more particularly identified in the Preamble of this Declaration as previously amended and supplemented by the Declaration of Annexation and the Supplemental Declaration more particularly identified in Exhibit "A".

**1.13.** “**Declaration of Annexation**” means a declaration of annexation, conforming with the requirements of Section 14.05, below, which adds real property to the Lahontan common interest development and subjects that real property to this Declaration, all as more particularly described in Article XIV of this Declaration.

**1.14.** “**Development Plan**” means that certain master plan for the development of the Lahontan development referenced in Recital "B", above, as the same may be amended from time to time.

**1.15. “Golf Course”** means any portion of Lots C, D, F, I, K, L, O, Q, R, S, T, V, X, Y, AA, BB, DD, GG, II, JJ, OO, as shown on the Subdivision Map, which from time to time is utilized for golf course purposes, including, but not limited to, roughs, fairways and greens. The term "Golf Course" shall also include any property added to those Lots by lot line adjustment, parcel map, final map, record of survey, subsequent annexation of lands which include Golf Course parcels or any portion of the Common Area that is developed as a Golf Course fairway pursuant to an easement agreement between the Association and the owner of the Golf Course.

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

**1.17. “Improvement Requirements”** means the Improvement Requirements, regulations and guidelines in effect from time to time and adopted by the Lahontan Covenants Commission in accordance with Section 5.05, below. Improvement Requirements may include design notebooks.

**1.18. “Lahontan”** means and refers to the overall real estate development commonly known as "Lahontan", together with all buildings, structures, utilities, Common Facilities, and other Improvements now located or hereafter constructed or installed thereon, and all appurtenances thereto. The term "Lahontan" shall also include any other real property and improvements that are hereafter annexed to Lahontan and thereby subjected to this Declaration pursuant to the annexation process described in Article XIV, below. The real property comprising Lahontan as of the effective date of this Declaration is more particularly described in Exhibit "B".

**1.19. “Lahontan Covenants Commission”** means the commission created in accordance with Article V of this Declaration.

**1.20. “Lot”** means any numbered residential lot included within any Phase of Lahontan, and such definition includes, when appropriate within the context of this Declaration, the Residence and other Improvements constructed or to be constructed on a Lot.

**1.21. “Majority of a Quorum”** means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting in person or by proxy or casting written ballots equals or exceeds the quorum requirement for Member action, as specified by the Bylaws or otherwise by statute.

1.22. “Member” means a member of the Association. Every Owner of Record holds a membership in the Association.

1.23. “Mitigation Plan” means the Vegetation and Wildlife Mitigation Program established for the Lahontan development pursuant to the Development Plan.

1.24. “Mortgage” means any security instrument encumbering all or any portion of Lahontan, including any deed of trust. “Mortgagee” shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

1.25. “Open Space”, means those portions of the Common Area that are designated on any Subdivision Map as "Open Space". The Open Space within Lahontan shall be Lots B, E, G, CC, KK, LL, and MM as shown on the Subdivision Map.

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

1.27. “Owner of Record” means any Owner to which title to a Lot is vested, as shown by the Official Records of the County.

1.28. “Planned Development” shall have the meaning set forth in Civil Code Section 1351(k), namely, a development (other than a Condominium Project) comprised of common areas and separately owned lots or parcels and in which the common areas are owned or managed by an association of owners that has the right to fund its operations and to maintain its properties through the imposition of an assessment that can become a lien on the lot or parcel of a defaulting owner in accordance with Civil Code Section 1367.

1.29. “Public Report” means a final subdivision public report issued by the DRE in compliance with California Business and Professions Code Section 11000 et seq., or any similar California statute hereafter enacted.

1.30. “Record” means, with respect to any document, the recordation or filing of such document in the Office of the Placer County Recorder.

1.31. “Reserves” means those Common Expenses for which Association funds are set aside pursuant to Article IV of this Declaration and California Civil Code Section 1365.5 for funding the periodic painting, maintenance, repair and replacement of the major components of the Common Areas which would not

reasonably be expected to recur on an annual or less frequent basis. The amounts required to properly fund Reserves shall be determined annually by the Board in accordance with the standards prescribed by maintenance cost guidelines prepared in accordance with California Civil Code Sections 1365(a) and 1365.5(e) and prudent property management practices generally applied in "common interest developments" (as that term is defined in California Civil Code Section 1351(c)) in the geographic region in which Lahontan is located.

**1.32. "Residence"** means a private, single-family dwelling constructed or to be constructed on any Lot.

**1.33. "Rules" or "Association Rules"** means the rules, regulations and policies adopted by the Board of Directors, pursuant to Section 3.07 of this Declaration, as the same may be in effect from time to time. The Association Rules also include any Improvement Requirements adopted pursuant to Section 5.05, below.

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

**1.35. "Supplemental Declaration"** means a supplemental declaration of covenants, conditions and restrictions Recorded in accordance with Section 14.06, below, with respect to portions of the Lahontan development at the time such property is annexed to Lahontan pursuant to Article XIV of this Declaration or thereafter with the consent of the Owner(s) of the affected property. The term includes a Declaration of Annexation adding real property to Lahontan, as defined in Section 14.05, below.

**1.36. "Subdivision Map"** means each of the maps for Lahontan that are more particularly described in the Preamble to this Declaration and in Exhibit "A". The term shall also mean and refer to the Subdivision Map for any real property that is subsequently annexed to the Lahontan common interest development in accordance with Article XIV, below.

**1.37. "Voting Power"** means those Members who are eligible to vote for the election of directors or with respect to any other matter, issue or proposal properly presented to the Members for approval at any time a determination of voting rights is made. To be part of the Voting Power, a Member must be in good standing, as defined in the Bylaws.

**1.38. “Wetland Preservation Easement”** means an easement as further defined and described in Section 9.02, below.

## **ARTICLE II**

### **Property Rights and Obligations of Owners**

#### **Section 2.01 Declaration Regarding the Property**

(a) **Conveyances Subject to this Declaration.** Each conveyance, transfer, sale, assignment, lease or sublease made by Declarant of the Common Area and of any Lot within Lahontan shall be deemed to incorporate by reference all of the provisions of this Declaration. All present and future Owners, tenants and occupants within Lahontan shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same shall be amended from time to time unless a particular provision of the Governing Documents is specifically restricted to one (1) or more classes of persons (i.e., Owners, tenants, invites, etc.). The acceptance of a deed to any Lot, the execution of a lease, sublease or contract of sale with respect to any Lot or the entering into occupancy of any Residence shall make the provisions of this Declaration binding upon said persons and they shall thereafter be obligated to observe and comply with all Governing Documents.

(b) **Authority of Declarant to Approve Boundary Line Adjustments.** At any time within five (5) years from the date that the first Lot in a Phase is conveyed to an Owner other than Declarant, the boundaries of any Lot or Common Area in that Phase may be altered by a lot line adjustment or other change reflected on a subsequently Recorded Record of Survey or Subdivision Map, provided that the altered boundaries are approved by Declarant and all Owners of the property involved in the boundary adjustment (the Board, with respect to Property owned by the Association). Any such alteration shall be effective upon Recordation of the Record of Survey or Subdivision Map. Upon such Recordation, the boundaries of the altered Lot or Common Area shall be altered for purposes of this Declaration to conform to the boundaries as shown on the Record of Survey or Subdivision Map. For so long as this provision remains in effect, the Board of Directors of the Association shall reasonably cooperate in the execution of any documents that may reasonably be requested by Declarant in order to process and record any alteration or adjustment in a boundary line pursuant to this subparagraph (b).

## **Section 2.02. Property Rights and Obligations of Owners**

(a) Fee Title To Common Areas in Association.

(i) Common Area. Fee title to the Common Area is vested in the Association and the Common Areas may be managed by the Association in accordance with this Declaration and such further Rules and Regulations as may be adopted by the Board of Directors, from time to time.

(ii) Open Space. Fee title to the Open Space, as designated on the Subdivision Maps shall be conveyed to the Association, subject to the conditions and restrictions set forth herein (see particularly, Sections 7.01 and 8.04, below).

(b) Rights of Owners in Common Areas. The interest of each Lot Owner in and to the use and enjoyment of the Common Area and the Common Facilities shall be appurtenant to the Lot owned by the Owner and shall not be sold, conveyed or otherwise transferred by the Owner separately from the ownership interest in the Lot. Any sale, transfer or conveyance of such Lot shall transfer the appurtenant right to use and enjoy the Common Area and Common Facilities. There shall be no judicial partition of the Common Area or any part thereof, and each Owner, whether by deed, gift, devise, or operation of law for his or her own benefit and for the benefit of all other Owners specifically waives and abandons all rights, interest and causes of action for a judicial partition of any ownership interest in the Common Area and does further covenant that no action for judicial partition shall be instituted, prosecuted or reduced to judgment. The rights of all Owners in the Common Area shall be further subject to the requirements and restrictions set forth in Section 2.04, below.

(c) Adjustments in Common Area Boundaries. With the exception of those portions of the Common Area designated as Open Space, the Board shall have the authority to transfer fee interests in the Common Area to an Owner, or to the owner of the Golf Course, when in its reasonable discretion, it finds such transfer necessary to eliminate encroachment of Golf Course Improvements on the Common Area, to conform boundaries to the natural contour of the land for purposes of permitting or promoting an efficient division of maintenance responsibilities between the Owners, the owner of the Golf Course and the Association and for similar purposes. The Association shall also be authorized and empowered to Record an instrument designating portions of the Common Area as "exclusive use common area", as defined in California Civil Code

Section 1351(i), for the benefit of an appurtenant Lot, in lieu of conveying a fee interest in the property described as exclusive use common area (subject to making the same findings as would be required for a boundary line adjustment pursuant to this subparagraph (c)).

**Section 2.03. Right to Use the Golf Course**

Ownership of a Lot within Lahontan shall not confer any property rights or rights of access, use or enjoyment in and to the Golf Course. See also Sections 3.06(b)(ii)(E) and 7.03(b), below.

**Section 2.04. Owner's Nonexclusive Easements of Enjoyment**

. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas, including ingress and egress to and from his or her Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

**Section 2.05. Delegation of Use**

(a) Right to Adopt Rules. The right of the Association to adopt Association Rules as provided in Section 3.07, below, regulating the use and enjoyment of the Common Areas and Common Facilities of Lahontan for the benefit and well-being of the Owners in common, and, in the event of the breach of such rules or any provision of any Governing Document by any Owner or tenant, to initiate disciplinary action against the violating Owner or tenant in accordance with Article XII, below.

(b) Mandatory Dedications and Transfers. Any duty to dedicate to a public agency, authority or utility which Declarant or the Association may have pursuant to the Development Agreement, or the specific plan adopted by the County which is applicable to the Lahontan development, or otherwise by law. The Association shall make any such dedication to a public agency as may be required by any such document.

(c) Dedications. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument consenting to such dedication or transfer has been approved and Recorded by at least two-thirds (2/3) of the voting power of each class of Members and their first Mortgagees. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot. The instrument effecting the dedication may be executed in counterparts so long as each counterpart is in recordable form.

(d) Permits, Licenses and Easements Granted or Conveyed by the Association. The right of the Association to grant permits, licenses and easements on, over, under or through the Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Lahontan common interest development.

(e) Common Area Easements. All easements affecting the Common Area which are described in Article IX of this Declaration.

(f) Common Area Boundary Adjustments. The rights of the Association to adjust Common Area boundaries and to create exclusive use common areas pursuant to Section 2.02(c) of this Article.

(g) Use by Declarant. The right of Declarant and its employees, sales agents, prospective purchasers, customers and representatives, to enter upon and to use the Common Areas for development and sales activities in accordance with Section 15.03 of this Declaration. Such use shall not unreasonably interfere with the rights of use and enjoyment of the other Owners as provided herein.

### **Section 2.05. Delegation of Use**

(a) Right of Lease and Delegate Rights, Generally. Any Owner may delegate his or her rights to use and enjoy the Common Area and Common Facilities to his or her family members or tenants, lessees or contract purchasers who reside in the Residence; provided, however, that any rental or lease may only be to a single family for Single Family Residential Use. As more particularly provided in Section 8.02, below, time-share ownership of Lots or Residences, as defined in Business & Professions Code Section 11003.5, shall not be permitted. In addition, rentals of individual rooms in a Residence shall not be permitted (although this restriction is not intended to preclude occupancy of a room by resident domestic employees.

(b) All Leases Are Subject To Governing Documents. Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents all of which shall be deemed incorporated by reference in the lease or rental agreement. Each Owner-lessor shall provide any tenant or lessee with either a current copy of all Governing Documents, or a summary (prepared by the Association) of those provisions of principal importance to tenants of lessees, and shall be responsible for compliance by the tenant or lessee with all of the provisions of the Governing Documents during the tenant's/lessee's

occupancy and use of the Residence, and in the extent of a breach or default by a tenant or lessee the Association may initiate enforcement action against the Owner-lessor, the tenant or both.

(c) Minimum Term of Lease. Except as provided in this subparagraph (b), no lease shall be for less than thirty (30) days. This rental restriction shall not apply to any rental or leasing program conducted by the Declarant or the owner of the Golf Course involving Residences located on either Lot 435 or 436 to provide accommodations to guests and invitees of Members.

(d) Contract Purchasers. A contract seller of a Lot must delegate his or her voting rights as a Member of the Association and his or her right to use and enjoy the Common Area and Common Facilities to any contract purchaser in possession of the property. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

### **Section 2.06. Obligations of Owners**

. Owners of Lots within Lahontan shall be subject to the following duties and obligations:

(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the secretary of the Association or the Association's general manager, if any, of the names of any contract purchaser or tenant residing in the Owner's Lot. This notice shall also include the names of any other individuals who will be residing with the tenant or contract purchaser.

(b) Notification Regarding Governing Documents.

(i) Documents Provided at Time of Sale. As more particularly provided in California Civil Code Section 1368, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser:

(A) a copy of the Governing Documents;

(B) a copy of the most recent financial statement, budget and other documents distributed by the Association pursuant to California Civil Code Section 1365 (see Article XII of the Bylaws);

(C) a true statement in writing obtained from an authorized representative of the Association as to: (1) the amount of the Association's current regular and special assessments and fees; (2) any assessments levied upon the Owner's Lot that are unpaid on the date of the statement; (3) any monetary fines or penalties levied upon the Owner's Lot and unpaid on the date of the statement; and (4) true and accurate information on late charges, interest, and costs of collection which, as of the date of the statement, are or may become a lien on the Owner's Lot;

(D) a copy or summary of any notice previously sent to the Owner pursuant to Civil Code section 1363(h), that sets forth any alleged violations of the governing documents that remain unresolved at the time of the request; and

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

(ii) Obligation of Association to Provide Documentation to Requesting Owners. Within ten (10) days of the mailing or delivery of a request for the information described in subparagraph (b)(i) of this Section, the Association shall provide the Owner with copies of the requested items. The Association shall be entitled to impose a fee for providing the requested items equal to (but not more than) the reasonable cost of preparing and reproducing the requested items. In addition the Association may impose a reasonable fee (not to exceed Four Hundred Dollars (\$400)) to recover its actual costs of changing its records in connection with a change of ownership of a Lot.

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

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

(e) Joint Ownership of Lots. In the event of joint ownership of any Lot, the obligations and liabilities of the co-Owners under the Governing Documents shall be joint and several. Without limiting the foregoing, this subparagraph shall apply to all obligations, duties and responsibilities of Owners as set forth in this Declaration, including, without limitation, the payment of all Assessments.

(f) Termination of Obligations. Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferor-Owner shall not be liable for any Assessments levied with respect to such Lot which become due after the date of Recording of the deed evidencing the transfer and, upon such Recording, all Association membership rights possessed by the transferor by virtue of the ownership of the Lot shall automatically cease.

### **ARTICLE III**

#### **The Lahontan Community Association**

##### **Section 3.01. Organization of Association**

. Lahontan Community Association is a California nonprofit mutual benefit corporation and an "association" as defined in California Civil Code Section 1351(a). The Association is charged with the duties and vested with the powers set forth in the Governing Documents, as to all Lots, Common Areas and other parcels comprising Lahontan, including, but not limited to, the ownership, control, maintenance and repair of the Common Area and Common Facilities.

##### **Section 3.02. Association Action; Board of Directors and Officers**

. With the exception of those matters requiring approval of Members under the Governing Documents or California law, the business and affairs of the Association shall be conducted by the Board of Directors of the Association and by such officers, agents or contractors as the Board may elect, appoint or hire. Except as otherwise provided in the Governing Documents or California law, all matters requiring the approval of Members shall be deemed approved if approved by a Majority of a Quorum of the Members.

##### **Section 3.03. Membership Voting Rights**

. Each Member shall be entitled to one vote for each Lot owned by that Member. When more than one (1) person holds an ownership interest in any Lot, such persons shall each be a Member, although in no event shall more than one (1) vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in Section 12.06, below.

### **Section 3.04. Assessments**

. The Association shall have the power to establish, fix and levy Assessments against the Owners of Lots within Lahontan and to enforce payment of such Assessments in accordance with Article IV, below. Any Assessments levied by the Association against its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

### **Section 3.05. Transfer of Memberships**

. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale of the Lot to which it is appurtenant and then, only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Lot shall pass automatically to the purchaser upon Recording of a deed evidencing the transfer of title. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until he or she becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to Section 2.05, above, do not thereby become Members, although the tenant and his or her family and guests shall, at all times, be subject to the provisions of all Governing Documents.

### **Section 3.06. Powers and Authority of the Association**

(a) Powers, Generally. The Association shall have the responsibility of owning, managing and maintaining the Common Areas and Common Facilities within Lahontan and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in the ownership and management of its properties and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, and to do and perform any

and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon are set forth in Article IX of the Bylaws.

(b) Association's Limited Right of Entry.

(i) Right of Entry, Generally. Without limiting the foregoing description of powers, but in addition thereto, the Association and its agents shall have the right and power to enter any Lot to exercise the Association's rights and responsibilities under this Declaration, including: (A) the right to enforce the architectural, minimum construction and land use restrictions of Articles V through VIII, inclusive of this Declaration; (B) rights with respect to construction, maintenance and repair of adjacent Common Facilities; or (C) to undertake necessary property maintenance that an Owner has failed to perform which, if left undone, will constitute a violation of the Owner's maintenance responsibilities under section 7.02 of this Declaration or a threat to neighboring properties. The County shall have the right and power to enter any Lot for the purpose of performing the County's duties.

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

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

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

(C) In all non-emergency situations involving access by the Association for purposes of enforcing the Governing Documents against an Owner in default, the Association's entry shall be subject to observance of the notice and hearing requirements imposed by Section 12.06, below.

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

(E) Neither the Association nor any Owner shall have any right of entry onto the Golf Course without the prior consent of the owner of the Golf Course, unless an Owner's right of entry results from an Owner's status as a member of any golf club established by the owner of the Golf Course. Persons playing the Golf Course have limited rights of entry on unimproved portions of Lots abutting Golf Course fairways, as more particularly provided in Section 9.03.

### **Section 3.07. Association Rules**

(a) Rule Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners, their tenants, guests, invites and/or contractors ("Association Rules"). The Association Rules may concern, but need not be limited to: (i) matters pertaining to use of the Common Area and Common Facilities (including, without limitation, the regulation of vehicles, traffic and the use of private roads within Lahontan; see Section 8.19, below) and ; (ii) architectural control and the procedures, construction standards and other Improvement Requirements matters (see Section 5.05); (iii) regulation of pet ownership, parking, signs, collection and disposal of refuse and other matters subject to regulation and restriction under Article VIII of this Declaration; (iv) collection of delinquent Assessments; (v) minimum standards of maintenance of landscaping or other Improvements on any Lot; (vi) the conduct of disciplinary and Governing Document enforcement proceedings in accordance with Sections 5.10, 5.11, 12.06 and 12.07, below; and (vii) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the Governing Documents or the rights, preferences and privileges of the Owners thereunder. In the event of any material conflict between any Association Rule and the provisions of any other Governing Document, the conflicting provisions contained in the other Governing Document shall prevail. The Association Rules may make reasonable distinctions with respect to both enforcement procedures and remedies as among various groups of violators, such as Owners, tenants, guests, contractors and other non-social invitees of Owners.

(b) Distribution of Rules. A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. A copy of the Association Rules shall also be available and open for inspection by any Owner during normal business hours at the principal office of the Association.

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

(d) Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XII of this Declaration.

### **Section 3.08. Limitation on Liability of the Association's Director and Officers**

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

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital

replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.

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

(i) The Board member or officer owns no more than two (2) Lots;

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

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

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

(v) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made general liability insurance with coverage of at least One Million Dollars (\$1,000,000).

The payment of actual expenses incurred by a Board member or officer in the execution of such person's Association duties shall not affect such person's status as a volunteer Board member or officer for the purposes of this Section. The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations pursuant to California Civil Code Section 1365.7. In the event said Civil Code Section is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

## **ARTICLE IV Assessments**

### **Section 4.01. Assessments Generally**

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

(b) **Extent of Owner's Personal Obligation for Assessments.** All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the person who is the Owner of the Lot at the time the Assessment is levied. Each Owner who acquires title to a Lot (whether by conventional conveyance, at a judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot which become due and payable after the date that the person acquires title. Accordingly, when a person acquires title to a Lot, he or she shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. However, if the acquired Lot is conveyed subject to a valid lien for delinquent Assessments (and related costs of collection), the Association may continue to exercise its foreclosure remedies against the Lot, regardless of the change of ownership, and/or the Association may pursue its collection remedies against the prior Owner, individually.

(c) **Creation of Assessment Lien.** With the exception of the limitations imposed by law on the collection of certain Special Individual Assessments by use of lien and foreclosure remedies, all Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this Article may be subject to foreclosure as provided in Section 4.10(b), below.

(d) **No Avoidance of Assessment Obligations.** No Owner may exempt himself/herself or the Owner's Lot from liability or charge for the Owner's share of any Assessment made against the Owner or his or her share of any Regular or Special Assessment made against the Owner's Lot, by waiving or relinquishing, or offering to waive or relinquish, the Owner's right to use and enjoy all or any portion of the Common Area or Common Facilities or by the abandonment or non-use of the Owner's Lot.

(e) **Improper Assessment.** The Association shall not impose or collect an Assessment or fee which exceeds the amount necessary to defray the costs for which the Assessment or fee is levied.

#### **Section 4.02. Regular Assessments**

(a) **Preparation of Annual Budget; Establishment of Regular Assessments.** Annually, the Board shall estimate the total amount required to fund the Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities or portions of the Lots which the Association is obligated to maintain). The Board's process of estimating the Common Expenses of the Association shall culminate in the preparation and distribution to the Members of a budget satisfying the requirements of Section 12.05 of the Association's Bylaws. Distribution of the budgets shall occur not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the Association's fiscal year. Subject to the Member approval requirements for certain Regular Assessment increases (see subparagraph (b) of this Section 4.02 and Section 4.08, below) the total estimated Common Expenses shall become the annual Regular Assessment.

Any difference between the amounts actually expended for the maintenance and services included as Common Expenses, and the amounts set forth in the budget shall be carried over to the following fiscal year and shall either increase or decrease the amounts allocated to the Lots pursuant to (a), above, as appropriate, for the following year.

If the Board fails to distribute the budget for any fiscal year within the time period specified in the first sentence of this Section, the Board shall not be permitted to increase Regular Assessments for that fiscal year unless the Board first obtains the approval of the requisite percentage of the Members in accordance with Section 4.08, below.

(b) **Establishment of Regular Assessment by Board/Membership Approval Requirements.** The total annual expenses estimated in the Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year; provided, however, that, except as provided in Section 4.05, below ("Assessments Imposed To Address Emergency Situations"), the Board of Directors may not impose a Regular Assessment that is more than twenty percent (20%) greater than the Regular Assessment for the

Association's immediately preceding fiscal year without the Members' prior approval in accordance with Section 4.08, below.

Notwithstanding the foregoing limitations on Assessment increases, if the Board determines that the important and essential functions of the Association may be properly funded by an annual Regular Assessment that is less than the maximum Regular Assessment which the Board has authority to impose without Member approval, the Board may levy such lesser Regular Assessment. If the Board levies a Regular Assessment in an amount less than the maximum that the Board has authority to impose for any fiscal year and thereafter during such fiscal year the Board determines that the important and essential functions of the Association cannot be funded by the lesser Regular Assessment previously levied, the Board may levy one (1) or more supplemental Regular Assessments, not to exceed one hundred and twenty percent (120%) of the Regular Assessment for the immediately preceding fiscal year.

(d) Allocation of Regular Assessment. The Common Expenses of the Association shall be allocated among and charged to all the Owners according to the ratio of the number of Lots within Lahontan owned by the assessed Owner to the total number of Lots subject to assessment so that each Lot bears an equal share of the aggregate Regular Assessment. The General Assessment Component shall take into account the amount of contributions to be made pursuant to any Maintenance Agreement (Section 7.01(h)) to defray Common Expenses included in the Regular Assessment. In the event that there are ever any annexations of additional lands to Lahontan, as permitted by Article XIV, below, the allocation, and assessment of the Common Expenses of the Association shall be reallocated equally among all Lots within Lahontan, including those in the annexed Phase, in accordance with the allocation formulas set forth above.

(e) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be maintained and available with the records of the Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member of the Association. The Assessment roll shall show, for each Lot, the name and address of the Owner of Record, all Regular, Special and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments which have been paid or remain unpaid. The delinquency statement required by Section 2.06(b)(i)(C) of this Declaration shall be

conclusive upon the Association and the Owner of such Lot as to the amount of such indebtedness appearing on the Association's Assessment roll as of the date of such statement, in favor of all persons who rely thereon in good faith.

(f) Mailing Notice of Assessment. No less than forty-five (45) days prior to the beginning of the next fiscal year, the Board of Directors shall mail to each Owner, at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year.

(g) Failure to Make Estimate. If, for any reason, the Board of Directors fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Section 4.03(a)(i) of this Article for that year, shall be assessed against each Owner and his or her Lot on account of then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Board.

(h) Installment Payment. The Regular Assessment imposed upon each Owner shall be due and payable in advance to the Association in quarterly installments on the first day of each quarter or on such other date or dates as may be established from time to time by the Association's Board of Directors. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days following the due date established by the Board.

#### **Section 4.03. Special Assessments**

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

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

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

(b) Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with Section 4.08, below: (i) any Special Assessments which, in the aggregate, exceed five percent (5%) of the Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied; and (ii) any Special Assessments imposed pursuant to subparagraph (a)(i) of this Section when the Board has failed to distribute a budget to the Members within the time specified in Section 4.02(a) of this Article. The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any "emergency situation" as defined in Section 4.05 of this Article.

(c) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner and his or her Lot (including the Declarant as to any unsold or retained Lots) in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 4.02(d), above. The Special Assessment so levied shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner. Special Assessments for purposes described in subparagraph (a)(i) of this Section shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable to the Association in equal quarterly installments during the remainder of the then current fiscal year. Special Assessments for purposes described in subparagraph (a)(ii) shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable in full to the Association within thirty (30) days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

#### **Section 4.04. Special Individual Assessments**

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4.03, above, the Board of Directors may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below; provided, however, that no Special Individual Assessments may be imposed against an Owner pursuant to this Section 4.04 until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Section 12.06, below, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

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

(ii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses to: (A) accomplish the payment of delinquent Assessments; (B) perform any repair, maintenance or replacement to any portion of Lahontan that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion; or (C) otherwise bring the Owner and/or his or her Lot into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable fines and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorneys' fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iii) Required Maintenance on Lots. If any Lot is maintained so as to become a nuisance, fire or safety hazard for any reason, the Association shall have the right to enter said Lot, correct the condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Association shall be effected in accordance with Section 3.06(b), above.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed, in subparagraph (a) of this section, such Special Individual Assessment shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Association within thirty (30) days after the mailing of notice of the Assessment. As more particularly provided in Section 4.10(b)(ii), below, only certain Special Individual Assessments may be collected through the use of lien and foreclosure remedies.

(c) Limitation on Right to Lien Lots For Special Individual Assessments. With the exception of (i) Special Individual Assessments imposed by the Board of Directors to recover reasonable late payment penalties for delinquent Assessments and/or charges to reimburse the Association for its reasonable costs (including attorneys' fees) of collecting delinquent Assessments and (ii) Special Individual Assessments imposed on an Owner as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas and/or Common Facilities for which the assessed Owner (or the assessed Owner's family members, guests or tenants) were responsible, Special Individual Assessments shall not be recoverable through the imposition of a lien against the Owner's Lot enforceable through foreclosure. However, Special Individual Assessments duly levied for any permissible purpose may be recovered by the Association through other legal processes (typically a small claims court action). Special Individual Assessments imposed under either of the circumstances described in (i) and (ii) of this subparagraph (c) shall be subject to imposition of a lien and enforceable through foreclosure or sale under a power of sale for failure of an Owner to pay such Assessment, all as more particularly provided in Section 4.10, below.

#### **Section 4.05. Assessments to Address Emergency Situations**

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

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

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

(c) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to Section 4.02(a), above; provided, however, that prior to the imposition or collection of an assessment under this subparagraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of assessment.

#### **Section 4.06. Purpose and Reasonableness of Assessments**

. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively: (a) to promote the recreation, health, safety and welfare of individuals residing within Lahontan; (b) to promote the enjoyment and use of the Lahontan development by the Owners and their families, tenants, invites, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Area and Common Facilities. Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns; provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them. Subject to the limitations imposed by Section 4.04(c), above, (limiting the right of the Association to impose a lien as a remedy for collecting some kinds of Special Individual Assessments), the Association shall also be entitled to collect delinquent Assessments through lien and foreclosure, as more particularly provided in Section 4.10(b), below.

#### **Section 4.07. Exemption of Certain of the Property From Assessments**

. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein: (a) any portion of Lahontan dedicated and accepted by a local public authority; (b) the Common Area and Common Facilities; and (c) any Lot owned by the Association.

**Section 4.08. Notice and Procedure for Member Approval Pursuant to Sections 4.02 (b) and 4.03 (b).**

. In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to Sections 4.02 and 4.03 of this Article, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members. The minimum quorum percentage for any vote pursuant to this Section shall be the attendance in person or by proxy, or Members voting by written ballot comprising at least fifty percent (50%) of the total voting power of the Members.

**Section 4.09. Maintenance of Assessment Funds**

(a) Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one (1) or more federally insured checking, savings or money market accounts in a bank or other financial institution selected by the Board of Directors. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code section 1365.5 and Section 12.02 of the Bylaws. Any interest received on deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b), below.

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

(c) Separate Accounts; Commingling of Funds. To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one (1) or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained, with the exception of those reserve funds identified in Section 4.09(d), below. For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom; provided, however, that receipts and disbursements of Special Assessments made pursuant to Section 4.03(a)(i), above, shall be accounted for together with the receipts and disbursements of Regular Assessments, and a separate accounting shall be maintained for each capital improvement for which reserve funds for replacement are required to be maintained by the Association.

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

(d) Reserve Funds. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components of Lahontan which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash-flow requirements or other expenses, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund.

The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of Lahontan, temporarily delay the restoration. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary,

levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this subparagraph (d). This Special Assessment is subject to the Member approval requirements of California Civil Code section 1366 and Section 4.03(b), above, if the aggregate amount of the Special Assessment exceeds five percent (5%) of the budgeted gross expenses of the Association for the year in which the Special Assessment is imposed. The Board may, at its discretion, extend the date the payment on the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of that decision in the next available mailing to all Members pursuant to California Corporations Code section 5016, and of the availability of an accounting of those expenses. The Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members at the Association's principal office.

#### **Section 4.10. Collection of Assessments; Enforcement of Liens**

(a) Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment assessed to any Owner is not paid within fifteen (15) days after the same becomes due, such payment shall be delinquent and the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law commencing thirty (30) days after the due date until the same is paid. In addition to the accrual of interest, the Board of Directors is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments, subject to the limitations imposed by California Civil Code sections 1366(c) and 1366.1 or comparable successor statutes.

(b) Effect of Nonpayment of Assessments.

(i) Creation and Imposition of a Lien for Delinquent Assessments. As more particularly provided in California Civil Code section 1367 or comparable successor statute, the amount of any delinquent Regular or Special, or Special Individual Assessment, together with any late charges, interest and costs (including reasonable attorneys' fees) attributable thereto or incurred in the collection thereof, shall become a lien upon the Lot of the Owner so assessed only when the Association Records a Notice of

Delinquent Assessment executed by an authorized representative of the Association, setting forth: (A) the amount of the delinquent Assessment(s) and other sums duly imposed pursuant to this Article and California Civil Code section 1366; (B) the legal description of the Owner's Lot against which the Assessments and other sums are levied; (C) the name of the Owner of Record of such Lot; (D) the name and address of the Association; and (E) in order for the lien to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. Upon payment in full of the sums specified in the Notice of Delinquent Assessment, the Association shall cause to be Recorded a further notice stating the satisfaction and release of the lien thereof and a reasonable charge can be imposed for the preparation and recordation of that release. As more particularly provided in Civil Code sections 1367 (b) and (c) and subparagraph (ii), below, lien and foreclosure remedies may only be utilized to collect delinquent Special Individual Assessments in limited circumstances.

(ii) Remedies Available to the Association to Collect Assessments. Except as otherwise provided in subparagraph (iii), below, the Association may bring legal action against the Owner personally obligated to pay the delinquent Assessment or foreclose its lien against the Owner's Lot or accept a deed in lieu of foreclosure. Foreclosure by the Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure by the trustee designated in the Notice of Delinquent Assessment or by a trustee substituted pursuant to California Civil Code section 2934a. Any sale of a Lot by a trustee acting pursuant to this section shall be conducted in accordance with California Civil Code sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages or deeds of trust. See subparagraphs (iv) and (v), below.

(iii) Restrictions on the Use of Lien and Foreclosure Remedies to Collect Special Individual Assessments. Special Individual Assessments imposed by the Board of Directors to recover reasonable late payment penalties for delinquent Assessments and/or charges to reimburse the Association for its reasonable costs (including attorneys' fees) of collecting delinquent Assessments and Special Individual Assessments imposed on an Owner as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas and/or Common Facilities for which the assessed Owner (or the assessed Owner's family members, guests or tenants) were responsible, may be collected through the use of any legal remedy authorized in subparagraph (ii), above. Special Individual Assessments imposed against Owners for other permitted reasons (such as a fine or penalty for violating the Governing Documents) may be recovered by

the Association through other legal processes (typically a small claims court action).

(iv) Nonjudicial Foreclosure. Nonjudicial foreclosure shall be commenced by the Association by Recording a Notice of Default, which notice shall state: (A) all amounts which have become delinquent with respect to the Owner's Lot and the costs (including attorneys' fees), penalties and interest that have accrued thereon; (B) the amount of any Assessment which is due and payable although not delinquent; (C) a legal description of the property with respect to which the delinquent Assessment is owed; and (D) the name of the Owner of Record or reputed Owner thereof. The Notice of Default shall also state the election of the Association to sell the Lot or other property to which the amounts relate and shall otherwise conform with the requirements for a notice of default under California Civil Code section 2924c, or comparable successor statute.

The Association shall have the rights conferred by California Civil Code section 2934a to assign its rights and obligations as trustee in any nonjudicial foreclosure proceedings to the same extent as a trustee designated under a deed of trust and for purposes of said section 2934a, the Association shall be deemed to be the sole beneficiary of the delinquent Assessment obligation. Furthermore, in lieu of an assignment of trusteeship, the Association shall be entitled to employ the services of a title insurance company or other responsible person authorized to serve as a trustee in nonjudicial foreclosure proceedings to act as an agent on behalf of the Association in commencing and prosecuting any nonjudicial foreclosure hereunder.

(v) Actions for Money Judgment. In the event of a default in payment of any Assessment, the Association, in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid Assessments, costs and attorneys' fees without foreclosure or waiver of the lien securing same.

#### **Section 4.11. Transfer of Lot by Sale or Foreclosure**

. The following rules shall govern the right of the Association to enforce its Assessment collection remedies following the sale or foreclosure of a Lot:

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

(b) The Association's Assessment lien shall be extinguished as to all delinquent sums, late charges, interest and costs of collection incurred prior to the sale or transfer of a Lot pursuant to a foreclosure or exercise of a power of sale by the holder of a prior encumbrance (but not pursuant to a deed-in-lieu of foreclosure). A "prior encumbrance" means any first Mortgage or other Mortgage or lien Recorded against the Lot at any time prior to Recordation of the Association's Assessment lien (see Section 4.12, below).

(c) No sale or transfer of a Lot as the result of foreclosure, exercise of a power of sale, or otherwise, shall relieve the new Owner of such Lot (whether it be the former beneficiary of the first Mortgage or other prior encumbrance or a third party acquiring an interest in the Lot) from liability for any Assessments which thereafter become due with respect to the Lot or from the lien thereof.

(d) Any Assessments, late charges, interest and associated costs of collection which are lost as a result of a sale or transfer of a Lot covered by subparagraph (b), above, shall be deemed to be a Common Expense collectible from the Owners of all of the Lots, including the person who acquires the Lot and his or her successors and assigns.

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

#### **Section 4.12. Priorities**

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

#### **Section 4.13. Unallocated Taxes**

. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than being assessed to the Lots,

such taxes shall be included in the Regular Assessments imposed pursuant to Section 4.02, above, and, if necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

## **ARTICLE V**

### **Architectural Control**

#### **Section 5.01. Lahontan Covenants Commission Approval of Improvements**

(a) **Approval Generally.** Prior to commencement of construction or installation of any Improvement within Lahontan, other than the initial construction of Residences by the Declarant, the Owner planning such Improvement must submit to the Lahontan Covenants Commission a written request for approval. The Owner's request shall include structural plans, specifications and plot plans satisfying the minimum requirements set forth in the Improvement Requirements adopted in accordance with Section 5.05, below. Unless the Commission's approval of the proposal is first obtained, no work on the Improvement shall be undertaken. The Commission shall base its decision on the criteria described in Section 5.06, below. Submittals to the Commission must precede any submittals to the County for a building permit.

(b) **Definition of "Improvement".** The term "Improvement" as used herein includes, without limitation the construction, installation, alteration or remodeling of any Residence structures, garages, out buildings, walls, fences, swimming pools, landscaping, landscape structures, skylights, patios, solar heating equipment, spas, antennas, television satellite reception equipment, utility lines or any other structure of any kind. Excluded from the definition of "Improvement" shall be (i) any projects undertaken by the Association within the Common Area; (ii) any projects otherwise meeting the definition of an Improvement which are dedicated to the public or to a public or quasi-public entity or utility company and accepted for maintenance by the public, the public agency or utility company; and (iii) any improvement projects, other than window coverings, located entirely within the interior of a Residence or building structure. Whenever reference is made in this Declaration or in the Improvement Requirements to a "fence", the term shall mean and include a fence in the conventional sense, as well as any hedge, tree row, or partition of any kind erected for the purpose of enclosing a Lot, or to divide a Lot into separate areas or enclosures, or to separate two (2) contiguous Lots, regardless of whether the fence is comprised of wood, wire, iron, living plant materials,

trees or other materials that are intended to prevent intrusion from without, straying from within or to create a visual barrier or screen. Only limited fencing is allowed (see Section 6.11).

(c) Modifications to Approved Plans Must Also Be Approved. Once a proposed Improvement has been duly approved by the Lahontan Covenants Commission, no material modifications shall be made in the approved plans and specifications therefore and no subsequent alteration, relocation, addition, exterior color change, change in material, or other modification shall be made to the Improvement, as approved, without a separate submittal to, and review and approval by, the Commission. If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the work, the Commission, in its discretion, may order the Owner and his or her contractors and agents to cease working not only on the modified component of the Improvement, but also on any other affected component.

In the event that it comes to the knowledge and attention of the Association, the Lahontan Covenants Commission, or the agents or employees of either that any Improvement, or any modification thereof, is proceeding without proper approval, the Association shall be entitled to exercise the enforcement remedies specified in Section 5.11, below, including, without limitation, ordering an immediate cessation and abatement of all aspects of the Improvement project by "red tagging" the project until such time as proper Lahontan Covenants Commission review and approval is obtained.

(d) County Approvals. In addition to requiring approval by the Lahontan Covenants Commission pursuant to subparagraph (a), above, certain Improvements shall be subject to review and approval by the County Development Review Committee. Such review shall be conducted prior to the approval of any Improvement plans by the Commission. The County's review and approval is required for the following Improvement projects: all facilities and landscaping (including vegetative buffers) within the Open Space, entrance facilities, project identification signs, the Golf Course clubhouse, all Golf Course maintenance facilities, employee housing, and all fences associated with the Golf Course and the Open Space. Other Improvements which the County may review for approval shall include, but not be limited to, architectural design (i.e. height, bulk, compliance with project proposal) for all structures except Residences on Residential Lots, landscaping, irrigation, signs, exterior lighting, pedestrian and vehicular circulation, parking, fences and walls, noise attenuation barriers and all Open Space amenities. In its review of Improvement plans, the County shall ensure that structures and amenities be

designed so as to promote the rural residential character of Lahontan and the surrounding area.

(e) Exemption of Declarant from Lahontan Covenants Commission Approval Requirements. Neither Declarant nor any affiliate of Declarant need seek approval of the Covenants Commission with respect to any of its construction or development activities.

### **Section 5.02. Establishment of Lahontan Covenants Commission**

(a) Composition of Commission. The Lahontan Covenants Commission shall consist of three (3) members. All members of the Commission shall be appointed by the Board of Directors of the Association and shall serve until the expiration of the term for which they were appointed or until they resign or are replaced by action of the Board of Directors. The Commission members shall appoint one (1) Commission member as chairperson. Unless an architect or an engineer have been retained by the Commission to assist in the review of Improvement projects (see Section 5.08, below), the members of the Commission shall include a California registered civil or geotechnical engineer qualified in grading and erosion control matters, a landscape architect and an architect knowledgeable in passive solar design.

(b) No Entitlement to Compensation. Except as provided in Section 5.08, below, neither the members of the Lahontan Covenants Commission nor its designated representatives shall be entitled to any compensation for services performed pursuant hereto, said reimbursement to be made by the Association (see Section 5.16, below). However, the Commission members shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred by them in the performance of any Lahontan Covenants Commission functions. Requests for reimbursement shall be supported by adequate documentation and shall be submitted to, and approved by, the Board of Directors.

### **Section 5.03. Duties**

. It shall be the duty of the Lahontan Covenants Commission to consider and act upon the proposals and plans for Improvements submitted to it pursuant to this Declaration, to adopt Improvement Requirements pursuant to Section 5.05, below, to perform other duties delegated to it by the Board of Directors and to carry out all other duties imposed upon it by this Declaration. With the goal of minimizing any negative visual impact from the development of the Highway 267 corridor, special consideration will be given by the Commission to

proposed construction that will be visible from Highway 267. The Commission shall encourage development with a solar orientation.

#### **Section 5.04. Meetings**

. The Lahontan Covenants Commission shall meet monthly or as otherwise necessary to properly perform its duties hereunder. The vote or written consent of a majority of the Commission members shall constitute an act by the Commission and the Commission shall keep and maintain a written record of all actions taken. No Owner-applicant, or such Owner's architect, engineer or contractor, shall be entitled to attend at any meeting of the Lahontan Covenants Commission at which the Owner's proposal is scheduled for review and consideration, unless specifically requested to attend by the Commission. Any response an Owner-applicant may wish to make regarding the results of a design review must be addressed to the Commission in writing.

#### **Section 5.05. Improvement Requirements**

. The Board of Directors may, from time to time, adopt, amend and repeal rules and regulations to be known as "Improvement Requirements". As of the date that this Declaration is Recorded, the present Improvement Requirements are presented in a publication entitled "The Community Design Book". The Improvement Requirements shall interpret and implement the provisions of this Article V and Article VI (Minimum Construction Standards). The Improvement Requirements shall implement the provisions of this Declaration in a reasonable, uniform and nondiscriminatory manner. To the extent that provisions of this Article V and Article VI (Minimum Construction Standards) conflict with any Improvement Requirements in effect as of the date that this Declaration is Recorded, the provisions of such Improvement Requirements shall prevail. Otherwise, no Improvement Requirement shall be in derogation of the minimum standards required by this Declaration (particularly the Minimum Construction Standards set forth in Article VI, below) unless a variance is granted by the Commission in response to individual requests therefor (see Section 5.12, below). Prior to adopting or amending any Improvement Requirement the Board shall seek comments and/or suggestions for revision of the proposal(s) from the Covenants Commission. The Improvement Requirements shall set forth:

(a) Procedures for Review and Approval. The Improvement Requirements may include procedures for Lahontan Covenants Commission review and approval of Owner submittals of proposed Improvement projects (including, without limitation, minimum requirements for submitting a

complete application for project approval). The procedures may include pre-design conference requirements, requirements of preliminary and final design submittal and site inspections;

(b) Improvement Requirements for Particular Projects. The Improvement Requirements may include guidelines and minimum requirements for the construction of various Improvements and construction activities, including, without limitation:

(i) Minimum specifications for site preparation, grading and drainage;

(ii) Specifications regarding the construction, surface materials and placement of access drives, shared driveways (servicing adjacent Lots), on-site parking requirements and the placement of garages in relation to the Residence and the Golf Course;

(iii) Specifications regarding the installation of utility services, the placement of utility trenches and the routing of utility lines to Residences and other building structures;

(iv) Specifications for walls and fences, including, without limitation, requirements that fencing be open along any Golf Course fairways;

(v) Specifications regarding the location and screening of outdoor storage, storage tanks or mechanical equipment servicing Residences and outbuildings and located outside of the structure;

(vi) Signage specifications;

(vii) Exterior lighting;

(viii) The design and location of pools, spas, tennis courts, basketball hoops or other exterior recreational features typical of residential properties, fencing for such facilities, screening and noise abatement for utility services, such as pool filters;

(ix) Landscaping requirements, including approved and disapproved lists of planting materials and restrictions on the cutting of trees or the planting of trees, particularly adjacent to Golf Course fairways; and

(x) Design standards for Residences and other building structures, including minimum and maximum size specifications, height

restrictions and formulas for determining the height of structures, foundation, construction, exterior colors and finishes, roofing materials, window, door and skylight specifications (if allowed), solar energy installations and antennas and other building projections. Without limiting the foregoing, these Improvement Requirements may include charts of approved colors, typical plans and specifications for commonly recurring projects, such as fencing and solar heating equipment for pools.

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

(d) Criteria and Procedures for Requesting Variances. The Improvement Requirements may include criteria and procedures for requesting variances from any minimum construction standards that would otherwise apply to the proposed Improvement project under the Governing Documents (see Section 5.12, below, for a further discussion of variances);

(e) Regulations of Construction Activities. The Improvement Requirements may include minimum requirements for the maintenance, supervision and restoration of construction sites by Owners and their contractors. Without limiting the foregoing, the Improvement Requirements may specifically regulate the activities of contractors and subcontractors (including, without limitation, hours of permitted construction activity, noise, the presence of pets at the work site, sanitary facilities and the removal of debris), who shall be deemed to be the Owner's agents for purposes of rules enforcement and compliance matters;

(f) Landscaping and Erosion Control Measures. The Improvement Requirements may include minimum requirements for the landscaping of any areas of a Lot that are disturbed by construction activity or which require particular landscape improvements to control drainage, avoid erosion or to otherwise enhance the appearance of the Lot;

(g) Requirements for the Commencement and Completion of Various Projects. Subject to Sections 5.09, below ("Completion of Work"), the Improvement Requirements may impose uniform and reasonable time limitations for completion of approved Improvement projects or other duly noted compliance matters. Said rules may also include procedures to request an extension of the usual completion time in order to avoid hardship or to accommodate other factors beyond the Owner's reasonable control which have interrupted the progress of the Improvement project; and

(h) Plan Review, Inspection and Processing Fees and Deposits. Finally, the Improvement Requirements may include any requirements for the payment of inspection, plan and review processing fees and deposits, in amounts established by the Board from time to time, to assure the Owner's/contractor's proper and timely performance in accordance with the approved plans and specifications and the application, use and/or refund of such fees and deposits. All applicants will be provided with notice of the fees in effect at the time an application is submitted for review. Fees may also be imposed to process and review requests for variances pursuant to Section 5.12, below and to process and review changes to previously approved plans or specifications.

It is anticipated that different Improvement Requirements may be adopted for various Phases of the development, and that even within a single Phase Improvement Requirements may impose different conditions upon various Lots in light of Lot topography, visibility of structures on the Lot from the Golf Course, the Open Spaces or State Highway 267, or other factors. Improvement Requirements shall be effective when they are adopted by the Commission).

### **Section 5.06. Standards for Approval**

(a) Description of Commission's Discretion; Authority to Disapprove Plans in Substantial Compliance With Governing Documents. The Commission may disapprove plans and specifications for Improvements which are in substantial compliance with this Article and with applicable Improvement Requirements, if, in the good faith exercise of the discretion of the Commission, the Commission determines that the proposed Improvement, or some aspect or portion thereof, is unsatisfactory. While it is recognized that the Commission's determination to approve or disapprove an Improvement will, of necessity, be subjective, the members of the Commission shall act reasonably and in good faith. Factors commonly considered by the Commission in reviewing proposed Improvement projects include the quality of workmanship and materials that are being proposed, the harmony of the

proposed Improvement's exterior design, finish materials and color with that of other existing structures (located or to be located on the project Lot or neighboring Lots), and the proposed location of the Improvement in relation to existing topography, finished grade elevations, roads, Common Areas, the Golf Course, Open Spaces, visibility of the proposed structures from the Golf Course, Open Space Areas, Highway 267, and other sensitive areas of or near the development.

(b) Authority to Approve Plans Not in Compliance. The Commission may approve plans and specifications which fail in some material way to comply with the requirements of this Article if, in the good faith exercise of the discretion of the Commission, the Commission determines that some particular features of the Lot or of the planned Improvement(s) allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance. Also, the Commission may approve plans and specifications which fail in a way or ways which the Commission, in the good faith exercise of its discretion, determines to be not material. Without limiting the generality of the foregoing, a failure to comply may be not material if the failure does not substantially prevent achievement of the objectives of the requirement(s) stated herein or in the Improvement Requirements.

(c) Approval Not a Waiver. The approval of the Commission of any proposals or plans and specifications or drawings for any Improvement done or proposed or in connection with any other matter requiring the Commission's approval and consent shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications drawings or matter whatever subsequently or additionally submitted for approval or consent. Factors which may cause the Commission to reject a proposal previously approved at another site within Lahontan include (but are not limited to): poor drainage, unique topography on the proposed site; visibility from roads, Common Areas, the Golf Course, or neighboring Lots; proximity to other Residences or Common Facilities; changes in the Improvement Requirements; or prior adverse experience with the proposed component(s) or design of the proposed Improvement.

### **Section 5.07. Procedures for Obtaining Lahontan Covenants Commission Approval of Plans and Specifications**

. Plans and specifications for Improvement projects shall be submitted to the Lahontan Covenants Commission in accordance with the pre-design conference, design submittal (preliminary and final) and design review requirements set forth in the Improvement Requirements. The Commission

shall meet to review plans and specifications and will respond to the applicant in writing within ten (10) days after the review but no later than thirty (30) days after a substantially complete submission has been made to the Commission, said response periods to operate separately for preliminary design previews and final design submissions.

**Section 5.08. Employment of an Architect or Engineer**

. If the members of the Lahontan Covenants Commission (as specified in Section 5.02, above), do not include an architect and an engineer, the Commission may engage the services of an architect and/or engineer to serve as a compensated professional consultant to the Commission and the charges incurred with such professional(s) to review and comment upon the plans and specifications for a proposed Improvement project may be charged to the Owner-applicant. Furthermore, if the Commission determines that it would be in the best interests of the Association and its Members for an applicant to employ an architect, licensed building designer or engineer to design or review any proposed Improvements or any component thereof, the Commission may advise the applicant in writing of its determination whereupon all plans and specifications so designated by the Lahontan Covenants Commission must thereafter bear appropriate evidence of such preparation or review. The cost of such professional services shall be borne by the Owner-applicant.

**Section 5.09. Completion of Work**

. Unless the Owner has been granted an extension of time to complete the project by the Lahontan Covenants Commission, construction, reconstruction, refinishing or alteration of any such Improvement must be complete within twenty-four (24) months after construction has commenced, except and for so long as completion or construction is rendered impossible or would result in great hardship to the Owner because of strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his or her agents. In the case of building Improvements the requirements of this Section shall be deemed to have been met if, within the 18-month construction period, the Owner has completed construction of the building's foundation and all exterior surfaces (including the roof, exterior walls, windows and doors). If the Owner fails to comply with this section, the Lahontan Covenants Commission shall notify the Board of such failure, and the Board shall have the right to proceed in accordance with the provisions of Section 5.10(c), below, as though the failure to complete the Improvement in a timely manner was a noncompliance with approved plans. Upon completion of any Improvement project, the Owner shall give written notice of completion to the

Commission. A construction period of twenty-four (24) months has been established in recognition of the fact that snow conditions could prevent construction in the winter and spring months, thus affording approximately eighteen (18) months of actual construction progress and activity in any twenty-four (24) month period.

**Section 5.10. Inspection of Work**

. Inspection of Improvement projects and correction of defects therein shall proceed as follows:

(a) Scope of the Commission's Inspection Rights; Effect of Failure of Commission to Act. The Commission or its duly authorized representatives may at any time during or after construction inspect any Improvement for which approval of plans is required under this Article. However, the Commission's right to inspect Improvements for which plans have been submitted and approved shall terminate thirty (30) days after the Owner has given the Commission written notice that the project is completed, unless the Owner has been notified of a condition that is not consistent with approved plans and specifications and the condition remains uncorrected. The Commission's rights of inspection shall not terminate pursuant to this subparagraph if plans for the Improvement have not previously been submitted to and approved by the Commission. If for any reason the Commission fails to notify the Owner of any noncompliance with previously submitted and approved plans within thirty (30) days after receipt of written notice of completion from the Owner, the Improvement shall be deemed to be constructed in accordance with the approved plans. However, the thirty (30) limitation stated in the preceding sentence is not intended to limit the authority of the Commission to monitor and (subject to Section 3.06(b), above) to inspect Lots to assure that exterior alterations of existing structures and Improvements are receiving proper prior review and approval of the Lahontan Covenants Commission in accordance with this Article V.

(b) Remedies If Noncompliance Is Observed; Notices of Noncompliance. If, as a result of any inspection conducted pursuant to this Section 5.10, the Commission finds that an Improvement (or any element thereof which requires Commission approval) was constructed or installed without obtaining the Commission's approval or was not completed in substantial compliance with the plans approved by the Commission, it shall notify the Owner in writing of the Owner's failure to comply with this Article within thirty (30) days from the date of the inspection ("Notice of Noncompliance"). The Notice of Noncompliance shall specify the Improvement(s) or components thereof that are not in compliance with the

approved plans and specifications. The Commission shall have the authority to fine the Owner and/or the Owner's contractor, as well as the authority to require the Owner to take such action as may be necessary to remedy the noncompliance. Finally, the Commission shall have the power and authority to Record against the affected Lot a duly executed and acknowledged copy of the Notice of Noncompliance.

Furthermore, if a violation of this Article V, Article VI (Minimum Construction Standards) or the Improvement Requirements is observed during the course of construction, the Commission shall be entitled to impose fines on the Owner or the Owner's contractor and/or place a stop work notice ("Red Tag") at the job site if necessary to avoid compromising the Commission's ability to enforce this Declaration or the Improvement Requirements. If a Red Tag is placed at the job site or a Notice of Noncompliance is issued, no further work shall be done on the Improvement (other than work related to correction of the noncomplying feature of the project) and in the event that compliance is not effected within thirty (30) days following receipt of the Commission's Notice of Noncompliance or issuance of a Red Tag, the enforcement provisions of Section 5.11, below, thereafter apply. Once the noncomplying Improvement or the noncomplying component of an Improvement has been corrected to the reasonable satisfaction of the Commission, the Commission shall promptly execute and Record a release of any previously recorded Notice of Noncompliance.

**Section 5.11. Remedies Available to Enforce Architectural and Design Review Compliance During the Course of Construction.**

(a) Enforcement by the Association. In addition to the enforcement remedies set forth in this Declaration, the Association may enforce the design review and approval requirements of this Article V by any proceeding at law or in equity.

(b) No Waiver of Enforcement Rights. No work for which approval is required shall be deemed to be approved simply because it has been completed without a complaint, notice of violation or commencement of a suit to enjoin such work.

(c) Hearings on Alleged Violations of Architectural Approval or Improvement Requirements. Except as otherwise provided in subparagraph (d), below, if the Owner fails to remedy any noncompliance of which notice has been given within thirty (30) days from the date of such notification, the Commission shall notify the Board in writing of such failure. The Board shall

then provide the offending Owner with notice and a hearing before the Board, or its designated Commission, with respect to the alleged noncompliance (see Article XII, below). At the hearing, the Owner, a representative(s) of the Commission and, in the Board's discretion, any other interested person may present information relevant to the question of the alleged failure of the Owner to pursue his or her Improvement project in accordance with approved plans and specifications. After considering all such information, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance is determined to exist, the Board shall require the Owner to remedy or remove the same within such period or within any extension of such period as the Board, at its discretion, may grant. If the Owner fails to take corrective action after having a reasonable opportunity to do so, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance and the Owner shall reimburse the Association for all expenses incurred in connection therewith upon demand. If such expenses are not properly repaid by the Owner to the Association, the Board shall recover such expenses through the levy of a Special Individual Assessment against the Owner. Nothing in this subparagraph shall be construed to limit the authority of the Commission to take summary enforcement or disciplinary action, including, without limitation, the issuance of fines and/or Red Tag orders as provided in Section 5.10(b), above.

(d) Authority to Initiate Litigation. Under certain circumstances, self-help remedies in response to an Owner's continued noncompliance with the requirements of this Article V, Article VI or the Improvement Requirements may not be appropriate or possible. In other circumstances, immediate resort to formal legal action may be necessary or appropriate to enjoin an Owner's failure to comply with a Red Tag order, a Notice of Noncompliance, or to prevent irreparable harm. Legal action to enforce the provisions of this Declaration, including architectural matters, shall be initiated in the name of the Association upon approval of the Board of Directors. If any legal proceeding is instituted to enforce any of the provisions of this Article, the prevailing party shall be entitled to recover reasonable attorneys' fees in addition to the costs of such proceeding. Owners, the Commission, and the Association shall comply with any applicable mandatory alternative dispute resolution procedures, including those contained in California Civil Code Section 1354 as from time to time amended, but only to the extent required by law.

### **Section 5.12. Variances**

(a) Authority to Grant Variances. The Commission may authorize variances from compliance with any of its architectural approval and design review provisions of this Declaration, any Improvement Requirement or any Supplemental Declaration, including, without limitation, restrictions upon height, size, floor area or placement of structures, time of completion or similar restrictions, when circumstances such as topography, natural obstruction, hardship, aesthetic or environmental consideration may require. The Commission shall be entitled (but shall not be obligated) to solicit comments on the variance proposal from the Owners of Lots that are within a certain radius of the petitioning Owner's Lot. Under such circumstances, establishing the appropriate radius shall be a matter that is in the discretion of the Commission.

(b) Basis for Granting Variances; Required Findings. The Commission must make a good faith written determination that the variance is consistent with County zoning ordinances and one (1) or more of the following criteria: (i) the requested variance will result in construction or installation of an Improvement which the Commission considers a benefit to the Lahontan community; (ii) the requested variance will not constitute a material deviation from any restriction contained herein or that the proposal allows the objective of the restriction (as determined by the Commission in the reasonable exercise of its discretion) to be substantially achieved despite noncompliance; or (iii) that the variance relates to a requirement, land use restriction, Improvement Requirement, or minimum construction standard otherwise applicable to the proposal that is unnecessary, burdensome or will result in an unnecessary hardship under the specific circumstances of the project; or (iv) that the variance, if granted, will not result in a material detriment, or create an unreasonable nuisance with respect to any other Lot, the Golf Course, or any portion of the Common Area. Any variance granted hereunder must be evidenced in writing signed by at least a majority of the members of the Commission.

(c) Effect of Granting Variance. If a variance is granted by the Commission, then, as to the affected Lot, no violation of the Governing Documents contained in this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or of any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his or her use of the premises, including, without limitation, County zoning ordinances, Lot setback lines and requirements imposed by governmental agencies having jurisdiction over Lahontan.

### **Section 5.13. Compliance Certificate**

. Within thirty (30) days after written demand is delivered to the Lahontan Covenants Commission by any Owner, and upon payment to the Association of a reasonable fee (as established from time to time by the Board), the Lahontan Covenants Commission shall provide the Owner with a Compliance Certificate, executed by any two (2) of its members, certifying (with respect to any Lot owned by the applicant Owner) that as of the date thereof, either: (a) all Improvements made and other work completed by said Owner comply with this Declaration; or (b) such Improvements or work do not so comply, in which event the certificate shall also identify the noncomplying Improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in said Lot through the Owner, shall be entitled to rely on the Association's Compliance Certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, the Declarant, all Owners and any persons deriving any interest through such persons.

### **Section 5.14. Limitation on Liability**

. Neither the Declarant, the Association, the Lahontan Covenants Commission nor any member thereof shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any Improvement project, whether or not pursuant to approved plans, drawings specifications; (c) the development of any Lot within Lahontan; or (d) the execution and filing of a Compliance Certificate pursuant to Section 5.13, above, whether or not the facts therein are correct; provided, however, that such member has acted in good faith on the basis of such information as he or she possessed at the time the act or omission occurred. Approval by the Commission of the plans and specifications for any Improvement shall not be deemed to constitute or to include any representations or warranties (express or implied) on the part of the Commission, its members or agents, regarding the adequacy of the design or engineering of the project, the suitability of any components of the project for the purposes or manner in which the components are used or incorporated in the project, or compliance with applicable governmental codes or ordinances.

### **Section 5.15. Compliance with Governmental Regulations**

. Review and approval by the Lahontan Covenants Commission of any proposals, plans or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit

process or any other governmental requirements, the responsibility for which shall lie solely with the Lot Owner who desires to construct, install, or modify the Improvement.

**Section 5.16. Authority of Association to Defray Expenses of the Lahontan Covenants Commission.**

. While the Improvement Requirements may include a requirement that Owners pay fees and/or deposits in connection with the submittal of Improvement projects for review by the Commission, it is likely that those fees or the Commission's resort to deposit funds will be insufficient to defray all expenses reasonably incurred by the Commission in the proper performance of its duties hereunder. Accordingly, any Commission expenses that are not defrayed by fees and/or deposits shall be considered a Common Expense of the Association.

**ARTICLE VI**  
**Minimum Construction Standards**

Unless a variance is requested from, and granted by, the Lahontan Covenants Commission in accordance with Section 5.12, above, Improvements constructed on any Lot shall conform to the following minimum construction standards:

**Section 6.01. Building Plans**

. All building and Improvement plans must be submitted to the Lahontan Covenants Commission prior to the submittal of such plans to the County in order to obtain a building permit.

**Section 6.02. Compliance with Approved Plans and Applicable Improvement Requirements**

. The proposed Improvement project must be constructed and completed in accordance with the plans and specifications approved by the Lahontan Covenants Commission and any applicable Improvement Requirements (unless a specific variance from the Improvement Requirements has been approved by the Commission). The provisions of this Article VI shall be in addition to any minimum construction standards imposed by the Improvement Requirements; provided, however, that to the extent such minimum construction standards conflict with the Improvement Requirements existing as of the date this

Declaration is Recorded, the Improvement Requirements shall control. No building shall be located nearer to the front, side or rear Lot line or nearer to the side street line than the building setback lines as permitted by Section 6.06, below, and any applicable zoning ordinance or other governmental restriction.

**Section 6.03. Licensed Contractor**

. Residential structures shall be constructed by a contractor licensed under the laws of the State of California.

**Section 6.04. Maximum Height Requirements**

. No Residence constructed on a Residential Lot shall have a ridge height (exclusive of chimneys) more than thirty (30) feet above the average original natural grade, except that on Residential Lots with a sloped grade of fifteen percent (15%) or greater, the maximum height of any Residence shall be thirty-six (36) feet above grade. In addition, no portion of a Residence (except for chimney elements) may exceed a true vertical height of the same dimensions noted above from any location above the original grade of the Lot below the point of measurement. The clubhouse shall not be higher than forty (40) feet above grade. No single retaining wall may be higher than four (4) feet, measured vertically.

**Section 6.05. Site and Building Envelopes**

. A site envelope has been or will be defined for each Lot based on minimum setbacks, as set forth in Section 6.06, below, and any site conditions existing and known at the time the site envelope is defined. The site envelope shall be set forth in a development notebook filed with the County Planning Department ("Development Notebook"), which may only be changed with the consent of both the County and the Board of Directors. An Owner may apply to the Lahontan Covenants Commission in order to obtain a site envelope adjustment reflecting site conditions not known at the time the site envelope was initially defined, but in no case shall the site envelope be adjusted such that the setbacks are less than those imposed pursuant to Section 6.06, below. In addition, the Lahontan Covenants Commission must give special consideration to the placement of structures that will be visible from State Highway 267 with a goal of minimizing the visual impact of structures along the Highway corridor. Within the site envelope for each Lot, a building envelope has been or will be defined to encompass the Residence and all Improvements constructed on the Lot. Building envelopes shall be selected to minimize disturbance of distinctive Lot features, such as rock outcrops, significant trees, natural swales or other unique resources. In no event shall any structure be constructed on any portion of a Lot where the natural slope of the ground exceeds thirty (30) percent. Such areas shall be shown as building setback lines and/or outside of

any building envelope on all Lots as indicated on the information submitted to the County (identifying general and specific Lot development restrictions, setbacks, etc.).

### **Section 6.06. Setback and Location of Structures**

. Setbacks for any dwelling or other permanent structure (whether or not attached to a dwelling) on a Lot or in the Common Area shall be in compliance with the minimum specifications imposed by condition 41T of the Conditions of Approval on the Lot where the Improvement project is located; provided, however, that the Commission, in its discretion, can establish site and building envelopes on Lots that call for greater setbacks of improvements depending on such factors, as the topography of the Lot, particular drainage problems, the preservation of significant trees or rock outcrops, and similar factors. To the extent that the Commission has such discretion, no Lot has a guarantee of a view from such Lot, or Residence or other structure thereon, of any particular portion of any other Lot, the Common Area or a distant vista. Permanent protective fencing has been installed alongside Wetland Preservation Easements and Open Space areas within Lahontan. No structure shall be located closer than ten (10) feet to any such fencing. In no event shall any buildings be located within a one hundred (100) foot setback from the centerline of Mantis Creek or within a twenty-five (25) foot setback from any wetlands or drainage courses.

### **Section 6.07. Site Work**

. The area of soil and vegetation disturbance on each Lot shall be limited to that required for construction purposes and except as required for access to the construction site there shall be no disturbance of areas left in a natural state. No excessive excavation or fill will be permitted on any Lot except where specifically allowed by the Commission due to terrain considerations; every attempt should be made to minimize cut and fill necessary for construction on a Lot. Retaining walls and engineered building pads may be utilized only where absolutely necessary. No clear cutting of any building envelope will be permitted; however, it is understood that some selective pruning or removal of trees and shrubs will be necessary for the development of any Residence. The retention of trees over 4 inches in diameter over thirty (30) feet in height is strongly encouraged. Any cutting of trees or vegetation must first be approved by the Commission with the following exceptions; the pruning of dead limbs, removal of dead trees, and the cutting and removal of trees with a trunk

diameter of 4 inches or less which are bowed, leaning, severely misshapen, diseased, or sparsely foliated. Project design shall minimize grading and the removal of trees and vegetation in order to reduce the need for revegetation.

### **Section 6.08. Grading and Driveway Limitations**

(a) General Restrictions Imposed by County. The County requires that all Owners be advised of the following grading and driveway construction limitations: (i) Lot grading is limited to the construction of driveways (limit of one driveway per Lot) and such additional grading as may be reasonably necessary for construction, as authorized by the County; (ii) no grading is permitted outside of site and building envelopes and setbacks identified in Section 6.05 and 6.06, respectively, except for driveway construction approved by the Commission; (iii) concrete slab building foundation construction is not permitted, except for garage construction, where existing slope grade is fifteen percent (15%) or greater; (iv) no concrete slab foundations shall be permitted, except for garages, patios, outbuildings and basements below residential structures; and (v) cuts for the foundations for any Residence structure shall not exceed five (5 ) feet in vertical depth. Generally, driveways shall not exceed a twelve percent (12%) gradient at their steepest part, and a near-level transition area of sixteen (16) feet is required between slopes and garage doors, and a near-level transition area of at least eight (8) feet is required between slopes and the edge of the adjacent street. The paved surface of a driveway shall be at least ten (10) feet wide and shall not exceed twelve (12) feet in width where the driveway crosses the Lot's front set back line and intervening street right-of-way. Whenever driveways are constructed with a gradient in excess of twelve percent (12%), in the case of gravel driveways, or sixteen percent (16%), in the case of driveways with an all weather surface, access to building sites by emergency and construction vehicles and equipment may be impaired.

(b) Requirement for Professional Engineering of Grading Plans. The following additional restrictions are imposed to limit the extent of grading to that reasonably necessary for residential construction and to assure protection of environmentally sensitive areas: No Owner shall grade or fill or otherwise alter the slope or contour of any Lot, construct or alter any drainage pattern or facility, construct or alter any foundation or permanent structure (including, but not by way of limitation, swimming pools, ponds and spas), or perform any earth work without first (i) retaining a soils engineer or civil engineer, as appropriate, duly licensed by the State of California, and receiving from such engineer written recommendations, plans and specifications regarding such proposed grade, fill, alteration, construction or earth work (collectively referred to as "Work"), and (ii) obtaining the written approval of the Lahontan

Covenants Commission. No Owner shall perform any Work except in conformance with the recommendations, plans and specifications of such engineer.

(c) Restriction on Grading Near Flood Plains. In no event shall grading activities of any kind take place within the one hundred (100) year flood plain for any permanent or intermittent stream except as approved in writing to the County Development Review Committee and with any required approvals of the California Department of Fish and Game and the U.S. Army Corps of Engineers and the Lahontan Regional Water Quality Control Board.

(d) Driveways on Flag or Step Lots. On flag Lots and Lots where subdivision roadway cuts/fills exceed four (4) feet in vertical height (as measured from finished road grade at the point of access) or driveway grades would exceed twelve percent (12%), at any reasonable access location, the driveways shall be shown on the Improvement plans and constructed with other subdivision improvements. These driveways must have a paved width of not less than ten (10) feet, a minimum structural section of two (2) inches of AC/four (4) inch AB and shall extend from the roadway edge not less than twenty (20) feet into the Lot or as deemed appropriate by the Department of Public Works. On any flag Lot, the minimum constructed driveway shall be the entire length of the "pole" portion of the Lot, and shall be constructed so that the slope between the street and the building site on the Lot does not exceed sixteen percent (16%), unless otherwise approved by the California Department of Forestry and Department of Public Works.

(e) Covenant and Indemnity. Each Owner, by acceptance of a deed to a Lot, shall be deemed to covenant and agree to comply with and conform to such recommendations, plans and specifications and shall indemnify the Association and Declarant against any losses, claims, liabilities, costs and/or attorneys' fees resulting from or related to any failure of that Owner or its engineers, contractors or agents to comply with the requirements and restrictions imposed by this section.

#### **Section 6.09. Archeological and Cultural Resources**

. No archeological site or cultural resources within Lahontan may be disturbed, damaged, or removed without the express written consent of the County Development Review Committee. If any paleontological resources or archaeological artifacts, exotic rock (non-native) or unusual amounts of shell or bone are uncovered during any on-site construction activities, all work must stop immediately in the area and a qualified paleontologist or archaeologist (as appropriate) retained to evaluate the deposit. The Placer County Planning

Department and the Department of Museums shall also be contacted for review of the finds.

### **Section 6.10. Site and Drainage Review**

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 shall be designed to provide a desirable environment. When appropriate, a site drainage plan shall be prepared, incorporating residential shallow dry wells for roof downspout and filter strips alongside of driveways, designed to the standards set forth in the final environmental impact report for the Lahontan development. The Lahontan Covenants Commission may retain a qualified engineer, who may be a member of the Commission, to review site drainage plans to review compliance with these and other drainage standards contained in this Declaration. No Owner shall impede, alter or otherwise interfere with the drainage patterns and facilities within Lahontan until plans have been submitted and approved pursuant to Article V and by any public authority having jurisdiction thereof. No Owner shall intrude into a buffer zone maintained along a significant drainage course, as delineated on any Subdivision Map for Lahontan. This Declaration provides notice to each Owner that portions of each Lot must be carefully graded to provide positive drainage away from the entire foundation line of the Residences. Positive drainage is achieved by shaping and cutting drainage swales or channels in the ground. These swales are engineered progressively lower than the adjoining surface ground areas on the Lot and may provide a receptacle and conduit to drain water away from foundations and into natural swales or into the Lahontan development's storm drainage system. Swales also help to prevent surface drainage water from flowing onto building pads situated on adjacent Lots.

The inclusion of foundation waterproofing and a perforated pipe foundation drainage system are recommended along uphill and sidehill foundation walls on hillside Lots. Consultation by a professional soils engineer is advised for assessment of unusual or irregular soils conditions if encountered.

### **Section 6.11. Fencing Requirements and Restrictions**

(a) Fencing Generally Prohibited. In order to preserve the natural beauty and aesthetic appearance of the Lahontan development, all property lines shall be kept free and open to one another, and with the exception of approved dog runs, fencing installed by Declarant to protect wetlands, Wetland Preservation Easements or Open Spaces and other types of fencing permitted

by the Improvement Requirements, fences generally shall not be allowed within the Lahontan development. Dog runs must be integrated, to the fullest extent possible, with the Residence, may not be free standing and must be as unobtrusive as possible.

(b) Fencing Adjacent to the Golf Course. Except for fencing originally constructed or approved by Declarant or the County, there shall be no fencing constructed, maintained or placed on any portion of Lahontan which adjoins the Golf Course or which unreasonably interferes with the view from the Golf Course. Any fencing approved in writing by the owner of the Golf Course shall be deemed as not in violation of this section.

(c) Fencing Adjacent to Wetlands, Wetland Preservation Easements or Open Space. No permanent protective fences adjacent to wetlands, Wetland Preservation Easements or Open Spaces may be removed, replaced or altered without the express written consent of the Association and the County Development Review Committee; and no permanent protective fences adjacent to the Golf Course may be removed, replaced or altered without the additional express written consent of the owner of the Golf Course.

(d) Location of Structures In Relation to Protective Fencing. No structure on a Lot shall be located within ten (10) feet of any permanent protective fencing adjacent to wetlands, Wetland Preservation Easements, Open Spaces or the Golf Course.

### **Section 6.12. Exterior Lighting and Fixtures**

All lights installed on the exterior of a Residence shall be adequately and properly shielded from other Residences and the streets serving Lahontan such that direct rays from the light source are directed downward and do not cross property lines. Owners may not install metal halide or halogen type exterior lighting (except low voltage), and vapor lights of any kind, including but not necessarily limited to sodium or mercury vapor, will not be allowed. Incandescent, high pressure sodium or low voltage lighting is preferred. In order to preserve the rural character of the area surrounding Lahontan, security lighting installed on Lots shall be of the type triggered by movement, heat, sound or radio waves and shall not be illuminated for extended periods of time (such as dusk to dawn). Security lighting must be approved as to location, appearance and coverage area.

### **Section 6.13. Exterior Colors and Finishes**

. No reflective finishes shall be used on exterior surfaces (including windows or window coverings), including, but without limitation, the exterior surfaces of

any of the following: roofs, all projections above roofs, retaining walls, doors, trim, fences, pipes, equipment, mailboxes and newspaper tubes. Brightly colored finishes are prohibited. Exterior materials and colors that blend and are compatible with the native landscape and the existing natural environment in and around Lahontan shall be encouraged, although the Commission may approve primary colors as trim or accent elements. Exterior metals, such as aluminum or steel doors, windows, screens, roof top and side wall appurtenances and other miscellaneous metal shall either be anodized in a color (other than clear) or provided with exterior fixtures and equipment into surrounding building materials and a factory finish in an approved color. Polished copper and other highly-reflective materials will not be approved on the exterior of any Residence. No exterior finishes, textures or building materials shall be used without approval of the Lahontan Covenants Commission and the color selected must result in an inconspicuous blending with the surrounding environment.

#### **Section 6.14. Roof Pitch and Roofing Materials**

. All Residences must have pitched roofs with a minimum pitch of four feet in twelve (4:12), however up to one third (1/3) of the horizontal roof area of any Residence may appear flat (1/4+/-:12). Only fire retardant roofing materials, principally metal, asphalt shingle, tile or concrete shall be used on Residences and other building structures and samples of roofing materials must accompany plans and specifications pertaining to any building or other structure that requires roofing and the Commission must approve the materials submitted. Matte-finish metal roofs shall be permitted, subject to the Commission's regulation as to color, finish and appropriateness to the overall design and aesthetics of the project. The Improvement Requirements may include a list of pre-approved roofing materials and products.

#### **Section 6.15. Parking Spaces**

. Each Residence must be served by a minimum of two (2) covered and four (4) uncovered parking spaces located on each Lot. Parking along the private roads of Lahontan shall not be permitted, except as expressly authorized by the Association, as, for example, may be appropriate in connection with a golf tournament event.

#### **Section 6.16. Construction Activity**

. Noise-producing construction activities are prohibited on Saturday and are permitted from 7:00 a.m. to 6:00 p.m. on Monday through Friday. In special circumstances, such as adverse weather conditions, with the approval of the Covenants Commission and the County Planning Director, noise-producing construction activities may be permitted at other times as well. Quiet

construction activities within an enclosed Residence (with roof and siding installed) are permitted at all times, other than Sundays and federal holidays when there shall be no construction activity within Lahontan.

### **Section 6.17. Construction Equipment**

. All mobile construction equipment utilized during construction, including, but not limited to, electrical generators and compressors, shall be properly maintained and tuned-up. Whenever practical, low-emission construction equipment and low-sulfur fuel shall be used to power such equipment.

### **Section 6.18. Wood Burning Devices**

. Unless EPA-certified, no wood burning fireplaces, stoves or other devices are permitted in the Lahontan development. The total emissions from any permitted wood burning device in a Residence shall not exceed 7.5 grams per hour. If a Residence contains more than one (1) wood burning device, the ceiling of 7.5 grams per hour shall apply to all emissions.

### **Section 6.19. Natural Gas**

. If natural gas is made available to the Lahontan development, all fireplaces installed in any structure within Lahontan shall be plumbed for natural gas.

### **Section 6.20. Utilities**

Utility services are stubbed to the property lines of each Lot. Water, natural gas, power, telephone and cable television service locations are generally clustered (usually with those of one adjacent Lot) in a utility easement located near or on the front corners of each Lot. The location of the sanitary sewer point-of-connection varies from Lot to Lot. The extension of services from the stub locations to the Residence shall be the responsibility of each Owner and shall be routed to minimize disruption to the natural landscape. As a general rule, utility trenches may not encroach into any required setback except where they cross a setback between the service tap and the building envelope. All areas of the site disturbed from utility trenching operations must be restored to their natural condition as soon as possible. Information regarding current tap and service fees, as well as connection procedure, may be obtained by contacting the serving utility companies.

### **Section 6.21. Stilt Construction**

. Use of hillside "stilt" designs shall be avoided. Building elevations on the downhill sides shall continue to the ground and follow natural contours.

### **Section 6.22. Decks**

Cantilevered decks and balconies on any visible side slope portion of a Residence shall be limited in size, covered, or avoided entirely.

**Section 6.23. Owner of the Golf Course Approval**

. No Owner may construct or alter any Improvement within fifty (50') feet of the Golf Course without the express written approval of the owner of the Golf Course.

**Section 6.24. Antennas**

. Because each Lot will be provided with central cable service, antennas and satellite dishes are generally discouraged. No outside television antenna, aerial, or other such device (collectively "Video Antennas") with a diameter or diagonal measurement in excess of thirty-six inches (36") shall be erected, constructed to placed in any Common Area or any Lot. Video Antennas with a diameter or diagonal measurement of thirty-six inches (36") or less may be installed only if approved in accordance with the provisions of Article V. Reasonable restrictions which do not significantly increase the cost of the Video Antenna system or significantly decrease its efficiency or performance, including, without limitation, a requirement that antennas or reception dishes be screened from view from streets or neighboring Lots, the Golf Course or Common Areas, may be imposed by the Improvement Requirements.

**Section 6.25. Flag Poles**

. Flags of a modest size may be displayed if approved by the Lahontan Covenants Commission. Flag poles must be in proportion to the approved flag size and may not extend above the nearest roof ridge.

**Section 6.26. Play Equipment**

Play structures, trampolines, swing sets, slides or other similar devices are only allowed when approved in advance by the Lahontan Covenants Commission. The Commission may grant approval if the structure or equipment is located within screened, rear-yard areas, is constructed and finished with materials that complement the Residence and equipment or structure does not exceed eight (8) feet in height. Play structures with brightly colored awnings will not be permitted and the equipment or structure must have a color consistent with the intent of the Improvement Requirements.

**6.27. Sports and Tennis Courts.** Due to adverse impacts on the quiet enjoyment of neighboring residents and the need for significant grading, sports and tennis courts will not generally be approved on Lots within the Lahontan development. In no event shall approved courts have exterior lighting.

**Section 6.28. No Temporary Structures.**

. No recreational vehicle, trailer, mobile home, camper, tent, shack, used structures, structures of a temporary character, or other outbuildings shall be used on any Lot at any time as a Residence. Small storage buildings designed specifically for the homesite and constructed on site may be allowed if they are complementary with the principal Residence structure.

**Section 6.29. Federal Aviation Administration**

. Some development activities may be subject to the approval of the Federal Aviation Administration or the Division of Aeronautics.

**Section 6.30. State Board of Forestry Fire Regulations**

. The County requires that all Owners be advised that the lands comprising the Lahontan development are included within a "State Responsibility Area" and is therefore subject to fire protection regulations established by the California State Board of Forestry. These regulations include provisions applicable to the construction of Residences.

**Section 6.31. Questionnaire**

. The County requires that all Owners be advised that builders and contractors may be required to submit a hazardous materials emissions questionnaire to the Hazardous Materials Section of the Environmental Health Division prior to the beginning construction of a Residence.

**Section 6.32. Truckee Tahoe Airport**

. Upon conveyance of a Lot from Declarant to an Owner, Declarant shall notify such Owner that Lahontan is located within the Truckee-Tahoe Airport overflight zone, which may subject the Owner (i) to noise, vibrations, fumes, dust and fuel particles from aircraft in the vicinity and from the normal operations of the airport, and (ii) to restrictions on land use and development standards, now or in the future.

**Section 6.33. Deferred Fees and Obligations**

. The County requires that all Owners be advised that the Owners may be subject to County-mandated deferred fees or obligations to construct particular improvements within Lahontan.

**Section 6.34. Back Flow Prevention Devices**

. Declarant or Declarant's contractor must provide back flow prevention devices on domestic water service lines within Lahontan as required by Truckee Donner Public Utility District.

## ARTICLE VII

### Maintenance Responsibilities and Other Duties of the Association, The Owners and the Owner of the Golf Course

#### **Section 7.01. Association Maintenance Responsibility**

(a) Maintenance of Common Area. The Association shall be solely responsible for all maintenance, repair, upkeep and replacement within the Common Areas. No person other than the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Area. In addition, no person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Area without express approval of the Association.

(b) Maintenance of Private Roads. Except as otherwise provided in subparagraph (d), below, the Association shall maintain all private roads within Lahontan, including but not limited to, general access roads and emergency access roads, and shall provide snow removal services on such private streets and parking areas. Schaffer Mill Road, to the extent it is an off-site roadway providing access to and from the Lahontan development to State Highway 267, shall be maintained (including snow removal) by the Association until such road is accepted by the County for public use and maintenance. Roads stubbed to the northern and southern boundaries of Lahontan may be extended and connected to roads lying outside those boundaries. Within ten (10) feet of any roadway the Association shall (i) open the tree canopy to no more than seventy-five percent (75%) closure, (ii) remove dead fuels, (iii) limb up trees to a height of six (6) feet, and (iv) remove continuous brush.

(c) Maintenance of Open Space. The Association and its duly authorized agents and representatives shall be responsible for the maintenance, management and, if necessary, remediation of the Open Space, and the financing and implementation of a Mitigation Plan. During the five (5) years following acceptance by appropriate authority of the Improvements required by the Mitigation Plan, the Association and its duly authorized agents and representatives shall be responsible for the submission of an annual monitoring report to the accepting authority for the protection of wetlands, trees and other natural resources, and for undertaking any required corrective action. The

Association may use its right of entry authority (Section 3.06(b), above), when required for inspection and corrective work. Trimming and the maintenance activities in the Open Space areas shall be limited to measures required for fire prevention, elimination of diseased growth, or thinning as necessary for the maintenance of natural vegetation. The permanent protective fencing erected alongside any Wetland Preservation Easement and Open Space areas may only be removed or altered with the prior written consent of both the Association and the County Development Review Committee. The Association must notify all Owners and residents in Lahontan that no Owner or invitee shall place any fill materials, lawn clippings, oil, chemicals, or trash of any kind within the Open Space, other portions of the Common Area, or the Golf Course. As used herein, "remediation" shall include the right, but not the obligation, to initiate reseeding, replanting, regrading, or other remedial measures in response to Open Space areas damaged by fires or other natural calamities.

(d) Transfer of Certain Maintenance Responsibilities To County Service Area. The County has established County Service Area No. 28 for the purpose of providing the services described in this subparagraph (b) within County zone of benefit No. 142. Initially, the CSA shall remain dormant until the County accepts the identified improvements for public use or maintenance or until programs are adopted where appropriate. Notwithstanding subparagraph (a) of this Article, the Association shall not be obligated to provide any services for which the CSA assumes responsibility. The CSA may provide the following services, to the extent authorized in its charter: (i) maintain Schaffer Mill Road (including snow removal), (ii) maintain other streets and roads within Lahontan to the extent that such maintenance may be performed without requiring full public access to the road system, (iii) provide storm drainage maintenance for Common Facilities located within public easements (including structural storm water quality enhancement) and accepted by the County for maintenance, (iv) collect fees for park maintenance, regional storm drainage facilities and landscaping maintenance in public rights-of-way, and (v) any other maintenance deemed appropriate by the County Development Review Committee. In the event the County abolishes the CSA, or the CSA is otherwise unable to function, the Association shall thereupon assume responsibility for providing all services previously provided by the CSA.

(e) Maintenance of Lakes/Ponds. The Golf Course and/or the Lahontan development may include one (1) or more lakes or ponds, some within wetland areas. The water levels of these lakes or ponds may fluctuate to accommodate irrigation of the Golf Course. As appropriate, either the Association or the owner of the Golf Course shall have maintenance responsibility for lakes or ponds pursuant to a Lake/Pond Management and

Monitoring Plan approved by the County Development Review Committee. The objective of the plan shall be to maintain safe water bodies with healthy biota, such as reeds, bulrushes, cattails, etc., to minimize noxious weeds and to minimize the breeding of mosquitoes and retard lake and pond eutrophication. The reservoirs and ponds located within the Open Space and the Golf Course are restricted to reservoir uses and shall not be used for swimming or other body contact activities.

(f) Perimeter Fencing. It is likely that in some portions of Lahontan perimeter fencing will be installed to indicate the boundaries of the development and that such fencing may affect both Common Area parcels and residential Lots. In the event such fencing is installed by either the Declarant or the Association, it shall be maintained by the Association unless other maintenance arrangements are entered into between the Association and an affected Owner pursuant to subparagraph (g), below. Any entrance by the Association or its agents to perform repair or maintenance responsibilities with respect to perimeter fencing located on any perimeter Lot shall be undertaken in accordance with Section 3.06(b), above.

(g) Authority to Permit Limited Owner Maintenance. There may exist within Property small portions of Common Areas adjacent to Lots that are not suitable for use and enjoyment of all Owners and residents and which are, for some reason, difficult or uneconomical for the Association and its staff to properly maintain. Under such circumstances, the Owner of the adjacent Lot may petition the Lahontan Covenants Commission for the right (which shall be a revocable license) to install and maintain landscaping on the adjacent Common Area so long as: (i) the proposal involves no structural improvements other than an irrigation system, a path or stepping stones; and (ii) the area proposed to be landscaped does not exceed one thousand five hundred (1500) square feet in size. If the Commission finds that the subject Common Area is either unsuitable for general use and enjoyment or is difficult or costly for the Association to maintain, the Commission may approve the Owner's project. Thereafter, the petitioning Owner and his or her successors in interest, shall be obligated to install the landscaping described in the proposal and thereafter to maintain and replace that landscaping in accordance with the standards generally applicable to landscape maintenance on the Owner's Lot. The Commission may condition its approval on the Owner's execution of an agreement acknowledging that the use is permissive and has been undertaken with the consent and approval of the Association. If an Owner proceeds with the landscaping of Common Area without Commission approval, no such use may ripen into prescriptive rights and the Association may record against its Common Area property a notice of consent pursuant to California Civil Code

Section 813, to prevent any such prescriptive rights from accruing. Once a Common Area landscape project has been approved, it shall not be expanded or materially altered without the prior consent of the Commission.

(h) Execution of Maintenance Agreements. Except as otherwise provided in this Declaration, neither Declarant nor any of its agents shall enter into any contract which would bind the Association or the Board for a period in excess of one (1) year. Subject to that limitation, the Declarant may cause agreements, contracts, declarations or other documents ("Maintenance Agreements") to be executed which impose on portions of Lahontan and of Phases of the Lahontan development not then annexed, obligations to make contributions with respect to certain Association Common Expenses. If any Maintenance Agreements terminate or expire or cease to apply to particular property, the Association shall have the power and the duty, at the request of the owner of any of the property theretofore obligated pursuant to the Maintenance Agreement to execute in recordable form an agreement and acknowledgment that the Maintenance Agreement has terminated, expired, or ceases to apply to a particular property, as the case may be. The Association may also enter into Maintenance Agreements (for periods not to exceed one (1) year) with the Declarant and/or the owner of the Golf Course in order to achieve economies of scale or to efficiently and cost effectively share maintenance equipment, maintenance personnel or contractors and other resources. Such Maintenance Agreements between the Association and the other listed parties may provide that services be provided to the Association and to the Common Area in exchange for a temporary suspension or reduction of Regular Assessments.

(i) Burning. No exterior fires or burning of tree cuttings, vegetation or other debris shall be permitted within any portion of the Common Areas or Open Spaces unless authorized by the Placer County Air Pollution Control District.

## **Section 7.02. Owner Maintenance Responsibilities**

(a) Maintenance of Residential Lots. Each Owner of a Lot shall be responsible for the maintenance and repair of his or her Lot, as well as any Residence or and other Improvement thereon, including, without limitation, the diligent repair of damage caused by snow, ice or fire, and the re-staining and re-roofing of Residences and other building structures as needed to maintain a neat and attractive appearance to the structure. The Owner shall also be responsible for the maintenance of all of the exterior landscaping on his or her

Lot (including areas maintained in a natural state) in a safe, neat and orderly manner. Repairs necessitated by incidents of major damage or destruction of improvements on Lots shall be subject to the requirements imposed by Sections 11.03 and 11.04 (depending on the type of Residence), below. Any exterior repairs or modifications of existing structures that will modify the appearance of the structure or its color must receive the prior approval of the Lahontan Covenants Commission in accordance with Article V, above.

(b) Sewage Disposal System. No Owner may perform any work, repair or maintenance to any portion of the sewage and waste water disposal system within Lahontan (apart from routine maintenance or repair within a Residence) without the express written consent of the Association.

### **Section 7.03. Golf Course Maintenance**

(a) Golf Course Appearance. Each Owner acknowledges and agrees that neither the Association nor any Owner nor the Association shall have any right to compel the Golf Course owner to maintain the Golf Course or any improvements thereon to any particular standard of care and that the appearance of the Golf Course and improvements shall be determined in the sole discretion of the Golf Course owner.

(b) Golf Course Cart Paths. Portions of the golf cart path system may be situated within the Common Area. No Owner or invitee shall have any right to use any portion of the golf cart path system, including any portion situated on the Common Area without the prior approval of the owner or manager of the Golf Course. The Golf Course owner shall have the sole duty and obligation to maintain any portion of the golf cart path system which may be located within on the Common Area.

(c) Access Easement on Adjoining Lots for Maintenance. As more particularly provided in Section 9.03, below, the owner of the Golf Course shall have the right to enter upon any unimproved areas of Lots that share a common boundary line with any Golf Course fairway for the purpose of maintaining a clean and attractive edge from the Golf Course fairway into the adjacent Lot. Conversely, Owners which share a common boundary line with Golf Course fairways may make arrangements with the owner of the Golf Course to permit such Owner to extend landscaping up to Lot setbacks, pursuant to a revocable license, so as to maintain an attractive transition from the Golf Course to adjacent Lots at the expense of the Owner.

## **Section 7.04. Association Recovery of Costs of Certain Repairs and Maintenance**

(a) Association Maintenance Caused by Owner Negligence. If the need for maintenance or repair, which would otherwise be the Association's responsibility hereunder is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants, or invites, and is not covered or paid for by Association insurance policies or any liability insurance maintained by the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Section 4.04, above. The Association may recover all costs and expenses incurred in taking such actions as a Special Individual Assessment.

(b) Owner Defaults in Maintenance Responsibilities. If an Owner fails to perform maintenance or repair functions on the Owner's Lot for which he or she is responsible, the Association may give written notice to the offending Owner with a request to correct the failure within fifteen (15) days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Association may exercise its rights under Section 3.06(b) to enter the Owner's Lot and perform the repair or maintenance so long as the Owner has been given notice and the opportunity for a hearing in accordance with Section 12.06, below.

(c) Property Adjacent to Golf Course. If either the Association or an Owner fails to maintain any landscaping situated within fifty (50) feet of the Golf Course or at or along the entry to Lahontan ("defaulting party"), the owner of the Golf Course shall have the right, but not the duty, to maintain the landscaping at the sole cost and expense of the defaulting party. If the owner of the Golf Course desires to perform any such maintenance authorized by the preceding sentence, the owner of the Golf Course shall first notify the defaulting party in writing and provide the defaulting party with at least fifteen (15) days (calculated from the date of the notice to perform such maintenance is delivered to the defaulting party). If the defaulting party fails to commence and complete such maintenance within such fifteen(15) day period, the owner of the Golf Course shall have the right to enter the Lot or Common Area on which the maintenance is required during reasonable business hours and perform such maintenance. The defaulting party shall reimburse the owner of the Golf Course for the costs of performing any such maintenance within ten (10) days after receipt of a demand for reimbursement. This right to seek reimbursement shall not apply to any expenses incurred in connection with

work undertaken by the owner of the Golf Course pursuant to Section 7.03(c), above.

### **Section 7.05. Cooperative Maintenance Obligations**

(a) Cooperation Among Association, Owners and Golf Course, Generally. To the extent necessary or desirable to accomplish the Association's maintenance obligations hereunder, individual Owners shall cooperate with the Association, and (with respect to Lots adjacent to the Golf Course) the Golf Course owner, and the agents and maintenance personnel of the Association and/or the Golf Course owner in the prosecution of their respective maintenance activities.

(b) Assumption of Association Maintenance Responsibilities by Golf Course Owner. Any of the following Association maintenance responsibilities, either expressly or impliedly referred to in Section 7.01, may be assumed by the owner or operator of the Golf Course pursuant to a maintenance agreement between the Association and the Golf Course owner (see Section 7.01(h), above): storm water retention and detention facilities; water quality enhancement facilities (BMPS); Open Space maintenance or management; private recreational facilities; private parking and circulation areas; Common Areas (including any roadway), landscaping and entrance features; roads within Lahontan (including fire breaks and trails); Schaffer Mill Road; street lighting; and other facilities for which the maintenance by the owner or operator of the Golf Course is deemed appropriate by the County Development Review Committee.

### **Section 7.06. Drainage Structures, Ditches and Swales**

(a) Within Common Areas. All drainage structures, pipes, culverts, swales and canals improved by the Association for the major collection of storm runoff and any natural drainage courses within any portion of the Common Areas shall be maintained regularly by the Association. Any open drainage channels or ditches shall be maintained by the Association so as to assist in reducing and controlling mosquito breeding habitat.

(b) On Lots. Except as provided in subparagraph (a), above, each Owner shall keep drainage courses, drainage structures, pipes, culverts, ditches and swales on his or her Lot free and clear of all obstructions, and shall, in cooperation with contiguous property Owners (including the Association and the Declarant as to any contiguous parcels owned by them), maintain all such

drainage ditches, courses, pipes, swales and culverts common to their Lots in good order so as to reduce potential or actual mosquito breeding habitat.

(c) Consideration of Impacts on Neighboring Properties. No Owner or resident shall alter or obstruct a natural drainage course, or materially add to the natural water volume of said drainage course without making adequate provisions with respect to neighboring Lots and Common Areas and the Golf Course. Any such alterations, obstructions, or additions to water volume shall be considered an Improvement project that is subject to prior review and approval by the Lahontan Covenants Commission; provided, however, that the Commission shall be entitled to rely upon plans prepared by a California registered civil or geotechnical engineer qualified in grading or erosion control matters.

### **Section 7.07 Water**

(a) Best Management Practices. Upon conveyance of a Lot from Declarant to an Owner, Declarant shall provide such Owner with materials and information regarding best management practices to reduce water quality impacts from developed areas, including construction of infiltration facilities designed to the satisfaction of Lahontan Regional Water Quality Board.

(b) Educational Materials. Upon conveyance of a Lot from an Owner to a transferee, the Association shall provide such transferee with educational materials, approved by the County, regarding conventional water conservation practices and surface water quality protection. The Association shall also provide such materials to employers and operators of Common Facilities upon their engagement with the Association.

(c) Water Monitoring Program. Ground and surface water maintenance and monitoring shall conform to the Lake/Pond Management and Monitoring Plan, and shall include monitoring wells in the locations specified by said plan.

### **Section 7.08. Roads**

. All roads within the Common Area and otherwise within Lahontan, to be constructed by Declarant pursuant to the Development Plan, shall be maintained by the Association, or by the CSA to the extent approved by the County.

### **Section 7.09. Fire Protection and Maintenance Program**

. For any Improvement to a Lot or Common Area within fifty (50) feet of the property line of the Lahontan development or within ten (10) feet of any roadway within or adjacent to the Lahontan development, the following fire protection restrictions shall be followed: (a) the canopy will be opened to no more than seventy-five percent (75%) closure; (b) all dead fuels will be removed; (c) all trees surrounding the Improvement will be limbed up to six (6) feet; and (iv) continuous brush will be removed. Although the preceding sentence requires removal of brush, dead fuels and other debris, no vegetation or debris shall be disposed of anywhere other than at an Owner's Lot unless otherwise approved by the Placer County Air Pollution Control District. As Phases are annexed to Lahontan, either the Declarant or the Association must initiate and maintain a fire/fuel management program in accordance with this Section 7.09. Until the first close of escrow on a Lot, the Declarant shall have the fire protection maintenance responsibility and thereafter the Association shall be solely responsible for compliance unless the responsibility is transferred to, and assumed by a governmental entity or the owner of the Golf Course in accordance with Sections 7.01(d) and 7.01(h), above. See also Section 7.01(b) for fire protection requirements along roadways.

**Section 7.10. Truckee North Tahoe Transportation Management Association**

. The Association and the owner or manager of the Golf Course shall join and maintain membership in the Truckee-North Tahoe Transportation Management Association (TNTTMA), and actively participate in implementing strategies and programs pursued by the TNTTMA to the extent they are feasible for the Lahontan development.

**Section 7.11. Right to Farm Ordinance**

. The County requires that all Owners be advised of the County Right to Farm Ordinance. Concurrently with Declarant's sale of a Lot to a transferee, Declarant shall provide the transferee with a copy of such ordinance.

**ARTICLE VIII  
Use of Property and Restrictions**

In addition to the restrictions established by law or Association Rules promulgated by the Board of Directors (consistent with this Declaration), the following restrictions are hereby imposed upon the use of Lots, Common Areas, the Golf Course and any other parcels within Lahontan:

## **Section 8.01. Use of Lots**

(a) Single Family Residential Use. Each Lot shall be conveyed as a separately designated and legally described fee simple estate, subject to this Declaration. Except as provided in Article XV, all Lots within Lahontan shall be used solely for the construction of Residences whose occupancy and use shall be restricted to Single Family Residential Use. In no event shall a Residence be occupied by more individuals than permitted by applicable law, zoning or other local governmental regulation. The restrictions imposed by this subparagraph (a) are not intended to preclude construction of a "guest house" for the housing of occasional social guests or servants' quarters for the housing of servants or the domestic employees on the premises, so long as the Lahontan Covenants Commission determines that the Lot is of sufficient size and has trees, slopes, and other topography characteristics that will accommodate both a principal Residence and a guest house in a suitable site envelope, without causing a material degradation of the aesthetics of the Lot and surrounding parcels. Residences may be rented in accordance with Section 2.05, above.

(b) Compliance with Minimum Construction Standards. All Residence and related structures erected on any Lot shall conform to the minimum construction standards set forth in Article VI hereof, unless a variance has been granted by the Lahontan Covenants Commission in accordance with Section 5.12.

(c) Prohibition of Camping on Lots. No camping, whether temporary or permanent, and no temporary structures of any kind (other than Declarant's sales offices) shall be permitted on any Lot.

(d) Prohibition of Drilling/Mining Operations. No drilling, refining, quarrying or mining operations of any kind shall be permitted on any Lot.

(e) Limitation on Access to Perimeter Lots. There shall be no access to any Lot on the perimeter of the Lahontan development except from designated streets or roads within Lahontan.

(f) Temporary Structures. No structure of a temporary character, trailer, mobile home, camper, tent, shack, garage or other outbuilding shall be used on any Lot at any time as a Residence, either temporarily or permanently.

## **Section 8.02. Prohibition of Time Sharing**

. No Lot 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, but shall not be limited to, any agreement, plan, program, or arrangement under which the right to use, occupy, or possess the Lot or any portion thereof or the Residence located thereon 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 by any Owner or his or her or its social or familial guests. This section does not apply to other shared ownership arrangements that do not meet the definition of a time share project under the Business & Professions Code and the Regulations of the DRE.

### **Section 8.03. Common Areas**

. With the exception of Improvements within the Common Areas constructed by the Declarant, the Common Areas shall be preserved as Open Space and used for recreational and other purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for aesthetic and recreational purposes by the Members and their tenants, families and guests, subject to the provisions of the Governing Documents. No Improvement, excavation or work which in any way alters any Common Area or Common Facility from its natural or existing state on the date such Common Area or Common Facility shall be made or done except by the Association and then only in strict compliance with the provisions of this Declaration.

### **Section 8.04. Use of Open Space**

(a) Open Space. Except as may otherwise be provided in a Mitigation Plan approved by the County Development Review Committee, the Association, the Owners and their invites shall not alter, modify, or change the physical, biological, and ecological characteristics of lands within any portion of the Common Area designated as Open Space, except as may be necessary to enhance, improve, and maintain the wetland areas.

(b) No Dumping of Trash, Fill or Clippings. No Owner shall place any fill materials, lawn clippings, oil, chemicals, or trash of any kind within any Open Space, or other portions of the Common Area, the Golf Course or any on-site public park. No grading, vegetation removal, animal grazing, domestic landscaping and fencing or other alteration is permitted in these areas.

Trimming or other maintenance activity in Open Space is allowed only for the purpose of fire prevention, elimination of diseased growth, or trimming necessary for the maintenance of natural vegetation, and only with the written consent of the County Development Review Committee.

**Section 8.05. Ground and Surface Water**

. No Owner shall act inconsistent with the Lake/Pond Management and Monitoring Plan directives for maintenance of safe water bodies within Lahontan. Owners shall not act in a manner which would promote any of the following: breeding of mosquitos; lake eutrophication; discharge of nutrient-rich or contaminated or polluted waters outside Lahontan or into the groundwater; or discharge of biocides into waterways.

**Section 8.06. Prohibition of Noxious Activities**

. No illegal, noxious or offensive activities shall be carried out or conducted upon any Lot or Common Area nor shall anything be done within the Lahontan development which is or could become an unreasonable annoyance or nuisance to neighboring property Owners. Without limiting the foregoing, no Owner shall permit noise, including, but not limited to barking dogs, the operation of excessively noisy air conditioners, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from an Owner's Lot or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Lot or the Common Area or the Golf Course. Without limiting the foregoing vegetation and landscaping on any Lot shall be planted or maintained by the Owner or resident in such a manner as to reduce the risk of fire, prevent or retard shifting or erosion of soils, encourage the growth of indigenous ground cover and to cause the proper diversion of water into streets and natural drainage channels.

**Section 8.07. Household Pets**

. The following restrictions regarding the care and maintenance of pets within Lahontan shall be observed by each Owner and resident:

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

(b) Management and Restraint of Authorized Pets. Pets shall only be allowed within the Common Areas and Open Spaces of Lahontan when they

are leashed or otherwise under the supervision and restraint of their owners. In the residential portion of Lahontan, pets must be fenced or otherwise tethered when left unattended outside, and must be on a leash or otherwise restrained whenever the pet is within any portion of Lahontan other than the Owner 's Lot.

(c) Owner's Responsibility for Pets. Each person bringing or keeping a pet to the Lahontan development shall be solely responsible for the conduct of the owner's pets. The Association, its Board, officers, employees and agents shall have no liability (whether by virtue of this Declaration or otherwise) to any Owners, their family members, guests, invites, tenants and contract purchasers for any damage or injury to persons or property caused by any pet.

(d) Right to Adopt Additional Pet Regulations. The Board of Directors shall have the right to establish and enforce additional rules and regulations defining in a uniform and nondiscriminatory manner, what constitutes a "reasonable number" of pets depending on their size, disposition and/or maintenance requirements and imposing standards for the reasonable control and keeping of household pets in, upon and around Lahontan to ensure that the same do not interfere with the quiet and peaceful enjoyment of Lahontan by the other Owners and residents.

### **Section 8.08. Signs**

. No advertising signs or billboards shall be displayed on any Lot or posted within any portion of the Common Area other than: (i) signs posted or maintained by the Declarant within the Common Area or on any Lot owned by the Declarant advertising such Lots for sale or lease; (ii) a single sign of reasonable dimensions posted or maintained by on Owner on his or her Lot advertising the Lot for sale or lease; (iii) a single sign identifying the architect and/or contractor of a Residence under construction, which sign shall not exceed six (6) feet of total surface area and which shall be removed immediately upon completion of construction (see the Improvement Requirements for further regulations relating to construction signage); and (iv) signs required to be posted by legal proceedings. While a home is on the market to be sold, a second temporary "OPEN HOUSE" sign may be maintained on the subject homesite, so long as the design and placement of the second temporary sign complies with the Association Rules and Regulations relating to signage on homesites as may be adopted by the Association. In no event shall Owners or their agents or brokers erect A-frame or other directional signs along private streets or within any portion of the Golf Course or the Common Areas of the Lahontan development and under no circumstances shall any signs be placed on any Lot so as to face the Golf Course.

### **Section 8.09. Business Activities**

. No business or commercial activities of any kind whatsoever shall be conducted in any Residence garage or out building or in any portion of any Lot without the prior written approval of the Board; provided, however, the foregoing restriction shall not apply to: the activities of the Association and its agents and contractors, any rental of Residences in accordance with Section 2.05, above; or to the Declarant's activities in connection with the development, sale and marketing of Lots within Lahontan; or to the activities of the owner of the Golf Course in marketing the sale of Club memberships. Furthermore, no restrictions contained herein shall be construed in such a manner so as to prohibit any Owner from: (a) maintaining his or her personal library in his or her Residence; (b) keeping his or her personal business records or accounts therein; (c) handling his or her personal or professional telephone calls or correspondence therefrom; (d) engaging in other activities related to the resident's business or profession that can be conducted from a Residence using computers and other technology so long as the home activities do not generate traffic, noise or involve other employees or contractors; or (e) conducting any other activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific governmental authorization. The uses described in (a) through (e), above, are expressly declared to be customarily incidental to the principal residential use and not in violation of this section.

### **Section 8.10. Water Reservoirs**

. Pursuant to the Lake/Pond Management and Monitoring Plan, Owners shall be restricted in their use of water reservoirs within Lahontan due to reservoir safety hazards and the need to maintain water quality.

### **Section 8.11. Petroleum and Other Chemicals**

. The discharge of fuels, oils, or other petroleum products, detergents, cleaners or other similar chemicals in or around the ground or drainage ways in, or adjacent to, Lahontan is prohibited.

### **Section 8.12. Hazardous Materials**

. Before bringing any hazardous material onto Lahontan, Owners must notify the County Division of Environmental Health at least ten (10) days in advance of the planned date of bringing such material on-site, and must receive the Division's approval to do so. Hazardous materials reviewed and approved by the County Development Review Committee pursuant to a Hazardous Materials and Hazardous Waste Management Plan shall be deemed approved

for purposes of this section. Owners that bring hazardous materials to any site within Lahontan are solely responsible for the removal of such material from the Lahontan development. For purposes of this section, "hazardous materials" include, but are not limited to, waste oils, chemicals, paints, solvents, cleaning agents, acids, alkalis, sludge and similar materials that are listed as hazardous materials in the California Administrative Code, Title 22, Subsections 66680 and 66685.

### **Section 8.13. Garbage**

. No rubbish, trash, or garbage shall be allowed to accumulate on Lots. Any trash that is accumulated by an Owner outside the interior walls of a Residence shall be stored entirely within appropriate, covered refuse disposal containers and facilities which shall be screened from view from any street, neighboring Lot or Common Area. All refuse disposal containers used by Owners must be bear-proof. Owners shall subscribe to a weekly refuse collection service from the refuse collection franchise holder as required by County Code Article 9.24(2). Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated upon vacating of premises or during the construction of modifications and Improvements) shall be removed from Lahontan to a public dump or trash collection area by the Owner or tenant at his or her expense. The Association shall be entitled to impose reasonable fines and penalties for the collection of garbage and refuse disposed in a manner inconsistent with this section. The Association shall be responsible for weekly refuse collection service to all Common Facilities within Lahontan.

### **Section 8.14. Storage of Personal Property**

. Storage of personal property on any Lot shall be entirely within enclosed storage areas. The Association shall have the right to establish and maintain within suitable Common Area locations appropriate storage yards and storage buildings for the maintenance of materials and equipment used by the Association in connection with its planting, building, repair, maintenance and preservation of the structures, gardens and other Improvements which the Association is obligated to repair and maintain.

### **Section 8.15. Burning and Fire Protection Restrictions**

(a) Exterior Fires. There shall be no exterior fires at any location within the Lahontan development (with the exception of barbeque fires, as described below), including but not limited to, open burning of cleared vegetation and burning of construction debris or illegal material. Acceptable substitutes for open burning of cleared vegetation include measures such as chipping, fuel wooding or yarding. Barbecue fires located only upon Lots and

contained within receptacles designed for such purpose are permitted. No Owner or resident shall permit any condition to exist on his or her Lot, including, without limitation, trash piles, or weeds, which create a fire hazard or is in violation of local fire regulations.

(b) State Responsibility Area. Owners are on notice that the Lahontan development is located within a "State Responsibility Area" and, as such, is subject to fire protection regulations established by the California State Board of Forestry. Such regulations include provisions applicable to the construction of Residences.

### **Section 8.16. Basketball Standards and Other Outdoor Sports Apparatus**

Basketball hoops and standards will be allowed on a case-by-case basis by the Lahontan Covenants Commission where the hoop, backboard and all related hardware are finished to match the structure and are mounted directly to the Residence or an accessory structure such as a detached garage. When possible, Owners should locate basketball hoops at a point on the Residence or accessory structure where they will not be seen from any street, Common Area, the Golf Course or neighboring Lot. Tennis courts, sports courts and other outdoor play equipment shall only be permitted in accordance with Sections 6.26, 6.27 and the Improvement Requirements.

### **Section 8.17. Machinery and Equipment**

. No power tools, machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance or repair of a private Residence or appurtenant structures within Lahontan.

### **Section 8.18. Diseases and Pests**

. No Owner shall permit any thing or condition to exist upon his or her Lot which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

### **Section 8.19. Parking and Vehicle Restrictions**

. The following restrictions apply to the maintenance and use of vehicles and the use of the private roads within Lahontan:

(a) Authorized Vehicles. Only the following vehicles can be parked on a regular basis within the Property: standard passenger vehicles, trucks not to exceed three quarter (3/4) tons in gross carrying capacity, family-type vans (i.e., vans that are designed and marketed for family, rather than commercial, use), station wagons, and truck vehicles with an enclosed passenger

compartment, such as Blazers, Broncos or Jeep Cherokee-type vehicles. Any vehicle that does not meet the definition of an authorized vehicle may only be parked within Lahontan in accordance with subparagraph (c), below. The Association Rules may be utilized to augment the list of authorized vehicles in order to reflect changes in design and technology.

(b) Restriction on Parking in Common Areas. No Owner or resident shall use the Common Areas (including the streets within Lahontan) for the parking or storage of any automobile, truck, trailer, boat or vehicle of any type, except as may be specifically authorized in writing by the Association. Visitors and guests of residents within Lahontan may use common parking areas, if any, or facilities as may be designated or authorized for short-term guest and visitor use by the Association.

(c) Restrictions Relating to Boats, Trailers and Recreation Vehicles. No boats, trucks, vans, trucks rated for more than three quarter (3/4) tons of gross carrying capacity, house trailers, campers, recreation vehicles or other vehicles containing living quarters shall be parked within Lahontan unless the vehicle, boat or trailer can fit entirely within the owner's garage with the garage door closed. Such vehicles and trailers may also be parked temporarily in a driveway or in a street in front of such Lot for a period of not more than seventy-two (72) hours at a time, and for no more than fourteen (14) days per calendar year.

(d) Restrictions Relating to Repairs. No boat or vehicle of any type (including motorcycles) shall be permanently or semi-permanently parked in or upon the public or private streets within Lahontan, or on any Lot or Parcel or driveway for the purpose of accomplishing repairs thereto or the reconstruction thereof except for emergency repairs and then only to the extent necessary to enable towing or similar movement of the vehicle. Routine maintenance of vehicles that can be accomplished in less than five (5) hours shall also be permitted.

(e) Driveway and Garage Door Maintenance. All driveways shall be maintained in a neat and orderly condition and free of oil spills. Garage doors shall be closed at all times except during the time needed for vehicles or people to enter or leave or for periods when the Owner or resident is physically present in the garage and the door must be open to provide ventilation, or access to and from the garage.

(f) Restriction on Use of Garage for Storage. Garages may not be used for storing or parking any boat, motorcycle, camper, trailer, recreational vehicle or other personal property, unless the same is fully enclosed in the

garage and the garage door is kept closed, other than for ingress and egress. At all times the garage must be maintained in a manner which will permit the parking of at least two (2) standard size automobiles.

(g) Restrictions Relating to Golf Carts. Golf carts shall not be permitted to travel on any road or pedestrian/bicycle path within Lahontan, except to cross such roads or paths at designated locations. Golf carts shall remain on designated golf cart paths unless the rules of the Golf Course provide otherwise.

(h) Right to Tow Vehicles. So long as applicable laws and ordinances are observed, including California Vehicle Code section 22658.2, the Board shall have the authority to tow, or cause to be towed, at the owner's expense, any vehicle or trailer that is parked or stored within the Common Area or on any street within the Common Area or on any street in violation of this section. The Board shall post such notices or signs within the Common Area as may be required by law to implement this towing authority.

(i) Use of Streets Within Lahontan. The streets within Lahontan are private roads and are subject to the regulation and control of the Association. All persons operating vehicles of any kind within Lahontan shall observe all posted speed limits and other traffic and road use regulations that may be included in the Association Rules.

(j) Authority of Association to Adopt further Parking and Vehicle Regulations. In order to prevent or eliminate parking problems within Lahontan or to further define and enforce the restrictions of this Section 8.19, the Association Board shall have the authority to establish additional rules, restrictions and penalties, including the imposition of fines or towing procedures for recurrent violation of the restrictions imposed by this section. Without limiting the foregoing, those Rules may include: (i) a schedule of graduated fines for traffic offenses (such as a first warning when an Owner, resident or the family member of an Owner or resident is observed speeding on Lahontan roads, followed by a series of graduated fines if the same person is observed speeding on multiple occasions); (ii) provisions making Owners responsible (in the discretion of the Board) for fines imposed for speeding and traffic infractions committed by tenants, agents, contractors, guests, and invitees of Owners and residents (so long as the Owner is given notice and the opportunity to be heard on the matter); and (iii) rules which provide different enforcement penalties, procedures and/or remedies with respect to Owners, residents, and social guests and invitees of Owners and residents, on the one hand, and contractors, sub-contractors, and other commercial agents and

invitees of Owners and residents, on the other hand. Distinctions in remedies could include, for example, rule provisions which would result in a denial of road-use privileges to vehicles of contractors, sub-contractors, and other commercial agents and invitees who are determined to have violated speed limits and other traffic safety/regulatory rules on multiple occasions.

(k) Deicing Agents. The use of salt as a deicing agent on roads, streets, driveways and/or parking areas within Lahontan shall not be permitted unless otherwise authorized by the Lahontan Regional Water Quality Control Board.

### **Section 8.20. Activities Affecting Insurance**

. Nothing shall be done or kept on any Lot or within the Common Area which will increase the rate of insurance relating thereto without the prior written consent of the Association and no Owner shall permit anything to be done or kept on his or her Lot or the Common Area which would cause any Improvements to be uninsurable against loss by fire or casualty or result in the cancellation of insurance on any Residence or any part of the Common Area.

### **Section 8.21. Restriction on Further Subdivision and Severability; Lot Combinations**

No Lot shall be further subdivided nor shall less than all of any such Lot be conveyed by an Owner thereof and no Owner of a Lot within Lahontan shall be entitled to sever that Lot from the Common Area portion of Lahontan. Any proposal to combine two (2) or more Lots must be approved by the Lahontan Covenants Commission and shall also comply with all applicable governmental requirements. The Commission may condition its approval of a Lot combination on the Owner's agreement to continue the payment of Assessments as if no merger of Lots had occurred.

### **Section 8.22. Variances**

. Upon application by any Owner, the Covenants Commission shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article, if specific application of the restriction will, in the sole discretion of the Commission, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Declaration. In considering and acting upon any request for a variance, the Commission shall follow the procedures set forth in Section 5.12 for the granting of architectural variances and may solicit the comments and recommendations of members of the Board of Directors.

### **Section 8.23. Enforcement of Property Use Restrictions**

. The objective of this Declaration shall be to encourage voluntary compliance by Owners and tenants with the minimum construction standards and property use restrictions contained herein. Accordingly, in the event that the Association becomes aware of an architectural or property use infraction that does not necessitate immediate corrective action under Section 12.06, below, the Owner or lessee responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or lessee correct the condition within a reasonable time specified in the notice, and advise the Owner or lessee of his or her right to be heard on the matter. The Association shall have the discretion conferred by California Corporations Code section 7231 in determining when and to what extent enforcement action is necessary and appropriate in any particular enforcement situation (see Section 12.06 (a), below).

## **ARTICLE IX Easements**

### **Section 9.01. Easements in Favor of Declarant in Common Area**

. For so long as Declarant is subject to a bond for uncompleted Common Facilities or has the right to annex additional properties to the Lahontan common interest development pursuant to Article XIV of this Declaration, Declarant shall have an easement for ingress to an egress to, from, over and across the Common Areas, roads and pathways within Lahontan for the purposes of (a) completing any improvements thereon, (b) performing necessary repair work or other responsibilities of the Declarant hereunder, and/or (c) entry onto any portion of the Annexable Territory in connection with the development of additional Phases of the Lahontan development.

### **Section 9.02. Wetland Preservation Easements**

. The Association and its duly authorized agents and representatives shall have a non-exclusive right and easement under, over and upon those portions of Lahontan designated as wetlands, only as is reasonable to protect, enhance and maintain jurisdictional wetlands, including their buffer areas (collectively "Wetland Preservation Easements").

### **Section 9.03. Easements for Golf Ball Intrusion, Maintenance and Watering Over Spray**

. There is reserved for the benefit of Declarant and to any successor or assign of the Declarant who becomes the owner of record of the Golf Course, a non-

exclusive right and easement appurtenant to the Golf Course for the following purposes: (a) overspray in connection with the watering of the roughs, fairways and greens on the Golf Course; (b) for maintenance of a clean, attractive fairway edge and transition from the Golf Course to the unimproved areas of adjacent Lots; (c) for maintenance, repair and replacement of, and ingress and egress over and along, any portion of the Golf Course cart path system located within the Common Area; and (c) for the intrusion on Lots of golf balls hit from the roughs, fairways and greens. Any person or entity for whose benefit the right and easement for overspray and intrusion is reserved shall not be liable to any Owner or the Association for any damage to person or property occasioned by such overspray or intrusion. The rights and easements reserved by this section shall be for the benefit of Declarant, its successors and assigns (including the owner of the Golf Course), and for the benefit of their employees, contractors, agents, guests, invites, licensees or members (collectively referred to as "beneficiaries") and shall burden any Lot and Common Area that shares a common boundary with any Golf Course fairway parcel. Without limiting the foregoing, this easement shall permit a golfer whose ball lands on a Lot adjacent to any Golf Course fairway to enter the Lot and either retrieve or play the ball; provided, however, that no ball may be played from a Lot if the ball lands in a landscape area, an area improved with a building, walk, deck, patio or other structure or other area on the Lot where the ball cannot be played without unreasonable interference with the privacy and quiet enjoyment of the Lot's Owner or resident.

#### **Section 9.04. Storm Drain Easements**

. There are hereby reserved and granted over, under, and across each Lot and the Common Area, as servient tenements, in favor of each other Lot and the Common Area, as dominant tenements, non-exclusive easements for drainage, as established by the grading and natural course of surface and subsurface water run-off for surface and subsurface storm drains and the flow of storm waters in accordance with natural drainage patterns and the drainage patterns and improvements installed or constructed by Declarant. Drainage shall include, but shall not be limited to, catch basins or other underground drainage improvements, drainage swales, drain pipes, surface and subsurface water and roof and gutter run-off. Within these easements, no structures, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation or flow of drainage.

#### **Section 9.05. Emergency Access Easement**

. All police, sheriff, fire protection, ambulance and other similar agencies and persons shall have a non-exclusive easement to enter the Lahontan development in the performance of their respective duties.

**Section 9.06. Utility Easement**

Each Owner shall have a non-exclusive right and easement over, under, across and through Lahontan, except for portions of Lahontan on which a structure is situated or which are located within ten feet (10') of a structure, for the use, maintenance and repair of underground utility lines, pipes, wires and conduits installed by Declarant or utility companies.

**Section 9.07. Neighborhood Sign Easements**

. The Association and the owner of the Golf Course shall have a non-exclusive right and easement over, under, across and through the Common Areas to construct and maintain neighborhood identification and entrance structures and/or fences.

**Section 9.08. Private Road Easement**

. Each Owner and the Association shall have and are hereby granted a non-exclusive right and easement for street, roadway and vehicular traffic purposes over and along all private roads within Lahontan for the purpose of access to, from and throughout Lahontan. In addition, the owner of the Golf Course, and any agents or contractors of such owner, the members of any golf club established for the Golf Course (whether or to that club is the golf course owner) and the guests and invites of such club members, and the agents, employees and contractors of the owner of the Golf Course of any golf club established for the Golf Course shall have and are hereby granted an easement for street, roadway and vehicular access purposes over and along the private streets within Lahontan to provide ingress and egress to and from the Golf Course.

**Section 9.09. Highway and Utility Easement**

The County shall have a non-exclusive right and easement for the purpose of using Schaffer Mill Road, eighty (80) feet wide, along an alignment approved by the Department of Public Works.

**Section 9.10. Easement to Governmental Entities.**

All governmental and quasi-governmental entities, agencies and utilities and their agents shall have a non-exclusive easement over the Common Area for the purposes of performing their duties within Lahontan.

**Section 9.11. Association Easement**

The Association and its duly authorized agents and representatives shall have a non-exclusive right and easement as is necessary to perform the duties and obligations of the Association set forth in the Governing Documents, including the right to enter upon Lots, subject to limitations contained in Section 3.06(b), above. Without limiting the foregoing, this easement shall permit access to Lots adjacent to Common Areas as necessary to maintain protective fencing around the perimeter of such Lots, when and as required by the Development Plan. This easement shall also apply and extend to any security personnel retained or employed by the Association to patrol roads within the Lahontan development.

**Section 9.12. Additional Easements**

. Notwithstanding anything expressed or implied to the contrary, this Declaration shall be subject to all easements granted or reserved by Declarant (i) for the installation and maintenance of utilities and drainage facilities necessary for the development of Lahontan, and (ii) for the installation and maintenance of neighborhood identification/entrance structures and fences by the Association or the owner or manager of the Golf Course (see Section 15.05, below).

**Section 9.13. Easement Rights Following Annexation of Additional Territory**

. Upon the Recordation of a Declaration of Annexation, the Lots and the Owners of Lots in the annexed Phase shall have all of the rights and easements specified in this Article and the Lots and the Owners of Lots in Lahontan prior to annexation shall have all of the easements specified in this Article as though the annexed Phase were initially part of Lahontan.

**Section 9.14. Other Easements**

. Each Lot and its Owner, the Association and Declarant, as the case may be, is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the lands comprising the Lahontan development and each Lot as shown on any Subdivision Map, or in any and all other encumbrances of Record, for any Phase of the development.

**Section 9.15. Priority of Easements**

. Wherever easements granted to the County are, in whole or in part, coterminous with any other easements, the easements of the County shall have and are hereby granted priority over said other easements in all respects.

ARTICLE X  
Insurance

Section 10.01. Types of Insurance Coverage

The Association shall, at the discretion of the Board of Directors, purchase, obtain and maintain, with the premiums therefore being paid out of Common Funds, the following types of insurance, if and to the extent they are available at a reasonable premium cost:

(a) Fire and Casualty Insurance. A policy of fire and casualty insurance naming as parties insured the Association and any Mortgagee of the Common Area, and containing the standard extended coverage and replacement cost endorsements and such other or special endorsements as will afford protection and insure, for the full insurable, current replacement cost (excluding foundations and excavation, but without deduction for depreciation) as determined annually by the insurance carrier, all Common Facilities and the personal property of the Association for or against the following:

- (i) Loss or damage by fire or other risks covered by the standard extended coverage endorsement.
- (ii) Loss or damage from theft, vandalism or malicious mischief.
- (iii) Such other risks, perils or coverage as the Board of Directors may determine.

Such policy or the endorsement made a part thereof shall, to the extent available, provide that the insurer issuing the policy agrees to abide by the decision of the Association made in accordance with the provisions of Section 11.01(c) of this Declaration as to whether or not to repair, reconstruct or restore all or any damaged or destroyed portion of the Common Facilities.

(b) Public Liability and Property Damage Insurance. To the extent such insurance is reasonably obtainable, a policy of comprehensive public liability and property damage insurance naming as parties insured the Association, each member of the Association Board of Directors, any manager, the Owners and occupants of Lots, and such other persons as the Board may determine. The policy will insure each named party against any liability

incident to the ownership and use of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to similar common interest developments in the Lake Tahoe-Truckee area.

(c) Directors' and Officers' Liability Insurance. The Association shall maintain a policy or policies of insurance providing coverage for the individual liability of the Association's officers and directors for negligent acts or omissions in the performance of their official duties. Such insurance shall be in the minimum amount of at least One Million Dollars (\$1,000,000).

(d) Additional Insurance and Bonds. To the extent such insurance is reasonably obtainable, the Association may also purchase such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this section, demolition insurance, fidelity bonds, and workers' compensation insurance. The Board shall purchase and maintain such insurance on personal property owned by the Association as the Board deems necessary or desirable.

#### **Section 10.02. Coverage Not Available**

. In the event any insurance policy, or any endorsement thereof, described in Section 10.01, above, is for any reason unavailable, then the Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage hereinabove described. The Board shall notify the Owners of any material adverse changes in the Association's insurance coverage and shall comply with the insurance policy disclosure requirements imposed by Civil Code section 1365.

#### **Section 10.03. Copies of Policies**

. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Association and shall be available for inspection by Owners at any reasonable time. As more particularly provided in Article XIII of the Bylaws, the Association shall be obligated to provide Owners with summaries of the insurance coverages maintained by the Association when and as provided in Civil Code section 1365(e).

#### **Section 10.04. Trustee**

. All insurance proceeds payable under Section 10.01 or 10.02, above, may, in the discretion of the Board of Directors, be paid to a trustee to be held and expended for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear. Said trustee shall be a commercial bank in the County that agrees in writing to accept such trust.

**Section 10.05. Adjustment of Losses**

The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Section 10.01, above. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

**ARTICLE XI**  
**Damage, Condemnation or Destruction**

**Section 11.01. Provisions Regarding Damage, Destruction or Condemnation Affecting Common Areas**

. In the event that any Common Areas or Common Facilities are damaged or destroyed or are the subject of an eminent domain proceeding, the following provisions shall apply:

(a) Securing Bids and Determination of Available Insurance Proceeds. In the event any Common Facilities are ever damaged or destroyed, then, and in such event, as soon as practicable thereafter the Board of Directors shall: (i) obtain bids from at least two (2) reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct and restore the damaged or destroyed portions of the Common Facilities to substantially the same condition as they existed prior to the damage and the itemized price asked for such work; and (ii) determine that amount of all insurance proceeds available to the Association for the purpose of effecting such repair, reconstruction and restoration.

(b) Insurance Proceeds Sufficient to Complete Repair or Restoration Work. If any portion of any Common Facility is damaged or destroyed and the insurance proceeds available to the Association are sufficient to cover the costs of repair, reconstruction and restoration, then the Association may cause such facilities to be repaired, reconstruction and restored; provided, however, that in the event of a total destruction of the Common Facility, the Association shall not be obligated to restore the facility to its prior appearance and condition if, in the Board's opinion, architectural or design modifications to the

Facilities will result in providing the Members with an improved facility available for substantially the same use and enjoyment as the destroyed Common Facility. In the event that available insurance is less than the cost to reconstruct the Common Facility, but the uninsured portion of the cost does not exceed a sum equal to five (5%) percent of the budgeted gross expenses of the Association, the Board shall impose a Special Assessment on the Owners to fund the uninsured portion of the cost.

(c) Insurance Proceeds Insufficient in an Amount Exceeding Five (5%) Percent of Budget. In the event that any Common Facility is totally or substantially damaged or destroyed or, if, in the event of damage to or destruction of only a portion of the Common Facilities, the insurance proceeds available to the Association are insufficient to cover the estimated cost of repair, reconstruction and restoration by an amount that exceeds five (5%) percent of the budgeted gross expenses of the Association, then the Board shall present to the Owners for determination whether: (a) to repair, reconstruct and restore the damaged or destroyed Common Facilities and levy a Special Assessment against all Owners for such additional funds; or (b) not to repair, reconstruct or restore the damaged or destroyed Common Facilities, but rather to utilize the insurance proceeds available for such reconstruction, together with any other sums otherwise available to the Association for such purpose, to demolish and remove the damaged or destroyed Improvements from the Common Area and to level and landscape the sites thereof and apply any balance of such proceeds and/or funds as the Owners and their first mortgagees may determine. This vote shall be conducted in accordance with Section 4.08, above.

(d) Damage to Common Facilities Caused by by Owners or Sub-Associations. To the extent permitted by law, each Owner and Sub-Association shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance if the damage is sustained because of the negligence, neglect, willful misconduct or unauthorized or improper installation or maintenance of any Improvement by the Sub-Association, its members, guests or invites, or the Owner, his or her Family, guests, tenants or invites, or any other persons deriving their right and easement of use and enjoyment of the Common Areas from the Sub-Association, the Owner, or their respective Family and guests, both minor and adult. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right, after notice and hearing as provided in Section 12.06, below, to levy a Special Individual Assessment equal to the increase, if any, in insurance premiums directly

attributable to the damage caused by the Owner or the person for whom the Owner may be liable as described above.

(e) Notice to Owners and Listed Mortgagees. The Board, immediately upon having knowledge of any damage or destruction affecting a material portion of the Common Area, shall promptly notify all Owners whose Lot are subject to Regular Assessments for the maintenance of such Common Area, and all holders, insurers and guarantors of first Mortgages on Lots who have filed a written request for such notice. The Board, immediately upon having knowledge of any damage or destruction affecting a Lot, shall promptly notify the holder and insurer or guarantor of the first Mortgage on such Lot who has filed a written request for such notice with the Board.

### **Section 11.02. Condemnation Affecting Common Areas or Common Facilities**

. If at any time all or any portion of the Common Areas, or any interest therein (including any Common Facility), is 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 award in condemnation shall be paid to the Association. No Member (other than a person on whose Lot a Common Area easement affected by a condemnation may be located) shall be entitled to participate as a party, or otherwise, in any proceedings relating to such condemnation. Except as stated in the preceding sentence, the Association shall have the exclusive right to participate in such proceedings and shall, in its name alone, represent the interests of all Members. The Board of Directors immediately upon having knowledge of any taking by eminent domain of the Common Area, or any portion thereof, or any threat thereof, shall promptly notify all Owners whose Lots are subject to Regular Assessments for the maintenance of such Common Areas, and all first Mortgagees of such Owners' Lots.

### **Section 11.03. Damage or Destruction of Residences**

(a) Obligation to Rebuild or Clear Damaged Structures. If all or any portion of any Residence is damaged or destroyed by fire or other casualty it shall be the duty of the Owner of said Residence to rebuild, repair or reconstruct the Residence or, in the alternative, to clear the Lot of all damaged or destroyed structures or portions thereof.

(b) Lahontan Covenants Commission Approval. Any Owner who has suffered damage shall apply to the Lahontan Covenants Commission for approval of plans for the reconstruction, rebuilding, or repair of his or her Residence, all as more particularly provided in Article V, above.

(c) Time Limitation for Reconstruction or Removal. The Owner or Owners of any damaged Residence(s) shall be obligated to proceed with all due diligence hereunder and must begin reconstruction or removal of damaged structures within three (3) months after the damage occurs. In the case of repair or reconstruction projects this three month deadline shall be met if complete plans and specifications for the project are submitted to the Commission within three (3) months after the damage or destruction occurs and the project is thereafter diligently pursued and completed within the period provided in section 5.09, above, and complete reconstruction or removal within twelve (12) months after the damage occurs, unless an extension of these time limitations is obtained from the Lahontan Covenants Commission, or the project is delayed by snow or other adverse weather conditions.

**Section 11.04. Damage or Destruction Affecting Unimproved Lots and Parcels**

. Due to the Lahontan development's rural setting, it is possible that fires and other natural occurrences, or that negligent acts or missions of persons may damage the natural appearance of unimproved Lots and parcels. Should any such damage or destruction occur, it shall be the obligation of the owner of the Lot or parcel to clean up and remove all dead or fallen timber and to eliminate other hazardous or unsightly conditions on the property.

**ARTICLE XII**  
**Breach and Default**

**Section 12.01. Remedy at Law Inadequate**

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

**Section 12.02. Nuisance**

. Without limiting the generality of the foregoing Section 12.01, above, the result of every act or omission whereby any covenant contained in this

Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

**Section 12.03. Costs and Attorneys' Fees**

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

**Section 12.04. Cumulative Remedies**

. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one (1) or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

**Section 12.05. Failure Not a Waiver**

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

**Section 12.06. Rights and Remedies of the Association**

(a) Enforcement Rights Generally. In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner/Member, his or her family, or the Owner's guests, employees, invites, licensees, tenants, agents or contractors, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner and/or the Owner's tenants, agents, contractors, guests and invitees to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity. Without limiting the foregoing, those remedies may include (i) the hiring of legal counsel, (ii) the imposition of fines and monetary penalties against the offending Owner, tenant or contractor, (iii) the pursuit of legal action, (iv) suspension of the Owner's /tenant's right to use recreation Common Facilities, (v) suspension of the Owner's voting rights as a Member of the Association, (vi) in the case of contractors, employees, and other non-social invitees of

Owners who have been advised of, and yet violate, Lahontan's rules regarding parking and usage of private roads, denial of the privilege of operating vehicles on such roadways; provided, however, the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this section.

The decision of whether it is appropriate or necessary for the Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board or its duly authorized enforcement committee. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement pursuant to California Civil Code section 1354 or otherwise by law.

(b) Enforcement of Architectural Review and Approval Requirements by the Lahontan Covenants Commission. In addition to the Association's enforcement authority as stated in subparagraph (a), above, with respect to violations of Article V (Architectural Review and Approval), Article VI (Minimum Construction Standards) or any Improvement Requirements adopted pursuant to Section 5.05, above, the Lahontan Covenants Commission shall be entitled to exercise the remedies provided in Section 5.10, above.

(c) Schedule of Fines. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments, illegally parked vehicles, violation of posted speed limits or other vehicle safety requirements, and violations of the Lahontan Improvement Requirements by contractors and subcontractors). Once imposed, a fine or penalty may be collected as a Special Individual Assessment, subject to the limitation on the use of lien and foreclosure remedies stated in Section 4.10(b)(iii), above. Whenever the Association's fine schedule has been revised or amended, a new copy of the schedule shall be distributed to each Member by personal delivery or first-class mail.

(d) Definition of "Violation". A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Association shall take reasonable and prompt action to repair or avoid the continuing damaging

effects of a violation or nuisance occurring within the Common Area at the cost of the responsible Owner.

(e) Distinctions Between Owners, Tenants and Social Guests and Invitees, on the One Hand, and Contractors, Employees, and Other Non-Social Agents. The Association Rules relating to construction and vehicle safety violations can include reasonable distinctions as between Owners, tenants, and social guests of Owners and tenants, on the one hand (collectively "Class One Violators"), and contractors, employees, and other non-social guests of Owners and tenants, on the other (collectively, "Class Two Violators"), with respect to the manner in which persons are disciplined and how the Association's disciplinary process is administered. Without limiting the foregoing, the Association is empowered to adopt disciplinary rules and procedures which:

(i) Permit the Association to deny Class Two Violators of road, parking and safety rules the privilege to drive vehicles on the private roads within Lahontan, so long as such individuals are permitted pedestrian access or access in vehicles driven by others;

(ii) Provide appeals rights for Class One Violators from any decision of the Lahontan Covenants Commission or other duly appointed disciplinary committee to the Association's Board of Directors, while limiting the appeal rights of Class Two Violators to the Lahontan Covenants Commission or another disciplinary hearing body established by the Board of Directors.

(f) Limitations on Disciplinary Rights.

(i) Loss of Rights; Forfeitures. The Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his or her Lot due to the failure by the Owner (or his or her family members, tenants, guests or invites) to comply with any provision of the Governing Documents or of any duly enacted Association Rule except where the loss or forfeiture is the result of the judgment of a court of competent jurisdiction, a decision arising out of arbitration or a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association, or where the loss or forfeiture is limited to a temporary suspension of an Owner's rights as a Member or the imposition of monetary penalties for failure to pay Assessments or otherwise comply with any Governing Documents so long as the Association's actions satisfy the due process requirements of subparagraph (ii), below.

(ii) Disciplinary Hearings. Except as otherwise provided in subparagraph (iii), below, no disciplinary action, penalty or temporary suspension of rights shall be imposed pursuant to this Article unless the Owner alleged to be in violation is given at least ten (10) days prior notice, by personal delivery or first-class mail, that the Board of Directors will be meeting to consider imposing such discipline. The notice shall contain, at a minimum, the date, time, and place of the meeting, the nature of the alleged violations for which the Owner may be disciplined, and a statement that the Owner has a right to attend and address the Board at the hearing. The Board shall meet in executive session if requested by the Owner who is the subject of the disciplinary action.

If disciplinary action is taken, the Board shall notify the accused Owner, in writing, either by personal delivery or first-class mail, of the Board's decision within fifteen (15) days following conclusion of the hearing.

In accordance with Civil Code section 1363(h), a disciplinary action shall not be effective against an Owner unless the Board fulfills the requirements of this section.

(iii) Circumstances Allowing For Immediate Corrective Action: Notwithstanding the notice and hearing requirements of subparagraph (ii), above, the Board of Directors may take immediate corrective action under circumstances involving conduct that constitutes: (A) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (B) a traffic or fire hazard; (C) a threat of material damage to, or destruction of, any portion of the Common Areas or the Common Facilities. Under such circumstances notice of the disciplinary action will be given to the offending Owner by personal delivery or first class mail who may request a hearing, in writing, within ten (10) days following the date of the Association's notice of violation, or the Association may schedule a hearing (and notify the Owner) on its own initiative. Notice of the hearing shall also be given to the Owner by personal delivery or first class mail and shall comply with the content requirements stated in subparagraph (ii), above. The Board shall meet in executive session if requested by the Owner. In addition to the foregoing, the Lahontan Covenants Commission has certain summary enforcement rights with respect to violations of Articles V and VI, above, and/or the Lahontan Improvement Requirements by Owners, their contractors and sub-contractors, as more particularly set forth in Section 5.10, above.

(iv) Notification Regarding Outcome of Hearing. If the Board, or its duly appointed disciplinary committee, imposes discipline on an Owner,

the Board shall provide the Owner with a written notification of the disciplinary action, either by personal delivery or first-class mail, within fifteen (15) days following the action. A disciplinary action shall not be effective against an Owner unless the Board complies with the notice and hearing requirements stated in this subparagraph (e).

(g) Rules Regarding Disciplinary Proceedings. The Board, or an appropriate committee appointed by the Board to conduct and administer disciplinary hearings and related proceedings, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings, so long as those rules are consistent with the minimum requirements imposed by this Section 12.06 and the Davis-Stirling Act. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules.

### **Section 12.07. Court Actions**

. Court actions to enforce the Governing Documents may only be initiated on behalf of the Association by resolution of the Board. Prior to the filing of any court action seeking declaratory or injunctive relief to interpret or enforce the Governing Documents (including either such action coupled with a claim for monetary damages not in excess of Five Thousand Dollars (\$5,000)), the Association shall first comply with the provisions of California Civil Code section 1354 relating to alternative dispute resolution. The Association's own notice and hearing procedures may be drafted to satisfy these statutory requirements.

### **Section 12.08. CC&R Compliance Committee**

(a) Appointment of Committee. The Board of Directors may, but shall not be obligated to, establish a Compliance Committee to hear and decide cases involving alleged violations of the Governing Documents. If no committee is established, the Board shall perform this function.

(b) Jurisdiction and Hearing Procedures of the Committee. If established, the Compliance Committee shall review written complaints from Lot Owners, the Association's general manager, or the Lahontan Covenants Commission (for violations other than those relating to specific Improvement projects within the jurisdiction of the Covenants Commission) of alleged violations of the Governing Documents or Association Rules, and, when determined appropriate, conduct hearings and make findings regarding the alleged violation(s). The Compliance Committee may levy penalties and/or fines (pursuant to a Board-approved fine schedule) in the event the allegations regarding such violations are found to be true. To perform the foregoing, the

Compliance Committee shall adopt rules of procedure for enforcement hearings and shall conduct its hearings in accordance with such rules after they have been approved by the Board.

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

### **ARTICLE XIII Protection of Mortgagees**

#### **Section 13.01. Conflict**

. Notwithstanding any contrary provision contained elsewhere in the Governing Documents, the provisions of this Article shall control with respect to the rights and obligations of Mortgagees specified herein.

#### **Section 13.02. Liability for Unpaid Assessments**

. Any first Mortgagee who obtains title to a Lot pursuant to the remedies provided in the first Mortgage (except upon a voluntary conveyance to the first Mortgagee) or by foreclosure of the first Mortgage shall take the property free of any claims for unpaid Assessments or charges against the Lot which accrue prior to the acquisition of title to the Lot by the first Mortgagee.

#### **Section 13.03. Inspection of Books and Records**

. Upon request, any Owner, or first Mortgagee shall be entitled to inspect and copy the books, records and financial statements of the Association, the Governing Documents and any amendments thereto during normal business hours.

#### **Section 13.04. Financial Statements for Mortgagees**

. The Association, at its expense, shall prepare an audited financial statement for the immediately preceding fiscal year. The audited financial statement shall be available within on hundred twenty (120) days of the end of the Association's fiscal year. The Association shall provide a copy of the audited financial statement to any Mortgagee who makes a written request for it.

**Section 13.05. Mortgagee Protection**

. A breach of any of the conditions or the enforcement of any lien provisions contained in this Declaration shall not defeat or render invalid the lien of any first Mortgage made in good faith and for value as to any Lot in Lahontan; but all of the covenants, conditions and restrictions contained in this Declaration shall be binding upon and effective against any Owner of a Lot if the Lot is acquired by foreclosure, trustee's sale or otherwise.

**ARTICLE XIV**  
**Annexation, Supplemental Declarations**

**Section 14.01. Annexations, Generally**

. Any or all of the Lahontan development may be annexed to and made subject to this Declaration by any of the methods hereinafter set forth. In this Article XIV, any reference to the "annexed property" or to an "Annexed Phase" shall mean the property that is described in a duly Recorded Declaration of Annexation or Supplemental Declaration.

**Section 14.02. Unilateral Annexations**

. Declarant's right to annex certain property described in an exhibit to the Original Declaration, without necessity of first obtaining Association approval, has expired. All future annexations of property to Lahontan, if any, shall be effected in accordance with Section 14.03, below.

**Section 14.03. Other Annexations**

. In addition to annexations effected by the Declarant pursuant to Section 14.02, above, annexations of other real property (including annexations of any portion of the Lahontan development at any time following the anniversary date specified in Section 14.02) may be made by Declarant with the approval by vote or written consent of Members entitled to exercise not less than two-thirds (2/3) of the voting power of each class of membership of the Association. After the Class B membership has ceased, the affirmative vote of at least two-thirds (2/3) of the voting power of Members other than Declarant shall be required to approve annexations pursuant to this Section 14.03. Upon obtaining the requisite approval pursuant to this section, Declarant shall Record a Declaration of Annexation and, if appropriate, a Supplemental Declaration, as more particularly described in Sections 14.05 and 14.06, below.

#### **Section 14.04. Conveyances of Common Area**

. Prior to the conveyance by Declarant of any Lot within a Phase annexed to this Declaration, fee simple title to any Common Area to be owned by the Association within such Phase shall be conveyed to the Association free and clear of any and all encumbrances and liens, except current real property taxes, which taxes shall be prorated to the date of transfer, and reservations, easements, covenants, conditions and restrictions then of Record, including those set forth in this Declaration.

#### **Section 14.05. Declaration of Annexation**

(a) Effect of Recordation of a Declaration of Annexation. Any annexation of real property to the Lahontan common interest development authorized by this Declaration shall be made by Recording a Declaration of Annexation, or other similar instrument, with respect to the additional real property which shall be executed by Declarant or the Owner thereof and shall extend this Declaration to such real property. The Recordation of such a Declaration of Annexation shall constitute and effectuate the annexation of the additional real property described therein, and thereupon said real property shall become and constitute a part of Property, become subject to this Declaration and encompassed within the general plan and scheme of the covenants conditions and restrictions contained herein, and become subject to Assessment by the Association and to the functions, powers and jurisdiction of the Association, and the Owners of Lots in said real property shall automatically become Members of the Association.

(b) Contents of Declaration of Annexation. The Declaration of Annexation shall include the following:

(i) Legal Description of the Annexed Property. A legal description of the property included in the annexed property, separately identifying Lots and any Common Areas;

(ii) Statement Regarding Commencement of Assessments. The Declaration of Annexation shall provide for a specified date on which Assessments shall commence for Lots in the annexed Phase, provided that the date specified may not be later than the first day of the first month following the month in which the first Lot in the annexed Phase is conveyed to an Owner;

(iii) Declarant's Commitment Concerning Reserve Contributions Relating to Rental Programs. A written commitment by Declarant to pay to the Association, concurrently with the close of escrow for the first sale of a Lot in an annexed Phase, appropriate amounts for reserves for

replacement or deferred maintenance of Common Facilities in the annexed Phase necessitated by or arising out of the use and occupancy of Residences or Units under a rental program conducted by Declarant which has been in effect for a period of at least one (1) year as of the date of closing of escrow for the first sale of a Residence in the annexed Phase;

(iv) Application of Equitable Servitudes. A statement that all of the covenants, conditions and restrictions of this Declaration shall apply to property within the Annexed Phase in the same manner as if the annexed property was originally covered by this Declaration; provided, however, that additional or revised covenants, conditions and restrictions applicable to the annexed property (collectively, "supplemental restrictions"), may be imposed when, in the sole discretion of the Declarant, it is deemed necessary or appropriate and to impose supplemental restrictions in order to reflect differences in the nature, design or use of the Improvements to be constructed on Lots or Common Areas in the annexed Phase.

Supplemental restrictions may not alter the general common plan or scheme created by this Declaration, revise any restriction imposed by a governmental entity as a condition of Subdivision map approval (without the consent of that entity) or revoke, modify or add to the covenants, conditions and restrictions imposed by this Declaration with respect to portions of Lahontan initially subject to this Declaration or Property annexed prior the annexed Phase. If supplemental restrictions are considered necessary or appropriate for a particular Phase, they shall be set forth in a Supplemental Declaration attached to, or incorporated in, the Declaration of Annexation (see Section 14.06, below).

#### **Section 14.06. Supplemental Declarations**

(a) Authority to Record Supplemental Declarations. During the course of developing Lahontan, it may become necessary or appropriate for Declarant to Record a Supplemental Declaration. Recordation of Supplemental Declarations by Declarant is hereby approved. In addition, if the Declarant conveys a Phase of the Lahontan development to a builder of cluster or townhome residences, the Declarant can join with that purchaser in Recording a Supplemental Declaration applicable to that Phase.

(b) Content of Supplemental Declarations. Any Supplemental Declaration shall describe the portion of the Annexable Territory to which it is to apply, recite that the Supplemental Declaration is being Recorded pursuant to the authority conferred by this section and may include, without limitation:

(i) Description of Common Areas and Common Facilities. A description of any Common Areas (including all exclusive use common areas, as that term is defined in section 1351(i) of the California Civil Code) and Common Facilities within the annexed Phase;

(ii) Specification of Property Use Restrictions Applicable to the Annexed Property. Property use restrictions and design and building standards which shall apply solely to the Lots (and any Improvements constructed thereon) within the annexed Phase;

(iii) Separate Architectural Review. A separate Lahontan Covenants Commission to perform the review and approval functions set forth therein, or may indicate that those functions are to be performed by the Committee with respect to Improvement projects on Lots or Parcels in the annexed Phase. If a particular Lot is affected by a Supplemental Declaration that establishes a separate covenants commission other than the Lahontan Covenants Commission, then that committee shall have jurisdiction over the initial design and construction of any Improvements proposed for construction on such Lot, as well as subsequent changes in exterior design or appearance.

(iv) Supplemental or Separate Improvement Requirements. Supplemental Declarations may also include authorization for the adoption of separate or supplemental Improvement Requirements applicable to Improvement projects on Lots located within the annexed Phase.

(v) Front Yard Maintenance. Provisions describing the nature and extent of the Association's duties and responsibilities if front yards or rear yards are to be maintained by the Association or a Sub-Association;

(vi) Establishment of Sub-Association(s). A Supplemental Declaration may, but need not, provide for the establishment of a Sub-Association, to be comprised of Owners of Lots within the Planned Development described in the Supplemental Declaration; and

**Section 14.07. Reconciling Conflicts Among Documents**

. This Declaration shall control if there is any conflict between any Declaration of Annexation or Supplemental Declaration and the provisions of this Declaration; provided, however, that to the extent that any provision hereof is expressly modified by a Supplemental Declaration, no conflict shall be deemed to exist; and, provided further, that this Declaration and any Supplemental Declaration shall be construed so as to be consistent with one

another to the extent that the reconciliation of provisions is reasonably possible. However, the inclusion in any Supplemental Declaration of covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, limitations, liens or charges which are more restrictive or more inclusive than in the Governing Documents shall not be deemed to constitute a conflict with the provisions of this Declaration.

**Section 14.08. De-Annexation and Amendment**

. Declarant has the right, at its sole option, to (a) amend a Declaration of Annexation or a Supplemental Declaration, or (b) remove from Lahontan any property described in a Recorded Declaration of Annexation or a Supplemental Declaration by executing and Recording a rescission of such document, so long as all of the following conditions are satisfied at the time of the execution of the amendment or rescission: (i) no Lot in the annexed property encumbered by the Declaration of Annexation and/or Supplemental Declaration has been conveyed to an Owner; and (ii) Assessments have not commenced for any Lot in such annexed property. If Common Areas in such property have been conveyed to the Association, then in the event of a rescission, such Common Area shall be conveyed back to Declarant promptly after the rescission. In the event of an amendment, if the amendment is such that some portion of that Common Area within the annexed property theretofore conveyed to the Association is excluded from the annexation, such portion shall be conveyed back to Declarant promptly after the amendment is adopted.

**Section 14.09. Taxes and Assessments**

. All taxes and other Assessments relating to Lahontan in Phases authorized under Sections 14.02 and 14.03, above, covering any period prior to annexation of the Phase shall be paid or otherwise provided for by the Declarant.

**Section 14.10. Character of Common Area Improvements**

. The nature, design, quantity, quality and all other attributes of the Common Area, and the Common Facilities constructed or to be constructed within any annexed Phase, shall be determined in Declarant's sole and absolute discretion. The Association shall be unconditionally obligated to accept title to and maintenance responsibility for the Common areas and Common Facilities, if any, when such title and maintenance responsibility are tendered by Declarant.

**Section 14.11. Infrastructure Improvements**

. All intended infrastructure improvements in Phases that are annexed to Lahontan pursuant to Sections 14.02 and 14.03, above, shall be substantially completed or bonded to the satisfaction of the local governmental agency with authority therefor and the Federal National Mortgage Association prior to

annexation and shall be consistent with the initial improvements of the initial Phase of the Lahontan development in terms of the quality of construction.

#### **Section 14.12. Effect of Annexation**

(a) Application of Declaration to Annexed Phase. The Recordation of a Declaration of Annexation shall constitute and effectuate the annexation of the Annexable Territory described therein, and thereupon the annexed property shall become and constitute a part of Lahontan, and be subject to, and encompassed within, the general plan and scheme of this Declaration, subject only to such modification in said general plan as may be imposed by the Declaration of Annexation. Lots within the annexed property shall thereupon become subject to Assessment by the Association and to the functions, powers and jurisdiction of the Association, and the Owners of Lots within the annexed property shall automatically become Members of the Association. Any Common Facilities (including private roads) which are included within the annexed property shall be conveyed to the Association, free of all liens and encumbrances, other than liens, rights-of-way or other encumbrances disclosed on the preliminary title report for the annexed property and approved by the Association. The conveyance of any Common Facilities to the Association shall occur immediately following Recordation of the Declaration of Annexation.

(b) Board's Obligation to Approve Budget Applicable to Phase. After a new Phase has been annexed, the Board shall approve a budget, which is substantially based upon the operating budget accepted by the California Department of Real Estate in connection with the public report for that Phase, for the remainder of the current fiscal year for use upon commencement of Regular Assessments against Lots within the annexed Phase.

#### **Section 14.13. Amendment of Annexation Provisions**

. After the conversion of Class B membership to Class A membership and until the day following the date which is the third anniversary of the original issuance of the most recent Public Report issued for a Phase of Lahontan, this Article may not be amended without the written consent of the Declarant, unless at the time of the amendment all property constituting Annexable Territory has been annexed to Lahontan.

## **ARTICLE XV Declarant Development Rights and Exemptions**

**Section 15.01. Interest of the Declarant; Material Actions Requiring Declarant Approval**

. The Initial Property is a portion of the overall Lahontan development master planned community. Declarant, in cooperation with the County, has created a master plan for the development of the Lahontan development which includes master-planning objectives which have been formulated for the common good and preservation of property values within the development, all as more particularly described in the Development Plan. Each Owner of a Lot which is part of Lahontan acknowledges by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other instrument, that Declarant has a substantial interest to be protected with regard to assuring compliance with and enforcement of, the covenants, conditions, restrictions and reservations contained in this Declaration and any amendments thereto and any Supplemental Declarations recorded pursuant to this Declaration. Notwithstanding any other provisions of the Governing Documents, until such time as (i) Declarant is no longer entitled to unilaterally annex Phases of real property to the Lahontan development without the vote of the Members, or (ii) the 8th anniversary of the first close of escrow in the first Phase of Lahontan, whichever occurs later, the following actions, before being undertaken by the Members or the Association, shall first be approved in writing by Declarant:

(a) **Specified Approvals.** Any amendment or action requiring the approval of Declarant pursuant to this Declaration, and any amendment or action requiring the approval of first Mortgagees pursuant to this Declaration (the Association shall provide Declarant with all notices and other documents to which a Mortgagee is entitled pursuant to this Declaration, provided that Declarant shall be furnished such notices and other documents without making written request);

(b) **Annexation.** The annexation to Lahontan of any real property that is not included within the Lahontan development, as defined herein;

(c) **Special Assessments.** The levy of a Special Assessment for the construction of new Common Facilities not originally included in the Common Areas;

(d) **Service/Maintenance Reductions.** Subject to Section 4.02(b), above, regarding limitations on Regular Assessment increases, any significant reduction of Common Area maintenance or other services or entering into contracts for maintenance or other goods and services benefitting the Association or the Common Area at contract rates which are fifteen (15%) percent or more below the reasonable cost for such maintenance, goods or services; or

(e) **Improvement Requirements.** Any supplement or amendment to the Improvement Requirements, including Improvement Requirements applicable to a particular annexed Phase.

**Section 15.02. Exemptions From Restrictions Otherwise Applicable**

. So long as any Lot in Lahontan or any portion of the Lahontan development is owned by Declarant, nothing in the Governing Documents shall limit, and no Owner, Sub-Association or the Association shall do anything to interfere with, the right of Declarant, either directly or through its agents and representatives, (i) to subdivide, resubdivide, sell, resell, rent or re-rent any portion of Lahontan, (ii) to complete excavation, grading, construction of Improvements or other development activities on any portion of Lahontan owned by Declarant, (iii) to alter the foregoing and its construction plans and designs, (iv) to construct such additional Improvements as Declarant deems advisable in the course of development of Lahontan or (v) to develop Lahontan as approved under a County master use permit and/or the Conditions of Approval. Such rights shall include, but shall not be limited to, carrying on by Declarant and its agents and representatives of grading work as may be approved by the County or other agency having jurisdiction, and erecting, constructing and maintaining on Lahontan such structures (including, without limitation, a sales office for Lahontan Lot and Residence purchase and sale transactions and model home(s)), signs and displays as may be reasonably necessary to complete the work (as described above) and dispose of the same by sale, lease or otherwise. Each Owner, by accepting a deed to a Lot, hereby acknowledges that any such work by Declarant may impair the view of such Owner, and Owner hereby consents to such impairment.

**Section 15.03. Rights to Use Common Areas and Common Facilities in Connection With Development and Sales Activities**

. Declarant may enter upon the Common Area, for the benefit of Declarant or for the benefit of portions of the Lahontan development whether or not then annexed, or any combination of them, to complete the development, improvement and sale of Lots and the construction of any landscaping or other Improvement to be installed on the Common Area, as

well as the right of nonexclusive use of the Common Areas and the Common Facilities, without charge, for sales, display, access, ingress, egress, exhibition and occasional special events for promotional purposes, which right Declarant hereby reserves; provided, however, that such use rights shall terminate on the earlier of the following dates: (i) the expiration of eight (8) years after the first close of escrow for a Lot in Lahontan pursuant to a transaction requiring the issuance of a Public Report, or (ii) the date on which the Declarant's unilateral right to annex real property to the Lahontan development has expired. Such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein. The rights reserved to the Declarant by this section shall extend to any employee, sales agents, prospective purchasers, customers and/or representatives of the Declarant and to the owner of the Golf Course.

Notwithstanding the restrictions on signage that are otherwise imposed by Section 8.08, above, Declarant, its agents and assigns may erect and maintain such signs and other advertising devices or structures as it may deem necessary or proper in connection with the conduct of its operations for the development, improvement, subdivision and sale of Lots within Lahontan. Declarant's rights hereunder shall continue for so long as Declarant has any Lots for sale pursuant to a DRE Public Report.

#### **Section 15.04. Cable Facilities**

. The Common Areas may be used by Declarant and its subsidiaries, transferees, successors and assigns for such cable television cables and similar facilities as the Commission may approve, such approval not to be unreasonably withheld. The property comprising Lahontan is and shall be subject to nonexclusive easements of access, ingress, and egress, for purposes of installation, operation, maintenance, repair, inspection, removal and replacement of cable television and telecommunication service lines, facilities and equipment, for the benefit of Declarant and its subsidiaries, transferees, successors and assigns, as may hereafter be reserved and granted by reservations and conveyances of record. Such easements are freely transferable by Declarant to any other individual or entity and their successive owners for the purpose of providing cable television and telecommunication service to Lahontan, any portion thereof, and adjoining property. All such cable television and telecommunication lines, facilities and equipment shall remain the property of Declarant, its subsidiaries, successors, transferees and assigns, and transfer of all or any portion of Lahontan does not imply the transfer of any such cable television and telecommunication easements or the lines, facilities or

equipment located thereon, unless the Declarant expressly conveys its interest in such facilities. Exercise of the easements reserved in this section shall not unreasonably interfere with the reasonable use and enjoyment of Lahontan.

**Section 15.05. Creation of Easements and Other Development Rights**

. This Declaration shall not limit the right of Declarant, at any time prior to acquisition of title to a Lot by a purchaser from Declarant to establish on that Lot, as the case may be, additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the property comprising Lahontan or other portions of the Lahontan development. Prospective purchasers and the Declarant shall have the right to use any and all portions of the Common Area for access to the sales and leasing facilities of Declarant. The completion of that work and the sale or other disposal of Lots is desirable from the standpoint of the establishment and welfare of the Lahontan development. In order that such work may be undertaken and completed as efficiently as possible, nothing in this Declaration shall be understood and construed to prevent Declarant from: (a) from doing within Lahontan, whatever is reasonably necessary or advisable in connection with the completion of such work; (b) erecting, constructing and maintaining on any parts of Lahontan, such structures as may be reasonably necessary for the conduct of its business of completing said work and establishing said Property as a community and disposing of the real property comprising Lahontan in Lots, Parcels or units by sale, lease or otherwise including sales offices and model units; (c) conducting development activities on any part of Lahontan, (d) maintaining such sign or signs on any of Lahontan as may be desirable for the sale, lease or disposition thereof, or (e) maintaining sales and rental offices, service facilities, model units, offices, parking and signs.

**Section 15.06. Amendment of Plans**

. Subject to approval, as necessary, by the County, Declarant may, from time to time as it deems fit, amend its plans for the Lahontan development, combine or split Lots, and apply for changes in the Development Agreement, changes in zoning, use and use permits, for any property within the Lahontan development.

**Section 15.07. Amendment of Article XV**

. After the expiration of Class B membership (as defined in the Bylaws), the provisions of this Article may not be amended without the written consent of Declarant until either (i) all of the Annexable Territory has been

annexed to the Property and all of the Lots in Lahontan owned by Declarant have been sold or (ii) eight (8) years after the original issuance of the Public Report for the most recent Phase of the Lahontan development, whichever occurs first.

## **ARTICLE XVI The Golf Course**

### **Section 16.01. Lots Abutting Golf Courses**

**. The provisions of this Section 16.01 shall be subject to modification by Supplemental Declarations affecting any Lots which abut property used or intended for use as the Golf Course and its appurtenant uses. Except as so modified, Lots which abut property used or intended for use as a portion of the Golf Course may contain a nondevelopment area extending into the Lot from its boundary with the property used or intended for use as a golf course. Such areas shall serve primarily to buffer golf course areas from development. Where such nondevelopment area exists, it will be owned by the Owner of the Lot in question, but it shall be subject to restrictions prohibiting structural improvement (including fences) and other uses or activities that would interfere with the visual or practical advantage of such buffer areas. The existence and dimensions of all such nondevelopment areas within a Lot may be shown or noted in a Supplemental Declaration or in Improvement Requirements applicable to the Lot. Specific obligations or prohibitions to be observed by an Owner of such Lot may be noted on the Recorded map, or in the Declaration of Annexation, or Improvement Requirements.**

### **Section 16.02. Issues Resulting from Proximity to Golf Course**

**Each Owner who acquires a Lot that is near or adjacent to any portion of the Golf Course acknowledges, accepts and assumes the risk of the special benefits and burdens associated with such facilities. The owner of the Golf Course and each and every member, guest, golfer, employee or agent of the Golf Course, disclaims any liability for personal injury or property damage resulting in any way, all or in part, from any of the following items set forth in subparagraphs (a) through (h), inclusive, and each Owner**

**accepts such disclaimer and agrees to release and waive any claims that the Owner, or any guest, invitee, employee or contractor of Owner, may have as a result of any such following items:**

(a) **Errant Golf Balls.** Owners of Lots, particularly Lots abutting the Golf Course, acknowledge the inherent risk of errant golf balls and assume and accept such risk, as to themselves, the members of their family, lessee, guests and invitees. Owners acknowledge and accept the risk that golfers may attempt to retrieve or play errant golf balls from any Lot and each Owner agrees to release and waive any claims that the Owner or any person visiting or residing on the Owner's Lot may have as a result of such retrieval. Section 9.03, above, creates certain easements for water overspray, fairway maintenance and golf ball intrusion which easements burden those Lots that share a common boundary with any Golf Course fairway parcels.

(b) **View Impairment/Privacy.** Owners of Lots, including Owners of Lots abutting the Golf Course, have no guarantee that their view over and across the golf course will be forever preserved without impairment or that the view from the Golf Course will not be impaired. The owner of the Golf Course has no obligation to prune or not prune trees or other landscaping and the owner of the Golf Course has reserved the right, at its sole and absolute discretion, to add, change or reconfigure the golf course, including any trees, landscapes, tees, bunkers, fairways and greens of the Golf Course, regardless of whether such changes diminish or obstruct the view from any Lot.

(c) **Pesticides and Fertilizers.** Pesticides, fertilizers and other chemicals will be utilized in connection with the Golf Course and the Owners acknowledge, accept the use and assume the risk of such pesticides, fertilizers and chemicals.

(d) **Overspray.** Owners of Lots, particularly Owners of Lots abutting the Golf Course, may experience "overspray" from the golf course irrigation system, and the Owners acknowledge, accept and assume the risk of such "overspray."

(e) **Noise and Light.** Owners of Lots, particularly Owners of Lots in proximity to the Golf Course clubhouse or maintenance facilities, may be exposed to lights, noise or activities resulting from use of the clubhouse for dining and

entertainment and use of the parking lot, and the Owners acknowledge, accept and assume the risk of such light, noise or activities.

(f) **No Direct Access to Golf Course Property From Adjacent Parcels.** Notwithstanding the proximity of the Golf Course to any Lot, and notwithstanding that the Owner of any Lot may have a right to use the Golf Course facilities as a result of membership or other rights acquired separately from ownership of a Lot or membership in the Association, no Owner, resident or occupant of a Lot has a right of access to the Golf Course directly from their Lot without the prior written consent of the owner of the Golf Course. Neither the Association nor any Owner may permit any irrigation water to over spray or drain from their Common Area or Lot onto any portion of the Golf Course except through storm drainage Improvements constructed by Declarant. Neither the Association nor any Owner may permit any fertilizer, pesticides or other chemical substances to over spray, drain, flow or be disposed of in any manner upon the Golf Course. If the Association or any Owner violates the provisions of this Section, they shall be liable to the owner of the Golf Course for all damages to the turf resulting from their violation and all damages, including consequential damages, suffered by the owner of the Golf Course.

(g) **Maintenance.** Golf courses require daily maintenance, including mowing, irrigation and grooming, during early morning and evening hours, including without limitation the use of tractors, blowers, pumps, compressors and utility vehicles. Owners of Lots, particularly Owners of Lots in proximity to the Golf Course, will be exposed to the noise and other effects of such maintenance, and the Owners acknowledge, accept and assume the risk of such noise and effects.

(h) **Risk of Injury.** Each Owner expressly assumes the above detriments and risks of owning property adjacent to the Golf Course and agrees that neither Declarant, the owner or manager of the Golf Course, nor any of their successors or assigns shall be liable to the Owner or to anyone claiming any loss, damage or personal injury, destruction of property, trespass or any other alleged wrong or entitlement to remedy based upon or arising out of the proximity of the Owner's Lot to the Golf Course. Each Owner of a Lot hereby agrees to indemnify and to hold harmless, the Declarant and the owner and manager of the Golf Course and their successors and assigns, against any and all such claims by the Owner or his or her invitees.

### **Section 16.03. No Representations or Warranties**

**. Ownership or operation of the Golf Course may change at any time. The consent of the Association or any Owner is not required to effect any change in the ownership or operation of the Golf Course. All Owners are hereby advised that no representations or warranties have been made or are made by Declarant or the owner of the Golf Course regarding the continuing existence, ownership or operation of the Golf Course.**

### **Section 16.04. Right to Use the Golf Course**

**. Neither being an Owner of a Lot within the Lahontan development or being a Member of the Association confers any ownership interest in or right to use the Golf Course, although Owners of Lots shall have available to them preferred rights to membership in the Golf Club that owns and operates the Golf Course. Because the total number of golf club memberships is likely to be less than the total number of Lots within the Lahontan development, "preferred rights", as used herein, may be limited to granting Lot Owners a preferred position (vis-a-vis non-Owners) on a membership waiting list maintained by the owner of the Golf Course. The owner of the Golf Course shall grant memberships in the Golf Course and manage the use of the Golf Course subject to such preferred rights. Upon conveyance of a Lot from Declarant to an Owner, Declarant shall provide such Owner with proof of the Owner's preferred rights to membership and use of the Golf Course, although property Owners shall have the priority rights of membership. Rights to use the Golf Course are within the exclusive control of the owner of the Golf Course, and will be given to such persons and on such terms and conditions as the owner of the Golf Course may determine from time to time. The owner of the Golf Course may amend or waive its determinations and policies with respect to use of the Golf Course or membership in the Golf Club at any time.**

### **Section 16.05. Amendment of Article XVI**

**. After the expiration of Class B membership (as defined in the Bylaws), the provisions of this Article may not be amended without the written consent of the Declarant until the first to occur of the following events: (a) all of the Annexable Territory has been annexed to Lahontan and all of the Lots within Lahontan owned by Declarant have been sold or (b) eight (8) years after the original issuance of the Public Report for the most recent Phase of the Lahontan development. Amendments to this Article XVI**

shall also require the prior written consent of the owner of the Golf Course.

## ARTICLE XVII Notices

### Section 17.01. Mailing Addresses

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

If to Declarant:               Lahontan, LLC, c/o Mark Johnson, 12700  
Lodgetrail Drive, Truckee, California, 96161 (or to  
such other address as Declarant may from time to  
time designate in writing to the Association)

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

If to the Association:       Lahontan Community Association, 10185  
Truckee-Tahoe Airport Road, Suite 410, Truckee California,  
96161

### Section 17.02. Personal Service Upon Co-Owners

. Personal service or first-class mailing or use of a conventional overnight delivery service of a notice or demand to one of the co-Owners of Record any Lot, to any general partner of a partnership which is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Lot, shall be deemed to be delivery or mailing of proper notice to all such co-Owners, to such partnership, or to such corporation, as the case may be.

### Section 17.03. Deposit in United States Mails

. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered four (4) days after deposit in the United States mail.

**ARTICLE XVIII**  
**No Public Rights in the Property**

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

**ARTICLE XIX**  
**Amendment of Declaration**

**Section 19.01. Amendment After Close of First Sale**

**. After the close of escrow for the first sale of a Lot in Lahontan to a purchaser other than Declarant, this Declaration may be amended in accordance with the following provisions:**

**(a) Authority of the Board to Adopt Certain Amendments to Conform Declaration to Changes Mandated by Changes in Law.** Many provisions of this Declaration reflect legal requirements imposed on the Association, its Directors, officers and Members by the Davis-Stirling Common Interest Development Act, California Civil Code section 1350 et seq, the Nonprofit Mutual Benefit Corporation Law, California Corporations Code section 7110, et seq, and other state and federal statutes. In the event that any such statute is amended, revoked or supplemented in a manner which requires a corresponding amendment of this Declaration in order to properly reflect underlying state or federal law, the Board of Directors, upon written advice of legal counsel and following distribution to the Members of (i) the complete text of the proposed amendment or revision and (ii) notice of the date, time and location of the Board meeting at which the amendment or revision is scheduled to be heard and acted upon, shall be entitled to approve and Record the amendment/revision without necessity of further Member approval. Any approval by the Board of amendments or revisions required to conform the Declaration to current law shall require the affirmative vote of two-thirds (2/3) of the total number of directors.

**(b) Member Approval.** In addition to the limited authority of the Board to adopt certain amendments to this Declaration pursuant to subparagraph (a), above, any provision of this Declaration may be amended by the approval of a simple majority of the Members; provided however, that no provision of this Declaration which provides for a vote of more than fifty-one percent (51%) of the voting power of the Members

**may be amended by a vote less than the percentage specified in the section to be amended.**

(c) Additional Approvals.

(i) Declarant. Section 9.12, Article V and Article VI may not be amended without the prior written consent of the Declarant. The Declarant must also consent to any amendments to Articles XV and XVI to the extent provided in Sections 15.07 and 16.05, respectively.

(ii) Golf Course Owner. Ownership or operation of the Golf Course may change at any time. The consent of the Association or any Owner is not required to effect any change in the ownership or operation of the Golf Course. Notwithstanding any provision of this Declaration to the contrary, the following sections of this Declaration may not be amended without the prior written consent of Declarant and the owner of the Golf Course: 2.02(c), 2.03, 3.06(b)(ii)(E), 5.02(a) and (b), 6.11(b), 6.23, 7.03, 7.04(c), 9.03, 9.07, 9.12, 15.03 and Article XVI.

(iii) County Approval Requirements. Notwithstanding any provision of this Declaration to the contrary, to the extent that the sections of this Declaration listed in this subparagraph (iii) contain provisions required by the Conditions of Approval, the sections may not be amended without the prior written consent of the County. Those sections are: Recital C, 2.03, 3.01, 5.01, 5.02, 5.05, 5.10-5.12, 6.01, 6.04-6.09, 6.11-6.19, 6.29, 6.30, 6.32, 6.33, 7.01, 7.03(c), 7.06(b), 7.07-7.11, 8.04(b), 8.07, 8.10-8.13, 8.15, 8.19(g), 9.06-9.09, 9.11, 14.02, 15.02 (insofar as said section pertains to maintenance of a sales office), 16.04 and 19.02(b).

**Section 19.02. Effective Date of Amendment**

. Any duly adopted amendment of this Declaration shall be effective upon the Recording of a Certificate of Amendment, duly executed and certified by the president and secretary of the Association setting forth in full the amendment so approved and that the approval requirements of Section 19.02, subsections (a),(b) or (c), above, have been duly met. If the consent or approval of any governmental authority, Mortgagee, or other entity is required under this Declaration to amend or revoke any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

**Section 19.03. Reliance Upon Amendments**

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

ARTICLE XX  
General Provisions

**Section 20.01. Term**

. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Lots and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, Declarant, the owner of the Golf Course, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for the term of sixty (60) years from the date of the recording of this Declaration. After the expiration of the initial term, the same shall be automatically extended for successive periods of ten (10) years each unless, within six (6) months prior to the expiration of the initial sixty (60)-year term or any such ten (10)-year extension period, a written instrument, approved by Owners entitled to vote and holding at least a majority of the voting power of the Association terminating the effectiveness of this Declaration, is Recorded.

**Section 20.02. Construction**

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

(b) **Reconciling Conflicts Among Documents.** This Declaration shall control if there is any conflict between the Declaration and any Supplemental Declaration or other Governing Document; provided, however, that to the extent that any provision hereof is expressly modified by a Supplemental Declaration or by the Improvement Requirements, no conflict shall be deemed to exist; and, provided further, that this Declaration and any Supplemental Declaration or Improvement Requirement shall be construed to be consistent with one another to the

extent possible. However, the inclusion in any Supplemental Declaration of covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, limitations, liens or charges which are more restrictive or more inclusive than the corresponding provisions contained in this Declaration shall not be deemed to constitute a conflict with the provisions of this Declaration.

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

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

(e) **Captions.** All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

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

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

IN WITNESS WHEREOF, the undersigned, President and Secretary of the Lahontan Community Association, a California nonprofit mutual benefit corporation have executed this Declaration as of \_\_\_\_\_, 2001, and by their signatures hereby certify that this First Restated Declaration was duly approved by the requisite affirmative vote of the Members, as stated in Recital F, above.

**LAHONTAN COMMUNITY ASSOCIATION,** a California nonprofit mutual benefit corporation

By: \_\_\_\_\_  
\_\_\_\_\_, President

By: \_\_\_\_\_  
\_\_\_\_\_, Secretary

**EXHIBIT "A"**

**List of Supplemental Declarations and Declarations of Annexation**

In addition to the Original Declaration as that term is defined in the Preamble to this Declaration, the real property comprising the Lahontan common interest development is subject to the following Supplemental Declarations, Declarations of Annexation and Easement Agreements:

1. That certain document entitled "Entry Road and Gatehouse Easement and Maintenance Agreement for Lahontan Unit No. 1", recorded on September 20, 1996, in the Official Records of Placer County, California, as Document No. 96-0055824-00.
2. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 2, Recorded in the Official Records of Placer County on January 16, 1997 as Document No. 97-0002818-00.
3. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 3, Recorded in the Official Records of Placer County on July 30, 1997 as Document No. 97-0044301-00.

4. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 5, Recorded in the Official Records of Placer County on August 7, 1997 as Document No. 97-0046385-00.
5. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 14, Recorded in the Official Records of Placer County on August 7, 1997 as Document No. 97-0046387.
6. First Amended Declaration of Annexation, Supplemental Declaration of Covenants and Restrictions and Grant of Easements for Lahontan Unit No. 16, Recorded in the Official Records of Placer County on October 13, 1997 as Document No. 1999-0089847.
7. Declaration of Annexation and Reservation of Easements for Lahontan Unit No. 6, Recorded in the Official Records of Placer County on December 9, 1997 as Document No. 97-0078115.
8. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 8, Recorded in the Official Records of Placer County on June 10, 1998 as Document No. 98-0044485.
9. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 9, Recorded in the Official Records of Placer County on June 10, 1998 as Document No. 98-0044487.
10. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 10, Recorded in the Official Records of Placer County on June 10, 1998 as Document No. 98-0044489.
11. Declaration of Annexation and Grant of Easements for Lahontan Unit 7, Recorded in the Official Records of Placer County on July 6, 1998 as Document No. 98-0051899.
12. Amended Declaration of Annexation and Grant of Easements for Lahontan Unit No. 4, Recorded in the Official Records of Placer County on August 14, 1998 as Document No. 98-0064741.
13. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 11, Recorded in the Official Records of Placer County on December 28, 1998 as Document No. 98-0109826.

14. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 12, Recorded in the Official Records of Placer County on December 28, 1998 as Document No. 98-0109829.
15. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 13, Recorded in the Official Records of Placer County on January 5, 1999 as Document No. 99-0000435.
16. Declaration of Annexation and Grant of Easements for Lahontan Unit No. 15 - "The Camp", Recorded in the Official Records of Placer County on April 1, 1999 as Document No. 99-0028987.
17. Declaration of Annexation, Supplemental Declaration of Covenants and Restrictions and Grant of Easements for Lahontan Unit No. 16, Recorded in the Official Records of Placer County on August 30, 1999 as Document No. 99-0077541.
18. That certain document entitled "Supplemental Declaration of Covenants, Conditions and Restrictions for Lahontan II, recorded on April 5, 2000, in the Official Records of Placer County, California as Document No. 2000-0022795.
19. That certain document entitled "Declaration of Annexation of Hopkins Trust Property to Lahontan Common Interest Development", recorded on April 5, 2000, in the Official Records of Placer County, California, as Document No. 2000- 0022796.

## **EXHIBIT "B"**

### **LEGAL DESCRIPTION FOR THE REAL PROPERTY COMPRISING LAHONTAN AS OF THE RECORDING DATE OF THIS FIRST RESTATED DECLARATION**

Lots 1 through 63, inclusive, Lots A through H, inclusive, and land lying within the boundaries of Clubhouse Drive, Dave Dysart, David Frink, George Giffen, Paul Doyle, Lahontan Drive, John Moody, Joseph Gray and William Hurd, as shown on the Subdivision Map of "Lahontan Unit No. 1" filed for Record on September 20, 1996, in Book T of Maps, at Page 63, in the Official Records of Placer County, California; and

Lots 64 through 95, inclusive, and land lying within the boundaries of Lodge Trail Drive, Jake Teeter, Tom Dolley, Joseph Marzen and Lahontan Drive, as shown on the subdivision map of "Lahontan Unit No. 2", filed for Record on December 18, 1996, in Book T of Maps at Page 78, Placer County Records.

Lots 96 through 123, inclusive, and land lying within the boundaries of E.J. Brickell, as shown on the subdivision map of "Lahontan Unit No. 3", filed for Record on July 30, 1997, in Book T of Maps, at Page 98, in the Official Records of Placer County, California.

Lots 124 through 153, inclusive, J and O land lying within the boundaries of Lahontan Drive, Garwood Dean and Bob Watson, as shown on the subdivision map of "Lahontan Unit No. 4", filed for Record on August 7, 1997, in Book T of Maps, at Page 99, in the Official Records of Placer County, California.

Lots 154 through 174, inclusive, and land lying within the boundaries of George Whittell and Lloyd Tevis, as shown on the subdivision map of "Lahontan Unit No. 5", filed for Record on August 7, 1997, in Book T of Maps, at Page 100, in the Official Records of Placer County, California.

Lots 175 through 197, inclusive, and land lying within the boundaries of Jake Teeter, as shown on the subdivision map of "Lahontan Unit No. 14", filed for Record on August 7, 1997, in Book U of Maps, at Page 1, in the Official Records of Placer County, California.

Lots 198 through 220, inclusive, and land lying within the boundaries of Lahontan Drive and Elle Ellen, as shown on the subdivision map of "Lahontan Unit No. 7", filed for Record on April 13, 1998, in Book U of Maps, at Page 64, in the Official Records of Placer County, California.

Lots 221 through 245, inclusive, and land lying within the boundaries of Lahontan Drive and Yank Clement, as shown on the subdivision map of "Lahontan Unit No. 6", filed for Record on December 9, 1997, as Document No. 97-78114 in Book 4 of Maps, at Page 38, in the Official Records of Placer County, California.

Lots 246 through 292, inclusive, and the land lying within the boundaries of Lahontan Drive, Dick Barter and Bob Sherman, as shown on the subdivision map of "Lahontan Unit No. 8", filed for Record on June 10, 1998, in Book 4 of Maps, at Page 71, in the Official Records of Placer County, California.

Lots 293 through 324, inclusive, Lots U and W, and the land lying within the boundaries of Lahontan Drive, Laura Knight, Bob Haslem and Elias Baldwin, as shown on the subdivision map of "Lahontan Unit No. 9", filed for Record on June 10, 1998, in Book 4 of Maps, at Page 72, in the Official Records of Placer County, California.

Lots 325 through 347, inclusive, and land lying within the boundaries of Laura Knight and Elias Baldwin, as shown on the subdivision map of "Lahontan Unit No. 10", filed for Record on June 10, 1998, in Book 4 of Maps, at Page 73, in the Official Records of Placer County, California.

Lots 348 through 364, inclusive, Lot Z and land lying within the boundaries of Carrie Pryor and Lahontan Drive, as shown on the subdivision map of "Lahontan Unit No. 11", filed for Record on December 28, 1998, in Book V of Maps, at Page 18, in the Official Records of Placer County, California.

Lots 365 through 397, inclusive, and land lying within the boundaries of Joseph Bernard, Lars Haugen, and Lahontan Drive, as shown on the subdivision map of "Lahontan Unit No. 12", filed for Record on December 28, 1998, in Book V of Maps, at Page 19, in the Official Records of Placer County, California.

Lots 398 through 414, inclusive, Lots CC and EE, and land lying within the boundaries of John McKinney and Lahontan Drive, as shown on the subdivision map of "Lahontan Unit No. 13", filed for Record on January 5, 1999, in Book V of Maps, at Page 21, in the Official Records of Placer County, California.

Lots 416 through 422, inclusive, Lot FF and land lying within the boundaries of Camp Trail, as shown on the subdivision map of "Lahontan Unit No. 15 - "The Camp"", filed for Record on April

1, 1999, in Book V of Maps, at Page 34, in the Official Records of Placer County, California.

Lots 423 through 436, inclusive, Lot HH, the land lying within the boundaries of Stewart McKay and the land lying within the boundaries of Lodge Trail Drive (fee portion only), as shown on the subdivision map of "Lahontan Unit No. 16", filed for Record on August 30, 1999, in Book V of Maps, at Page 77, in the Official Records of Placer County, California.

Lots 437 through 509, inclusive, Lots KK, LL, MM, NN, and land lying within the boundaries of Snowshoe Thompson, James Reed, John Keiser, and James McIver, as shown on the Subdivision Map of "Lahontan II", filed for Record on April 5, 2000, in Book W of Maps at Page 23, in the Official Records of Placer County, California.

**FIRST RESTATED DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS FOR LAHONTAN  
TABLE OF CONTENTS**

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

**WEINTRAUB GENSHLEA CHEDIAK & SPROUL  
Law Corporation  
Attn: Curtis C. Sproul, Esq.  
400 Capitol Mall, Suite 1100  
Sacramento, California 95814**

**(Space Above For Recorder's Use)**

