RECORDING REQUESTED BY:
FIDELITY TITLE CO.

RECORDING REQUESTED BY, AND WHEN RECORDED, MAIL TO:

SPROUL-TROST LLP
Attn: Curtis C. Sproul, Esq.
2424 Professional Drive
Roseville, California 95661

PLACER, County Recorder
JIM MCCAULEY
DOC- 2006-0071614
Acct 6-FIDELITY TITLE
Wednesday, JUL 05, 2006 09:26:42
MIC $3.00 AUT $142.00 SBS $141.00
REC $144.00
Ttl Pd $430.00 Nbr-0001507310
rec/JL/1-142

(Space Above For Recorder's Use)

DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

MARTIS CAMP

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MARTIS CAMP

TABLE OF CONTENTS

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MARTIS CAMP

This Declaration is made by DMB /Highlands Group, LLC, an Arizona limited liability company (the "Declarant").

RECITALS

A. The Initial Covered Property and the Annexable Property. The Declarant is the Owner of the real property located in the County of Placer, State of California, that is more particularly described in Exhibit "A", attached hereto (the "Initial Covered Property"). Declarant is also the owner of, or holds options to acquire, land contiguous to the Initial Covered Property that is more particularly described in Exhibit "B", attached hereto (the "Annexable Property"). Together the Initial Covered Property and the Annexable Property are referred to herein collectively as the "Overall Development". Other portions of the Overall Development may be made subject to this Declaration by annexation in accordance with the terms of Article XV, below. Article XV also contains provisions for the deannexation of previously annexed property. The terms "Property" and "Development" shall mean all property to which this Declaration is from time to time applicable.

B. The Overall Development Plan. The Overall Development comprises the land that is the subject of the Entitlement Documents, which includes two thousand one hundred seventy-seven (2,177) acres, more or less. The Overall Development is currently planned to be comprised of a private residential development that includes a total of six hundred and fifty-three (653) residential lots. Within the boundaries of the Overall Development are Parcels J, F, G, which shall be improved as an 18-hole championship golf course, a putting course, a golf clubhouse facility, a family recreational building, a practice area, cart storage, maintenance buildings, play fields, tennis courts, walk paths, cultural and amphitheatre park (collectively, the "Golf Club Amenities"). The Golf Club Amenities are not intended to be part of the Common Areas or Common Facilities of the Development and are not subject to this Declaration. The Declarant intends that the Martis Camp development be developed in Phases, in accordance with the concepts and parameters set forth in the Entitlements Documents, the Governing Documents, and the plan of phased development submitted to and approved by the California Department of Real Estate. However, nothing contained in this Recital B shall be construed or interpreted to commit the Declarant, the Association or any other person to develop or construct any of such facilities or to provide such services in future Phases of the Overall Development.

C. Initial and Future Common Areas. The initial Common Areas of the Development that are to be owned and maintained by the Association, or used, operated and

maintained by the Association by easement, are described in Exhibit "C" attached hereto, and incorporated herein by this reference. The Declarant reserves the right to later convey additional Common Areas to the Association as lands are annexed to the Development in accordance with the process for annexation set forth in Article XV, below, and in the event that future Common Areas or Common Facilities are annexed those Common Areas and Common Facilities shall be identified in the Declaration of Annexation or the Supplemental Declaration applicable to the annexed property.

D. Intention to Create a Master Planned Development. The Declarant anticipates that the Initial Covered Property, together with subsequent annexations of all or any portion of the Annexable Property, will be developed as a Master Planned Development as that term is used by the California Department of Real Estate, and as set forth in Regulation 2792.32 of the Real Estate Committee of the State of California, contained in Title 10, California Code of Regulations, in that the development (i) will be a planned development subdivision within the meaning of subdivision (k) of section 1351 of the Act, (ii) will be managed by the Association responsible for, among other things, the maintenance and operation of common areas, and (iii) is proposed to consist of more than five hundred (500) residential Lots that are to be developed in several Phases.

E. Right to Permit Public Access to Some Portions of the Property. Notwithstanding anything to the contrary contained in this Declaration, the Association, by vote of a majority of the Board of Directors and without the necessity of Member approval, shall have the right to allow use of and access to certain Common Area and Common Facilities by the general public, and the right to charge the general public fees for such use, so long as the Board makes a reasonable determination that such access and use will not overburden the Common Areas and Common Facilities of the Association. This authority relates primarily, but not limited to, to any granting of public rights of access to, and ingress and egress over, the private roads of the Development to permit access, for example, to organizations such as the Wildlife Heritage Foundation. See Section 19.05, below.

F. Participating Builders. Nothing contained herein shall preclude the Declarant from the further subdivision or re-subdivision of the Property or any parcel of real property located therein, and the Declarant shall be free to so further subdivide or resubdivide portions of the Overall Development. It is also possible that the Declarant will sell Homesites in the Overall Development to Participating Builders, as defined in Section 1.41, below, who will then, with the consent of the Declarant, annex such Homesites into the Property, develop Residences on the annexed Homesites, and sell those Residences to third-party purchasers periodically as market conditions determine.

G. The Martis Camp Community Association. The Declarant has formed the Martis Camp Community Association as a California nonprofit mutual benefit corporation in order to perform certain functions and to provide certain services for the common benefit of Owners and their lessees and guests within Martis Camp, to own, administer and maintain the Common Areas and Common Facilities of the Association, and those other areas within or adjacent to the

Development that are identified in Section 7.01, below, to establish budgets and fix and collect assessments to pay the Common Expenses of the Association as provided in this Declaration, and to enforce the design review and approval requirements stated in Articles V and VI, below. The Association may perform all tasks and functions whether or not specifically set forth herein which it deems necessary or appropriate to foster and preserve the health, safety and welfare of persons residing within or visiting the Development and to preserve property, property rights and property values within the Development. Neither the Articles nor the Bylaws of the Association shall, for any reason, be amended or otherwise changed so as to be inconsistent with this Declaration. If there should exist any ambiguity in any provision of the Articles or Bylaws, then such provision shall be construed, to the extent possible, so as to be consistent with the provisions of this Declaration. Nothing in this Declaration shall prevent the creation of Cost Centers, as defined in Section 1.17, below, to assess, regulate, maintain or manage portions of the Development.

H. Intention to Create Covenants Running with the Land. The Declarant hereby declares that the Initial Covered Property, as well as any portion of the Annexable Property that is subsequently annexed into the Development, is and shall be held, conveyed, hypothecated, developed or encumbered, subject to the following limitations, restrictions, easements, covenants, conditions, equitable servitudes, liens and charges, all of which are declared and agreed to be in furtherance of a planned development as described in the Davis-Sterling Common Interest Development Act for the subdivision, improvement, protection, maintenance and sale of Homesites within the Development, and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the Property. All of the limitations, restrictions, easements, covenants, conditions, equitable servitudes, liens and charges shall run with the land, shall be binding on and inure to the benefit of the Declarant and its successive owners, and each Owner, and his or her respective successors-in-interest, and may be enforced by the Declarant, any Owner, or the Association. The Declarant further declares that it is the express intent that this Declaration satisfy the requirements of sections 1353 and 1354 of the Civil Code.

ARTICLE I
Definitions

Section 1.01. "Annexable Property" means those portions of the Overall Development that are not initially subject to this Declaration but which may, from time to time, be made subject to this Declaration by annexation in accordance with Article XV, below. The Annexable Property is more particularly identified in Exhibit "B", attached hereto.

Section 1.02. "Articles" means the Articles of Incorporation of the Association, which are filed in the Office of the California Secretary of State, as such Articles may be amended from time to time.

Section 1.03. "Assessment" means any Regular, Special, Special Individual or Emergency Assessment made or assessed by the Association against an Owner and his or her Homesite in accordance with the provisions of Article IV, below.

Section 1.04. "Association" means Martis Camp 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).

Section 1.05. "Association Rules" means the rules, regulations and policies adopted by the Board of Directors, pursuant to Section 3.08, below, as the same may be in effect from time to time. Once the Design Review Committee is a committee whose members are all appointed by the Association's Board of Directors (see Section 5.02, below) the Association Rules shall also include the Design Guidelines.

Section 1.06. "BMP Report" means and refers to that certain Martis Camp Best Management Practices Report for Water Quality Management prepared by the Declarant in conformance with the requirements of Section 5 of the Land Development Manual and the Placer County Storm Water Management Manual (see Conditions of Approval Nos. 10G, 62, 101 and 121) in connection with the development of Martis Camp. Without limiting the foregoing, the BMP Report shall include and address those matters set forth in Section 7.02(d), below.

Section 1.07. "Best Management Practices" or "BMPs" means all structural and management water quality control techniques recommended by the BMP Report in order to meet water quality objectives for Martis Creek as identified in the Water Quality Control Plan (Basin Plan) for the North Lahontan Basin and California State Board Resolution No. 68-16, which incorporates the federal anti-degradation policy. See Condition of Approval 145.

Section 1.08. "Board of Directors" or "Board" means the Board of Directors of the Association.

Section 1.09. "Bylaws" means the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 1.10. "CHAMP" means the Chemical Application Management Plan. The Conditions of Approval require that the Declarant establish and implement a golf course Chemical Application and Management Plan. This plan shall be developed in cooperation with the County Environmental Health Services, and the Regional Water Quality Control Board. It shall be designated to mitigate the impacts of fertilizers, herbicides, pesticides, and other contaminates/pollutants upon both the ground waters and surface waters in the vicinity. The goal of the CHAMP is to implement water quality controls that are adequate to ensure that run-off will meet the water Quality Control Plan for the Lahontan Region (Basin Plan) water qualify objective for Martis Creek as well as comply with the Basin Plan's narrative water quality objectives, State anti-degradation policies and maintain beneficial uses of Martis Creek and the Martis Creek Reservoir as defined by the Basin Plan. This CHAMP shall include a pond

management and protection plan with provisions for flood control, vector control, human safety, habitat preservation maintenance, use restrictions, water quality, protection, and on-going monitoring, as approved by the County Development Review Committee. Condition of Approval Nos. 71 and 144.

Section 1.11. "Common Area" and "Common Areas" means and refers to all real property owned, controlled or maintained by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first Homesite is described in Exhibit "C", attached hereto. Unless the context clearly indicates a contrary intent, any reference herein to the "Common Areas" shall also include any Common Facilities located thereon.

Section 1.12. "Common Expense" means any use of Common Funds authorized by Article IV, below, and Article IX 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; (c) any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Areas and Common Facilities (including, without limitation, utility expenses), and for nonpayment of any Assessments; and (d) the use of such funds to defray the costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

Section 1.13. "Common Facilities" means the private roads within the Development (and their related storm and drainage systems), the guardhouse structure at the main entrance to the Development and its gates and other operating systems, the Development's landscaping, fences, utilities, berms, pipes, lines, signs (and any accompanying sign lighting) lighting fixtures, and other facilities, if any, constructed or installed, or to be constructed or installed, or currently located within any portion of the Common Area and owned by the Association.

Section 1.14. "Conditions of Approval" means that certain document issued by the County of Placer and entitled: "Conditions of Approval – Vesting Tentative Map/Master Plan Use Permit – Siller Ranch (SUB-424/CUP-3008), as such Conditions of Approval may be amended or revised from time to time with the consent of the County.

Section 1.15. "Conservation Area Management Plan" or "CAMP" describes the long term administration of the approximately one hundred sixty (160) acres of the Siller Ranch Conservation Area (the "Conservation Area", which is delineated in Exhibits 4A-H of the CAMP). The Siller Ranch Conservation Area includes the waters of the United States within the Development and their associated buffer areas. The CAMP includes a description of the natural resources within the parameters of the Siller Ranch Conservation Area, identification of management, monitoring, and reporting responsibilities of the manager and conservator, and a prescription for educational and stewardship programs directed towards the protection of waters

of the United States in the Siller Ranch Conservation Area. Please refer to Exhibit "D" for restrictions on access and use of the Conservation Area.

Section 1.16. A "Cost Center" means a designation assigned by the Association to a discrete portion of the Development (and to the Owners of Homesites located therein) for the purpose of expense accounting and assessment, all as more particularly provided in Sections 4.01(e) and 4.02(b)(ii), below. A Cost Center is likely to be created when the Association is maintaining property or Common Facilities located within the designated Cost Center portion of the Development and the use and enjoyment of that property or Common Facilities is fully or partially restricted to Owners of the Homesites within the designated Cost Center.

Section 1.17. "County" means the County of Placer, State of California, and its various departments, divisions, employees and representatives. If any portion of the Development becomes a portion of an incorporated city, then the term "County" shall be deemed to include the city in which that portion of the Development is located.

Section 1.18. "Declarant" means DMB/Highlands Group, an Arizona limited liability company. The term "Declarant" shall also mean any successor or assign of Declarant, if (i) a certificate, signed by Declarant and Declarant's successor or assign, has been recorded in the County in which the successor or assign assumes the rights and duties of Declarant to some portion of the Development or (ii) such successor or assign acquires all of the Development and the remainder of the Overall Development then owned by Declarant exceeds one Homesite. There may be more than one Declarant at any given time; provided, however, that in the case of multiple Declarants, each Declarant shall be a Declarant only with respect to those portions of the Development owned by that Declarant and the rights and obligations of the Declarant with respect to the Association and its Members shall be exercised as agreed among the co-Declarants with the consent of the California Department of Real Estate. A Declarant shall cease being a Declarant when both of the following conditions exist: the Declarant no longer owns any portion of the Development and no Annexable Property exists which is still the subject to a unilateral right of annexation in favor of the Declarant pursuant to Section 15.02, below.

Section 1.19. "Declaration" means this instrument, as it may be amended from time to time.

Section 1.20. "Declaration of Annexation" means a Recorded instrument that adds real property to the Development, as provided in Article XV, below.

Section 1.21. "Design Review Committee" or "Committee" means the committee created in accordance with Section 5.02, below, to administer the design review and approval responsibilities set froth in Article V, below, and the Martis Camp Design Guidelines.

Section 1.22. "Development" means the Homesites, Common Areas, Common Facilities, and other parcels of real property that are subject to this Declaration, and the improvements now located or hereafter constructed on any portion of that property pursuant to the common plan and

scheme of development that is contemplated by the Entitlement Documents and by this Declaration. At times, the Development is referred to herein by the name by which the community is commonly known and marketed, namely, "Martis Camp".

Section 1.23. "Eligible Mortgagee" shall mean any institutional Mortgagee, or an insurer or guarantor of the loan held by the institutional Mortgagee, who has provided the Association with a written request to be notified of the events described in Section 14.12(a), below, stating the name and address of such holder and the address and legal description of the particular Homesite encumbered.

Section 1.24. "Entitlement Documents" is a collective term that means and refers to the following documents issued by the County and its agencies and departments relating to approval of the Development and conditions on those approvals: Conditions of Approval, vesting tentative subdivision map, and the subdivision conditional use permit.

Section 1.25. "Golf Club" and "Golf Club Amenities" means the golf course and related improvements located within the boundaries of the Overall Development as well as other amenities and properties that are currently owned or later developed and owned by the owner of the Golf Club Amenities. Other amenities that are currently planned to be developed by the owner of the Golf Club include an amphitheater, lakes and ponds, golf cart paths, a putting course, golf practice area, and maintenance facility. The Golf Club and the Golf Club Amenities are not part of the Development and are not subject to this Declaration. However, certain provisions of this Declaration are for the express benefit of the owner of the Golf Club Amenities and said owner and its successors and assigns who acquire a fee title interest in the Golf Club shall have certain rights of enforcement and approval as stated in Articles XVII and XXI, below. With respect to such provisions of this Declaration, the owner of the Golf Club, and its successors in interest, shall be deemed to be third party beneficiaries of this Declaration.

Section 1.26. "Governing Documents" is a collective term that means and refers to this Declaration and to the Articles, the Bylaws and the Association Rules. The Governing Documents shall also include the Design Guidelines.

Section 1.27. "Homesite" means any parcel of real property designated by a number on the Subdivision Map for any portion of the Development excluding the Common Area. When appropriate within the context of this Declaration, the term "Homesite" shall also include the Residence and other Improvements constructed or to be constructed on a Homesite.

Section 1.28. "Improvement" as used herein includes, without limitation, the construction, installation, alteration or remodeling of any Residences, garages, guest houses, out buildings, walls (including retaining walls), fences, swimming pools, driveways, landscaping, landscape structures, skylights, patios, solar heating equipment, spas, antennas, television satellite reception equipment, utility lines or any other structure of any kind. Improvement also means and includes the grading of any Homesite or the removal of any native vegetation, including trees from a Homesite in connection with an Improvement project. 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; (iii) any improvement projects, other than window coverings, that are located entirely within the interior of a Residence or building structure; and (iv) construction and improvement projects undertaken by or on behalf of the Declarant or by a Participating Builder whose improvement plans have been approved by the Declarant. Improvement projects are subject to design review and approval pursuant to Article V, below.

Whenever reference is made in this Declaration or in the Design Guidelines 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 Homesite, or to divide a Homesite into separate areas or enclosures, or to separate two (2) contiguous Homesites, 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), below.

Section 1.29. "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 the number of members casting written ballots equals or exceeds the quorum requirement for Member action, as specified by the Bylaws or otherwise by statute.

Section 1.30. "Martis Camp Design Guidelines" or "Design Guidelines" means the design guidelines and procedural rules of the Design Review Committee, adopted pursuant to Section 5.05, below.

Section 1.31. "Master Plan" for the purposes of the Initial Covered Property, means the master plan for the Development, including the Conditions of Approval. Any future amendments to the Master Plan shall be evidenced within the Declaration of Annexation for any applicable Phase, and shall be at the absolute discretion of the Declarant, and shall not require the consent or approval of any other Owner or person, except for any governmental approvals that may be required.

Section 1.32. "Maintenance Manual" refers to the manual which may be prepared by the Declarant or its agents or by a Participating Builder and its agents and provided to the Association and to each Owner specifying obligations for maintenance of the Common Area and Common Facilities by the Association and maintenance of Homesites and Residences by the Owners, as updated and amended from time to time. The Declarant may, in its discretion, create separate Maintenance Manuals for the Association and its maintenance obligations, on the one hand, and Owners and their maintenance obligations, on the other hand. Any Maintenance Manual prepared by a Participating Builder with respect to any Association Common Facility that is within the Participating Builders Phase of the Overall Development shall require the prior approval of the Declarant, such approval not to be unreasonably withheld.

Section 1.33. "Member" means every person or entity who holds a membership in the Association and whose rights as a Member are not suspended pursuant to Section 13.06, below.

Section 1.34. "Mitigation Plan" means that certain Mitigation Monitoring and Implementation Plan or "MMIP" prepared by Declarant pursuant to Condition of Approval No. 136.

Section 1.35. "Mortgage" means any security device encumbering all or any portion of the Development, including any deed of trust. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

Section 1.36. "Open Space" shall means and refers to lots C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R1, R2, S, U, V, W, X, Z1, Z2, & Z3 as currently shown on the tentative Subdivision Maps for the Development and as the same may be shown on the Final Subdivision Map for any Phase of the Development. The foregoing Open Space parcels shall be owned by the Golf Club and are therefore not subject to this Declaration, although certain provisions set forth in this Declaration pertain to the maintenance and use of Open Space parcels and are required to be included in this Declaration by the Conditions of Approval in order to provide disclosures regarding the need to protect Open Space parcels and any environmentally sensitive areas located therein for the benefit of the community. It is possible that additional Open Space parcels will be added to the Development by the process of annexation set forth in Article XV, below.

Section 1.37. "Overall Development" means the property described in Exhibit "A" and Exhibit "B" attached hereto.

Section 1.38. "Owner" means any person, firm, corporation or other entity which owns a fee simple interest in any Homesite. The term "Owner" shall include the Declarant for so long as the Declarant possesses any Homesite within the Development, and, except where the context otherwise requires, the family, guests, tenants and invitees of an Owner. If a Homesite is transferred or conveyed to a trust, the Owner is the trustee or the co-trustees of such trust.

Section 1.39. "Owner of Record" means any person, firm, corporation or other entity in which title to a Homesite is vested as shown by the official records of the Office of the County Recorder.

Section 1.40. "Participating Builder" means any person who is designated as such by the Declarant in a Supplemental Declaration for a particular Phase of the Overall Development who has acquired five (5) or more Homesites or a multi-family lot in Martis Camp for purposes of development and resale to other third party purchasers.

Section 1.41. "Phase" means any Homesites and/or Common Areas which are simultaneously made subject to the provisions of this Declaration either by recording this Declaration or by recording a Declaration of Annexation in accordance with Article XV, below.

Section 1.42. "Public Report" means a final subdivision public report issued by the California Department of Real Estate in compliance with California Business and Professions Code section 11000 et seq., or any similar California statute hereafter enacted.

Section 1.43. "Record" and "Recordation" means, with respect to any document, the recordation or filing of such document in the Office of the County Recorder.

Section 1.44. "Regular Assessment" means an Assessment levied against an Owner and his or her Homesite in accordance with Section 4.02, below.

Section 1.45. "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 the Development is located.

Section 1.46. "Residence" means a private, single-family dwelling constructed or to be constructed on any Homesite or any residential unit constructed on a multi-family lot within Martis Camp.

Section 1.47. "Single Family Residential Use" means occupation and use of a Residence for single family dwelling purposes in conformity with this Declaration (see particularly Sections 2.06, 8.01 and 8.09, below) 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. Occupancy restrictions may differ in subsequent Phases of the Overall Development.

Section 1.48. "Special Assessment" means an Assessment levied against an Owner and his or her Homesite in accordance with Section 4.03, below.

Section 1.49. "Special Individual Assessment" means an Assessment levied against an Owner and his or her Homesite in accordance with Section 4.04, below.

Section 1.50. "Sub-Association" means any incorporated or unincorporated association organized to own and maintain common areas or residence exteriors within a Phase. Sub-

Associations may be authorized and established pursuant to a Supplemental Declaration recorded in connection with the annexation of the Annexable Property.

Section 1.51. "Subdivision Map" means the subdivision map for any portion of the Development.

Section 1.52. "Subsidy Agreement" means a contract between the Declarant and the Association, in a form and content acceptable to the California Department of Real Estate, documenting the terms of any program in which the Declarant undertakes to subsidize the cost of operating and maintaining Common Areas or Common Facilities and/or the cost of providing services to the Owners and residents of lots or units within the Development, all as more particularly specified in Department of Real Estate Regulation section 2792.10.

Section 1.53. "Supplemental Declaration" means any declaration (as defined in California Civil Code section 1351(h)), Recorded pursuant to Section 15.06, below, which supplements this Declaration and which may affect solely a Phase of the Overall Development.

Section 1.54. "SWPPP" means the Stormwater Pollution Prevention Plan, approved by the County, that describes the site, erosion and sediment controls, means of waste disposal, implementation of approved local plans, control of post-construction sediment and erosion control measures and maintenance responsibilities, and non-storm water management controls (such as those water quality control features identified in the Siller Ranch BMP Report).

Section 1.55. "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 and/or the Association Rules.

Section 1.56. "Wetland Preservation Easements" or "WPEs" are easements as may be set forth on the Subdivision Map for the protection and preservation of wetland/stream corridor habitats.

ARTICLE II
Property Rights and Obligations of Owners

Section 2.01. Declaration Regarding the Martis Camp Development.

(a) Development Subject to Declaration. The Initial Covered Property and any portion of the Annexable Property that is later annexed to the Martis Camp common interest development and subjected to this Declaration shall be held, conveyed, divided, encumbered, hypothecated, leased, rented, used, occupied and improved only upon compliance with and subject to the provisions of this Declaration (as the same may be amended or supplemented by a

Declaration of Annexation or Supplemental Declaration), which is hereby declared to: (i) be in furtherance of a plan for the subdivision of the Development and the sale of residential Homesites within the Development; (ii) be for the benefit and protection of the Development and to enhance the desirability, value and attractiveness of Martis Camp; (iii) be for the benefit of the Owners; (iv) run with the land and be binding upon all parties having or acquiring any right, title or interest in any portion of the Development; (v) inure to the benefit of every portion of the Development and any interest therein; and (vi) inure to the benefit of and be binding upon each Owner, the Declarant and each successor in interest of the Declarant as long as the Declarant or any successor shall hold an interest in any portion of the Development.

(b) Binding Effect on Successors In Interest. Each conveyance, transfer, sale, assignment, lease or sublease made by Declarant of the Common Area and of any Homesite shall be deemed to incorporate by reference all of the provisions of this Declaration. All present and future Owners, tenants and occupants of Homesites and Residences within Martis Camp 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 or more classes of persons (i.e., Owners, tenants, invitees, etc.). The acceptance of a deed to any Homesite, the execution of a lease, sublease or contract of sale with respect to any Homesite 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.

Section 2.02. Authority of Declarant to Approve Boundary Line Adjustments. At any time within five (5) years from the date that the first Homesite in a Phase is conveyed to an Owner other than Declarant, the boundaries of any Homesite or Common Area within that Phase may be altered by a lot line adjustment or other change reflected on a subsequently Recorded record of survey, parcel map, or Subdivision Map, provided that the altered boundaries are approved by Declarant and all Owners of the property involved in the boundary adjustment. In the event a boundary line adjustment involves Association property, the Board shall be authorized to grant approval on behalf of the Association. Any such alteration shall be effective upon Recordation of the record of survey, parcel map, or Subdivision Map. Upon such Recordation, the boundaries of the altered Homesite or Common Area shall be altered for purposes of this Declaration to conform to the boundaries as shown on the record of survey, parcel map, or Subdivision Map.

Section 2.03. Property Rights in Common Area.

(a) Fee Title in Association. Declarant shall convey fee simple title to the Common Area located in each Phase of the Development to the Association, free of all encumbrances and liens, with the exception of current real property taxes (which shall be prorated as of the date of such conveyance) and any easements, conditions and reservations then of record, including those set forth in this Declaration. Such conveyance shall be made prior to, or concurrently with, the first transfer or conveyance by Declarant of a Homesite in such Phase to a purchaser.

(b) Rights of Owners in Common Areas. The interest of each Homesite Owner in and to the use and benefit of the Common Area and the Common Facilities shall be appurtenant to the Homesite owned by the Owner and shall not be sold, conveyed or otherwise transferred by the Owner separately from the ownership interest in the Homesite. Any sale, transfer or conveyance of such Homesite 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 Club, when in the Board's reasonable discretion, it finds such transfer necessary to eliminate encroachment of Golf Club improvements on the Common Area, to conform boundaries between Homesites and Common Areas and/or Golf Club parcels 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 Club and the Association, to accommodate rock out croppings, significant trees or other unique topographical features, 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 Homesite 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 2.04. Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area, including ingress and egress to and from his or her Homesite, which shall be appurtenant to and shall pass with the title to every Homesite, subject to the following provisions:

(a) Right of Association to Regulate Common Area Uses. The right of the Association to limit the number of guests of Members who may use any recreational Common Facilities, if any such facilities are later owned by the Association.

(b) Right of Association to Adopt Rules. The right of the Association to adopt Association Rules as provided in Section 3.08, below, regulating the use and enjoyment of the Common Facilities of Martis Camp 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 Section 13.06, below. Such action may include, without limitation: (i) the levying of fines and/or the temporary suspension of the voting rights and/or the right to use the

Common Facilities, other than roads, by any Owner and the Owner's tenants, guests and invitees and (ii) the right to adopt other uniform disciplinary procedures, including, without limitation, fines, relating to the denial of privileges of an Owner's contractors, sub-contractors, laborers and other compensated invitees to operate vehicles on and over the private roads of the Development as a result of repeated traffic or speed violations, as defined in the Association Rules.

(c) Right to Incur Indebtedness. The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and Common Facilities.

(d) Rights of Dedication. 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 to by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least two-thirds of the voting power of each class of Members and their first Mortgagees consenting to such dedication or transfer has been Recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Homesite. The instrument effecting the dedication of any Common Area property in accordance with this subparagraph (d) may be executed in counterparts so long as each counterpart is in recordable form.

(e) Rights of Easement Holders. All easements affecting the Common Area that are described in Article IX, below.

(f) Rights of Use by Declarant and Participating Builders. The right of the Declarant and its employees, sales agents, prospective purchasers, customers and representatives (and the right of any Participating Builder and its employees, sales agents, prospective purchasers, customers and representatives, if so stated in a Supplemental Declaration), to enter upon and to use the Common Areas and Common Facilities of Martis Camp for development and sales activities in accordance with Section 16.03, below. Such use shall not unreasonably interfere with the rights of use and enjoyment of the other Owners and residents as provided herein.

Section 2.05. Right to Use the Golf Club. Ownership of a Homesite within the Development shall not confer any property rights or rights of access, use or enjoyment in and to the Golf Club or any Golf Club Amenities. There is no guarantee that the Golf Club or any portion of the Golf Club Amenities will be constructed and/or operated and used indefinitely as either a golf course or other use for which the Golf Club Amenities was initially planned, developed and constructed. Accordingly, neither being an Owner of a Homesite within the Development nor being a Member of the Association shall confer any property rights, ownership interest, or rights of access, use or enjoyment in and to the Golf Club or any other facility now located or hereafter constructed or operated as part of the Golf Club. Rights to use and enjoy the Golf Club and the Golf Club Amenities are within the exclusive control of the owner of the Golf Club and will be given by such owner to such persons, including without limitation, members of the general public, and on such terms and conditions as the owner of the Golf Club may determine from time to time. The owner of the Golf Club, acting by and through its governing

board, may amend or waive its determinations and policies with respect to use of the Golf Club Amenities at any time. See also Sections 3.07(b)(ii)(E) and Article XVII, below, which also pertain to access to the Golf Club and the Golf Club Amenities.

Section 2.06. Delegation of Use, Leasing of Residences.

The Martis Camp development is designed and intended as an owner-occupied, residential development; provided, however, that Residences within the Development may be rented or leased in accordance with this Section. An Owner shall be responsible for any violation of the Governing Documents by a tenant or any other occupant of its, his, her or their Homesite. No Owner shall rent, lease or otherwise delegate the use and occupation of the Owner's Homesite except upon all of the following terms and conditions:

(a) With the exception of any cottage residence or cabin residence, as so defined in a Declaration of Annexation or Supplemental Declaration recorded by the Declarant or with the Declarant's prior approval, Residences may only rented or leased for a term of thirty (30) days or more. In the event that multi-family residential units, or cottage or cabin units, are constructed within any Phase of the Development, such residences may be leased with no minimum lease term if this restriction on lease terms is expressly eliminated in the Declaration of Annexation or Supplemental Declaration that subjects such residences to this Declaration. However, the lease or rental of multi-family residences shall otherwise remain subject to this Declaration and to other applicable Association Rules;

(b) The lease or rental of a Residence must apply to the entire Residence, including its appurtenant rights, but excluding the Owner's voting rights as a Member of the Association. In the event that a Lot or Homesite is improved as a site for more than a single residence structure, this restriction shall be applied to each such structure separately; and

(c) Any lease or other rental must be by a written agreement which shall provide that the tenant's or lessee's occupancy, use and enjoyment of the Residence is subject to the provisions of the Governing Documents and the Declaration and any violation of such provisions shall constitute a default under the lease or rental agreement.

Section 2.07. Obligations of Owners. Owners of Homesites within the Development shall be subject to the following 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 manager, if any, of the names of any contract purchaser or tenant residing in the Owner's Homesite.

(b) Contract Purchasers. A contract seller of a Homesite 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.

(c) Notification to Prospective Purchasers Regarding Governing Documents.

(i) 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 Homesite, the Owner thereof must give the prospective purchaser:

(A) a copy of the Governing Documents;

(B) a copy of the most recent documents distributed by the Association pursuant to California Civil Code section 1365 (see Article XII of the Bylaws);

(C) a true statement ("delinquency statement") in writing from an authorized representative of the Association as to: (1) the amount of the Association's current Regular and Special Assessments and fees; (2) the amount of any Assessments levied upon the Owner's Homesite that remain unpaid as of the date of the delinquency statement and any monetary fines or penalties levied upon the Owner's Homesite and unpaid as of the date of the delinquency statement. The delinquency statement shall also include true information on late charges, interest, and costs of collection that, as of the date of the delinquency statement, are or may become a lien against the Owner's Homesite pursuant to Civil Code sections 1367 and 1367.1;

(D) a copy or a 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) Within ten (10) days of the mailing or delivery of a request for the information described in subparagraph (c)(i), above, the Association shall provide the Owner with copies of the requested items. The items that the Association is obligated to provide pursuant to this subparagraph (c) may be maintained in electronic form and the requesting parties shall have the option of receiving them by electronic transmission or machine readable storage media if the Association maintains these items in electronic form. The Association may charge a reasonable fee for these services based upon the Association's actual cost to procure, prepare, and reproduce the requested items.

(iii) The provisions of this subparagraph (c), except for those provisions relating to the furnishing of a delinquency statement, shall not apply to any Owner who is subject

to the requirements of California Business and Professions Code section 11018.1 (i.e., the obligation to provide prospective purchasers with a California Department of Real Estate Public Report in connection with the sale of a Homesite).

(d) Payment of Assessments and Compliance with Rules. Each Owner shall pay, when due, each Regular, Special, Special Individual and Emergency Assessment levied against the Owner and his or her Homesite 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.

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

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

ARTICLE III
Martis Camp Community Association

Section 3.01. Formation. The Martis Camp Community Association is a California nonprofit mutual benefit corporation. On or before the first close of escrow for the sale of a Homesite in each Phase of the Development to an Owner, the Declarant shall convey fee simple title to the Common Area located in that Phase to the Association as provided in Section 15.04, below, and thereupon the Association shall be charged with the duties and invested with the powers set forth in the Governing Documents, including, but not limited to, the ownership, control, maintenance and repair of the Common Area and Common Facilities.

Section 3.02. Association Action; Authority of the Board of Directors and Officers. With the exception of those matters requiring approval of Members under the Governing Documents or California law, the affairs of the Association shall be conducted and all corporate powers shall be exercised by the Board of Directors and such officers as the Board may elect or appoint. 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.

(a) Qualifications. Each Owner of a Homesite, including the Declarant, shall be a Member of the Association. An Owner shall hold one membership in the Association for each

Homesite that the Member owns. Sole or joint ownership of a Homesite shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until his or her ownership of, or ownership interest in, all Homesites in the Development ceases, at which time the Owner's membership in the Association shall automatically cease. Persons or entities who hold an interest in a Homesite merely as security for performance of an obligation are not Members.

(b) Members' Rights and Duties. Membership in the Association shall give rise to the rights, duties, and obligations set forth in the Governing Documents and any amendments thereto.

Section 3.04. Membership Voting.

(a) Commencement of Voting Rights. Unless the sale of Homesites within the Development is subject to a subsidization plan, approved by the California Department of Real Estate, which provides otherwise, voting rights attributable to the ownership of Homesites shall not vest until Assessments against those Homesites have been levied by the Association.

(b) Classes of Membership. The Association shall have two (2) classes of voting membership, namely: Class A Members who shall initially be all Owners except the Declarant and the Class B Member who shall be the Declarant. The voting rights and other privileges of each class of membership and the conversion of the Declarant's Class B membership into Class A memberships shall be as set forth in Article IV of the Bylaws. In addition, the Declarant shall hold a Class C Membership, as also defined in Article IV of the Bylaws, which shall not constitute part of the Voting Power of the Association. The Class C Membership gives the Declarant the right to appoint a majority of the members of the Association Board of Directors for the term specified in Section 4.01(c), of the Bylaws.

(c) Suspension of Voting Rights. Voting rights may be temporarily suspended under those circumstances described in Section 13.06, below.

(d) Intent of Provisions Imposing Limitations on Declarant Voting Rights. With the exception of any membership vote pursuant to Section 3.11, below (relating to the enforcement of bonded obligations), no provision of any Governing Document requiring approval of a prescribed majority of the Voting Power of the Association other than the Declarant is intended to preclude the Declarant from casting votes attributable to any Homesites owned by the Declarant. Instead, what is required is the matter receive the approval of a bare majority of the Class B Voting Power as well as the approval of the prescribed majority of the Class A Voting Power. Once the Class B membership has been converted to Class A membership, the intent is to require the approval of a bare majority of the total Voting Power of the Association as well as the approval of the prescribed majority of the total Voting Power of the Association other than the Declarant.

Section 3.05. Assessments. The Association shall have the power to establish, fix and levy Assessments against the Owners of Homesites within the Development and to enforce payment of such Assessments, as more particularly provided in 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 3.06. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale of the Homesite to which it is appurtenant, and then, only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Homesite shall pass automatically to the purchaser upon the Recordation of a deed evidencing the transfer of title. In the case of an encumbrance recorded with respect to any Homesite, the Mortgagee shall not possess any membership rights until the Mortgagee becomes an Owner by foreclosure or acceptance of a deed in lieu thereof. Tenants who are delegated rights of use pursuant to the rental or lease of a Residence (see Section 2.06, above) do not thereby become Members, although the tenant and his or her family and guests shall at all times be subject to the property use restrictions and enforcement/disciplinary provisions of the Governing Documents. If any Owner fails or refuses to transfer the membership registered in his or her name to the purchaser of his or her Homesite, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 3.07. Powers and Authority of the Association.

(a) Powers, Generally. The Association shall have the responsibility of owning, managing and maintaining the Common Areas and Common Facilities and discharging the other duties and responsibilities imposed on the Association by the Governing Documents. In the discharge of 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 Development 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 Homesite to perform the Association's obligations under this Declaration, including: (A) obligations to enforce the design review and approval, minimum improvement

requirements, and/or land use restrictions of Articles V, VI and VIII, below; (B) any obligations with respect to the Association's duties with respect to the construction, maintenance and repair of adjacent Common Facilities or Open Space; or (C) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, any portion of the Development or the Owners in common.

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

(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 Homesite where entry is required or any adjoining Homesites, Common Area, Open Space, or Golf Course property. The Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present. In addition, the Association's rights of entry under this subparagraph (b) shall extend to routine maintenance of private roads, detention and retention basins and ditches, drainage facilities or other structures or improvements that the Association is obligated to maintain, repair or replace that are either adjacent to, or located on, an Owner's Homesite.

(B) In all non-emergency situations involving routine repair and/or maintenance activities other that those stated in subparagraph (A) or the exercise of rights of entry in connection with an Association enforcement action, the Association, or its agents, shall furnish the Owner or his or her lessee with at least twenty-four (24) hours prior written notice of its intent to enter the Homesite, specify the purpose and scheduled time of such entry, and 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 Homesite.

(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 13.06, 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 express permission of the Owner or tenant.

(E) Neither the Association nor any Owner shall have any right of entry onto the Golf Club Amenities without the prior consent of the owner of the Golf Club, unless an Owner's right of entry results from an Owner's status as a golfer who is playing the course or using other Golf Club Amenities with the permission of the owner of the Golf Club.

Section 3.08. Association Rules.

(a) Rule Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners ("Association Rules"). The Association Rules may concern, but need not be limited to: (i) matters pertaining to use of the Common Area and Common Facilities; (ii) architectural control and the rules of the Design Review Committee under Article V, below; (iii) regulation of pet ownership, parking, signs, collection and disposal of refuse and other matters subject to regulation and restriction under Article VIII, below; (iv) collection of delinquent Assessments; (v) minimum standards of maintenance of landscaping or other Improvements on any Homesite; (vi) the conduct of disciplinary proceedings in accordance with Section 13.06, below; and (vii) any other subject or matter within the jurisdiction of the Association as provided in the Governing Documents. Once the authority to appoint members of the Design Review Committee is vested solely in the Board of Directors of the Association, the Association Rules shall also include the Design Guidelines.

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. All Association Rules shall be adopted, amended and repealed (as the case may be) in good faith and in substantial compliance with this Declaration and California Civil Code sections 1357.100 through 1357.150.

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

(c) Adoption and Amendment of Rules.

(i) Requirement of Prior Notice to the Members of Certain Operating Rules or Amendments Thereto. California Civil Code section 1357.100 defines an "Operating Rule" as an Association Rule or regulation that applies generally to the management and operation of the Development or to the conduct of the business and affairs of the Association. That Civil Code section further defines a "Rule Change" as any adoption, amendment, or repeal of an Operating Rule by the Board of Directors. Civil Code section 1357.120 identifies five types of Operating Rules (and Rule Changes involving such Operating Rules) that must first be provided to the members in writing at least thirty (30) days prior to the Board taking action to implement the Rule Change. The notice must include the text of the proposed Rule Change and a description of the purpose and effect of the proposed Rule Change. This requirement of prior notice to the Members applies only to Operating Rules that relate to one or more of the following subjects:

(A) Use of the Common Areas of the Development;

(B) Use of any Homesite in the Development (including the adoption of Design Guidelines once the Design Review Committee is a

Committee appointed solely by the Board of Directors of the Association);

(C) Member discipline, including any schedule of monetary penalties for violation of the Governing Documents and any procedure for the imposition of penalties;

(D) Any standards for delinquent assessment payment plans;

(E) Any procedures adopted by the Association for resolution of disputes;

(F) Any procedures for reviewing and approving or disapproving a proposed physical change to an Owner's Residence pursuant to Article V, once the Design Review Committee is a committee that is appointed solely by the Board of Directors of the Association; and

(G) Procedures for the conduct of elections.

Specifically excluded by Civil Code section 1357.120 from the requirement of prior notice to Members are the following actions of the Board, regardless of whether those actions may be construed as being Association Rules or "Operating Rules", as defined in the Civil Code: (i) any Rule Change that the Board adopts to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association (such "emergency rules" can be adopted and remain in effect for up to one hundred twenty (120) days); (ii) decisions regarding maintenance of the Common Areas or Common Facilities; (iii) a decision on a specific matter that is not intended to apply to all Members, generally; (iv) establishing the amount of an assessment; (v) adoption of a Rule Change that is required by law (if the Board of Directors has no discretion regarding the substantive effect of the Rule Change); and (vi) issuance of a document that merely repeats existing law or the Governing Documents.

With respect solely to Operating Rules and/or Rule Changes listed in subparagraphs (A) through (G), of paragraph (c)(i) above, Civil Code section 1357.140 gives Members owning five percent (5%) or more of the Homesites in the Development the right to demand that a special meeting of the Members be called to reverse a proposed Rule Change, so long as the request for the special meeting is delivered to the Association not more than thirty (30) days after the Members are given notice of the Rule Change. If a proper and timely demand for a special meeting to vote to rescind an Operating Rule or Rule Change is tendered to the Association, the Board shall establish the date, time and location of the meeting and provide notice thereof to the Members in accordance with Corporations Code Section 7511(c).

So long as a quorum of the Members is present at any such meeting, the Rule Change can be reversed on the affirmative vote of a Majority of a Quorum of the Members, with each Member having one vote on the matter for each Homesite owned. If the Members vote to

reverse an Operating rule or a Rule Change, the Board may not take action to readopt the Operating Rule or Rule Change for a period of one year after the date of the special meeting where reversal of the Operating Rule or Rule Change was approved; provided, however, that this provision is not intended to preclude the Board from adopting a different Operating Rule or Rule Change on the same subject as the Rule Change that was successfully reversed. As soon as possible following the close of voting on any proposal to reverse an Operating Rule or Rule Change, but not more than fifteen (15) days after the close of voting, the Board shall provide notice to each Member of the results of the Member vote by personal delivery or first-class mail.

(ii) Adoption of Other Association Rules. Except as provided in subparagraph (c)(i), above, with respect to certain Operating Rules and Rule Changes that must first be distributed to the Members, other 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 distributed in writing to each Member, along with a description of the purpose and effect of the proposed Association Rule or amendment thereto. 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 or personal delivery.

(iii) Minimum Content for Election Rules. Civil Code section 1363.03 requires associations to adopt rules regarding the conduct of elections that do all of the following:

(A) Ensure that any candidate or member advocating a point of view is provided access to Association media, newsletters, or Internet Web sites during a campaign so long as the access is reasonably related to that election, equal access shall be provided to all candidates and members advocating a point of view (whether or not endorsed by the Board). The Association may not edit or redact any content from these campaign communications, but may include a statement specifying that the candidate or Member, and not the Association, is responsible for that content.

(B) Ensure access to the Common Area meeting space, if any exists, during a campaign, at no cost, to all candidates, including those who are not incumbents, and to all Members advocating a point of view (whether or not endorsed by the Board) so long as use of the space is for a purpose that is reasonably related to the election.

(C) Specify the qualifications for candidates for election to the Board of Directors and any other elected position, and procedures for the nomination of candidates. A nomination or election procedure shall not be deemed reasonable if it disallows any Member of the Association from nominating himself or herself for election to the Board.

(D) Specify the qualifications for voting, the voting power of each membership, the authenticity, validity, and effect of proxies, and the voting period for elections, including the times at which polls will open and close.

(E) Specify a method of selecting one or three inspectors of election by the Board of Directors.

(iv) Adoption of Other Association Rules. Except as provided in subparagraph (c)(i), above, with respect to certain Operating Rules and Rule Changes that must first be distributed to the Members, any other 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 distributed in writing to each Member, along with a description of the purpose and effect of the proposed Association Rule or amendment thereto. 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 or personal delivery.

(v) Prohibition on Adoption of Certain Rules. In accordance with Civil Code section 1368.1, any rule or regulation of an association that arbitrarily or unreasonably restricts an Owner's ability to market his or her Homesite or Residence is void. Without limiting the foregoing, in no event shall the Association be entitled to impose an Assessment or fee in connection with the marketing of an Owner's Homesite in an amount that exceeds the Association's actual and direct costs (see also, Section 4.01(f), below).

Section 3.09. Breach of Rules or Restrictions. Any breach of the Design Guidelines, Association Rules or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XIII, below.

Section 3.10. Limitation on Liability of the Association's Directors and Officers.

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

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

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

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

(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; and

(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 Three Million Dollars ($3,000,000.00).

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 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.

Section 3.11. Enforcement of Bonded Obligations. If any of the Common Area improvements within the Development have not been completed when the California Department of Real Estate issues a final subdivision public report for any phase of the Development, and if the Association is the obligee under a bond or other arrangement ("bond") to secure performance of a commitment of the Declarant to complete such Common Area improvements, then the Board shall consider and vote on the question of action by the Association to enforce the obligations under the bond with respect to any improvements for which a notice of completion has not been filed within sixty (60) days after the completion date specified for that improvement in the "planned construction statement" appended to the bond.

However, if the Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the action to enforce the obligations under the bond only if a notice of completion has not been filed within thirty (30) days after the expiration of the extension.

If the Board fails to consider and vote on the action to enforce the obligations under the bond or decides not to initiate action to enforce the obligations under the bond, then on the petition in writing to the Board signed by Members representing not less than five percent (5%) of the total Voting Power of the Association other than the Declarant, the Board shall call a special membership meeting for the purpose of voting to override the decision of the Board not to initiate action or to compel the Board to take action to enforce the obligations under the bond.

The meeting shall be called by the Board by fixing a date not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of said petition. Notice of the meeting shall be given to all Owners entitled to vote in the manner provided in Section 5.04 of the Bylaws for notices of special membership meetings. At the meeting, the vote in person or by proxy of a majority of the Owners entitled to vote (other than Declarant) in favor of taking action to enforce the obligations under the bond shall be deemed to be the decision of the Association and the Board shall then implement the Owners' decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE IV
Assessments

Section 4.01. Assessments Generally.

(a) Covenant to Pay Assessments. Declarant for each Homesite owned within the Development, and each Owner of a Homesite 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; (iii) Special Individual Assessments; and (iv) Emergency 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 Homesite at the time the Assessment is levied. Each Owner who acquires title to a Homesite (whether by conventional conveyance, at a judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Homesite which become due and payable after the date that the person acquires title. Accordingly, when a person acquires title to a Homesite, that Owner shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. However, if the acquired Homesite 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

Homesite, 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 Homesite and shall be a continuing lien upon the Homesite against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this Article may be enforced by non-judicial foreclosure in accordance with the procedures set forth in Section 4.10(b), below.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself/herself or the Owner's Homesite 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 Homesite, 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 Homesite.

(e) Designation of Cost Centers. The Declarant in a Supplemental Declaration, shall have the power and authority to designate Homesites and Common Areas within the Development as a Cost Center for purposes of expense accounting and the equitable allocation of Common Expenses in accordance with Section 4.02(b)(ii), below. A Cost Center is likely to be designated under any of the following circumstances: (i) when the Association will be responsible for maintaining, repairing or replacing a Common Facility or improvement that either disproportionately benefit some Owners (or is only available to some Owners) to the exclusion of other Owners; (ii) when the Association will be responsible for maintaining certain portions of Homesites that either disproportionately benefit some Owners (or is only available to some Owners) to the exclusion of other Owners; or (iii) when certain Owners of Homesites are receiving services from the Association that are in addition to, or significantly greater than, the services provided to other Owners or residents. Under those circumstances, the disproportionately or exclusively benefited Homesites may be designated as a Cost Center and the Owners of those Homesites will be obligated to pay a Cost Center Assessment Component (see Section 4.02((b)(ii), below) to defray the expenses incurred by the Association to provide the special benefits or services.

Ordinarily, a Cost Center shall be established whenever it is reasonable to anticipate that any Owner or group of Owners will derive as much as ten percent (10%) more than the Owners in general in the value of common service(s) supplied by the Association. For example, if a Phase was developed to include a park accessed by a gated entrance and the Association was responsible for the repair, maintenance and eventual replacement of landscaping, irrigation and other features, the Homesites that are located within the same gated entrance as the park could be designated as a Cost Center and the cost of the Association’s obligations with respect to maintaining the park could be recovered from the Owners of those Homesites as a Cost Center Assessment Component.

No Cost Centers have been established with respect to the Initial Covered Property. However, as Subsequent Phases are subjected to this Declaration, new Cost Centers within such annexed Phases may be designated in the Supplemental Declaration Recorded with respect to the annexed Phase which shall (i) identify the Homesites comprising the Cost Center; (ii) identify the Common Facilities, maintenance areas or other services that will exclusively or disproportionately benefit the Owners of Homesites within the Phase; and (iii) provide for the allocation of Common Expenses attributable to the identified Common Facilities or services to Owners within the Cost Center as a Cost Center Assessment Component of their Regular Assessment. Ordinarily the Cost Center Assessment Component shall be allocated equally among all Homesites in the Cost Center unless it is reasonably anticipated that the value of the services provided by the Association that give rise to establishment of the Cost Center will benefit Owners of Homesites within the Cost Center disproportionately (by a factor of ten percent (10%) or more).

(f) Improper Assessment. As provided in Civil Code section 1366.1, the Association shall not impose or collect any Assessment or fee that exceeds the amount necessary to defray the costs for which it is levied.

Section 4.02. Regular Assessments.

(a) Preparation of Annual Budget; Establishment of Regular Assessments. Not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Association's fiscal year, the Board shall determine the estimated Common Expenses of the Association for that fiscal year by preparing and distributing to all Members a budget satisfying the requirements of Section 12.05 of the Bylaws. The budget shall consist of: (i) a base budget presenting the financial information required by Civil Code Section 1365(a) with respect to the General Assessment Component (as defined in Section 4.02(b)(i)) of the Association's Common Expenses and (ii) if any Cost Centers have been established within any Phase of the Development, a separate Cost Center budget presenting the financial information required by Civil Code Section 1365(a) that is pertinent to the Cost Center. The base budget shall be applicable to all Homesites in the Development and the Cost Center budget shall be applicable only to Homesites that are subject to Assessment for the cost of operating, maintaining, repairing and/or replacing the improvements or maintenance areas that gave rise to creation of the Cost Center.

Subject to the Member approval requirements for certain Assessment increases, as specified in subparagraph (c) of this Section 4.02 such estimated amount reflected in the Association's budget shall be assessed against all Owners as the Regular Assessment for that fiscal year. If the Board fails to distribute the budget for any fiscal year within the time period specified in the first sentence of this subparagraph (a), 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) Components of The Regular Assessment; Cost Centers.

(i) General Assessment Component. The Common Expenses of the Association exclusive of Common Expenses budgeted to any Cost Center (the "General Assessment Component") shall be allocated among and charged to all the Owners of Homesites according to the allocation formula set forth in subparagraphs (e)(i) and (b)(ii) of this Section. The General Assessment Component shall take into account the amount of contributions to be made pursuant to any Maintenance Contribution Agreement (Section 7.05(b), below) or a Subsidy Agreement (Section 1.53, above) approved by the California Department of Real Estate to defray Common Expenses included in the General Assessment Component.

(ii) Cost Center Assessment Component. If any Cost Centers are established, the expenses of operating, maintaining and replacing the included improvements or maintenance areas (including, without limitation, an adequate reserve fund for the maintenance, repairs and replacement of the Cost Center capital components, if any) shall be borne solely by the Owners of the Homesites within the designated Cost Center (the "Cost Center Assessment Component").

Unless otherwise provided in a Supplemental Declaration, the Cost Center Assessment Component shall be allocated equally among all Homesites located within the Cost Center. The Cost Center Assessment Component shall take into account the amount of contributions to be made pursuant to any Maintenance Agreements or Subsidy Agreement which pertain to expense items identified as part of the Cost Center.

(c) Establishment of Regular Assessment; Member Approval Requirements for Certain Assessment Increases.

Unless Member approval is required as a prerequisite to the imposition of an increase in the annual Regular Assessment as stated in this subparagraph (c), the total Common 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. Subject to Section 4.05, below, regarding Emergency Assessments, the Association shall not levy, for any fiscal year, an annual Regular Assessment per Homesite which is more than twenty percent (20%) greater than the Regular Assessment levied in the immediately preceding fiscal year (the "Maximum Authorized Regular Assessment") without the prior approval of the Members in accordance with Section 4.08, below.

The Member approval provisions of Section 4.08, below, shall be applied separately to the General Assessment Component and the Cost Center Assessment Component, if any, of the Regular Assessment so that if an increase of more than twenty percent (20%) affects only a particular Cost Center, the required approval shall be of Members whose Homesites are subject to the Cost Center Assessment Component. During the first fiscal year in which Regular Assessments are imposed, the Regular Assessment shall be determined by reference to the Regular Assessments disclosed in the budget of the Association filed with the California Department of Real Estate at the time the Regular Assessments commence.

(d) Commencement Date for Regular Assessments. Regular Assessments shall commence as to each Homesite within a Phase upon the earlier to occur of (i) the date specified in a Notice of Commencement of Regular Assessments Recorded by the Declarant with respect to the Phase (which date shall be after the date of Recordation of this Declaration); or (ii) the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Homesite in the Phase to a person other than the Declarant. Each Homesite in the subject Phase shall thereafter be subject to its share of the then established annual Regular Assessment. The first annual Regular Assessment shall be pro rated, if necessary, according to the number of months remaining in the fiscal year established in the Association's Bylaws.

If the Declarant elects to commence to pay Regular Assessments on a Phase prior to the conveyance of any Homesite in such Phase to an Owner under a Department of Real Estate Public Report, the Declarant shall have the voting rights as to the Homesites in such Phase upon commencement of the payment of Assessments. In no event shall any sale or leaseback to Declarant of any residential Homesite in the Development being used as a model home, sales office, design center, construction office of similar purpose (collectively, a "Model Home") and which are not occupied by a homeowner cause the commencement of Assessments in a Phase for which assessments have not otherwise commenced in accordance with the provisions of this subparagraph (d).

(e) Allocation of Regular Assessment.

(i) Association Common Expenses. Except as otherwise provided in subparagraph (e)(ii), below, the total estimated Common Expenses, determined in accordance with subparagraph (a), above (other than Common Expenses designated as a Cost Center Assessment Component), shall be allocated among, assessed against, and charged to each Owner according to the ratio of the number of Homesites within the Development owned by the assessed Owner to the total number of Homesites subject to Assessment so that each Homesite bears an equal share of the total Regular Assessment. Cost Center Assessments shall be allocated among, assessed against, and charged to each Owner of a Homesite in the Cost Center according to subparagraph (b)(ii) of this Section.

(ii) Partial Exemption for Uncompleted Common Facilities. In addition to the foregoing Regular Assessment exemption attributable to uncompleted Residence facilities, all Owners, including Declarant, shall be exempt from the payment of that portion of any Regular Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of any Common Facility that is not completed at the time Assessments commence. The Assessment exemption provided by this subparagraph shall be in effect only until the earliest of the following events: (A) a notice of completion of the Common Facility has been Recorded; or (B) the Common Facility has been placed in use.

(iii) Annexation. After annexation of each Phase, the allocation and Assessment of the Common Expenses in the Association's budget shall be reallocated equally

among all Homesites within the Development, including those in the annexed Phase, in accordance with the allocation formulas set forth above.

(f) 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 Homesite, the name and address of the Owner of Record, all Regular, Special, Special Individual and Emergency Assessments levied against each Owner and his or her Homesite, and the amount of such Assessments which have been paid or remain unpaid. The delinquency statement required by Section 2.07(c)(i)(C), above, shall be conclusive upon the Association and the Owner of such Homesite 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.

(g) 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 (including Declarant with respect to any unsold or retained Homesites), at the street address of the Owner's Homesite, 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.

(h) 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), below, for that year, shall be assessed against each Owner and his or her Homesite on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Board.

(i) Installment Payment. The Regular Assessment made against each Owner shall be due and payable in advance to the Association in equal quarterly installments on the first day of each calendar quarter or on such other date or dates as may be established from time to time by the Association's Board of Directors.

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 Homesites for the following purposes:

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

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

(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), above. 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, below.

(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 Homesite (including the Declarant as to any unsold or retained Homesites) in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 4.02(e), 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 4.03, above, shall be due as a separate debt of the Owner and a lien against his or her Homesite, and shall be payable to the Association in equal installments during the remainder of the then current fiscal year on the same basis as Regular Assessments. Special Assessments for purposes described in subparagraph (a)(ii) of this Section 4.03 shall be due as a separate debt of the Owner and a lien against his or her Homesite, 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 13.06, 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 invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Expenses Incurred in Gaining Member Compliance. In the event that the Association incurs any costs or expenses to: (A) accomplish the payment of delinquent Assessments; (B) perform any repair, maintenance or replacement to any portion of the Development that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion; (C) to exercise enforcement rights with respect to design review and approval requirements pursuant to Section 5.11, below; or (D) to otherwise bring the Owner and/or his or her Homesite 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 Homesites. If any Homesite is maintained so as to become a nuisance, fire or safety hazard for any reason (including the presence of dead or diseased/beetle infested trees), the Association shall have the right to enter said Homesite, 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 or any agent of the Association shall be conducted in accordance with Section 3.07(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)(ix), below, only certain Special Individual Assessments may be collected through the use of lien and foreclosure remedies.

(c) Limitation on Right to Lien Homesites For Special Individual Assessments. The right of the Association to collect delinquent Special Individual Assessments through the use of lien and foreclosure remedies is subject to the limitations set forth in Section 4.10(b)(ix), below. However, Special Individual Assessments may be collected by the Association through the use of other legal processes, including, without limitation, an action in small claims court. Special Individual Assessments that are levied to recover reasonable collection costs, late charges, and interest pursuant to Civil Code Section 1366(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.

(a) Authority of Board to Impose Emergency Assessments. The requirement of a membership vote to approve: (i) Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment; or (ii) 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 ("Emergency Assessments"). For purposes of this Section, an emergency situation is any of the following:

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

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

(iii) 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.

(b) Payment of Emergency Assessments. When levied by the Board, the Emergency Assessment shall be divided among, assessed against and charged to each Owner and his or her Homesite in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 4.02(e), above. The Emergency Assessment so levied shall be recorded on the Association's Assessment roll and notice thereof shall be mailed to each Owner. An Emergency Assessment shall be due as a separate debt of the Owner and shall be payable in full to the Association within thirty (30) days after the mailing of the notice of the Emergency Assessment or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Emergency Assessment. If an Emergency Assessment is not paid on or before the due date, the Assessment may be enforced in the manner provided in Section 4.10, below.

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 any portion of the Development; (b) to promote the enjoyment and use of the Martis Camp community by the Owners and their families, tenants, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the

Common Area and Common Facilities and those portions of the Homesites which the Association is obligated to maintain.

Section 4.07. Exemption of Certain Portions of the Development 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 the Development that is dedicated and accepted by a local public authority;

(b) The Common Area and Common Facilities;

(c) Administrative offices of the Declarant, its agents and employees;

(d) The Golf Club property and its amenities; and

(e) Any Homesite owned by the Association.

Section 4.08. Notice and Procedure for Member Approval Pursuant to Sections 4.02 and 4.03. 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, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members who are or may be liable for payment of the Assessment, as provided below ("Eligible Members"). The quorum required for such membership action shall be a majority of the eligible Members, and the required affirmative vote shall be at least (i) in the case of an increase in the General Assessment Component, a Majority of a Quorum of the total membership of the Association; and (ii) in the case of an increase in a Cost Center Assessment Component, a Majority of a Quorum of the Members owning Homesites within the Cost Center to which the Cost Center Assessment Component is attributable. The minimum quorum percentage for any vote pursuant to this Section shall be satisfied by the attendance at a membership meeting where the vote is conducted, in person or by proxy, of Eligible Members comprising at least fifty percent (50%) of the total Voting Power of the Eligible Members. Any vote on an increase in the Regular Assessment or on the imposition of a Special Assessment that requires approval of the Members must be conducted by use of a secret ballot and that balloting process shall be conducted using the same procedures for the casting of ballots in the election of directors pursuant to Section 7.05 of the Bylaws.

Section 4.09. Maintenance of Assessment Funds.

(a) Establishment and Maintenance of Association Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors. In addition, the Board shall be entitled to make prudent investment of reserve funds in FDIC

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. Except as otherwise provided in subparagraph (d), below, to preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate accounting of all funds received by the Association 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 allocated. Notwithstanding the foregoing, it is anticipated that the Association and/or the Design Review Committee will maintain a separate account for the maintenance of construction deposits paid by Owners or their contractors pursuant to Article V, below.

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. As more particularly provided in Article XII of the Association Bylaws, the Association Board is required by law to periodically identify the major components of the Development that the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of thirty (30) years or less. In the capital reserve analysis process, the Board is also obligated to identify the probable remaining useful life of the components identified in the study and to estimate the cost of repair, replacement, restoration, or maintenance of the components during and at the end of their useful life. The information developed in this capital reserve replacement analysis is then to be used by the Board as a component of preparing the annual budget of the Association. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or for litigation involving the repair, restoration, replacement or maintenance of, major components 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 monies from a reserve fund to the Association's general operating fund to meet short term cash flow requirements or other expenses, if the Board has provided notice to its Members of the Board's intent to consider the transfer in a notice of meeting that is provided to the Members in accordance with CC §1365.05 and Section 8.05(c) of the Bylaws. This notice shall include the reasons why the transfer is needed, some of the options for repayment, and whether a Special Assessment may be considered. Furthermore, if the Board authorizes the transfer, the Board must issue a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when an how the moneys will be repaid to the reserve fund.

If a short-term transfer is made, the transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the Board may, after giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Development, 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.

(e) Limitations on Association's Authority to Assign or Pledge Assessment Obligations. The Association may not voluntarily assign or pledge its right to collect payments or Assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association. However, the restrictions imposed by this subparagraph (e) shall not restrict the right or ability of the Association to assign any unpaid obligations to a former Member to a third party for purposes of collection.

Section 4.10. Collection of Assessments; Enforcement of Liens. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board. Special Assessments, Special Individual Assessments and Emergency Assessments shall be delinquent if not paid within the times prescribed in Sections 4.03(c), 4.04(b) and 4.05(b), respectively. When an Assessment becomes delinquent, 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. Once an assessment becomes delinquent, the Association may elect to one or both of the following remedies:

(a) Enforcement of An Owner's Personal Obligation to Pay Assessments. The Association may bring a legal action directly against the Owner for breach of the Owner's personal obligation to pay the Assessment and in such action shall be entitled to recover the delinquent Assessment or Assessments, accompanying late charges, interest, costs and reasonable attorneys' fees. Commencement of a legal action shall not constitute a waiver of any lien rights as described in subparagraph (b), below.

(b) Imposition and Enforcement of Assessment Lien and Limitations Thereon. Except as otherwise provided in subparagraph (b)(ix), below, with respect to the limitation on the imposition of liens for Special Individual Assessments, the Association may impose a lien against the Owner's Homesite for the amount of the delinquent Assessment or Assessments, plus any reasonable costs of collection (including reasonable attorneys fees), late charges and interest by taking the following steps:

(i) Issuance of Delinquency Notice; Contents. At least thirty (30) days prior to recording a lien upon the Owner's Homesite to collect a delinquent Assessment, the Association shall notify the Owner in writing by certified mail of the following (the "Delinquency Notice"):

(A) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount, a statement that the Owner of the Homesite has the right to inspect the Association records, pursuant to Section 8333

of the Corporations Code, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed: "IMPORTANT NOTICE: IF YOUR LOT IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."

(B) An itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent Assessments, the fees and reasonable costs of collection, reasonable attorneys' fees, any late charges, and interest, if any.

(C) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection previously levied by the Association if it is subsequently determined that the Assessment was paid on time.

(D) The right of the notified Owner to request a meeting with the Board as provided in subparagraph (iv), below.

(E) The right to dispute the assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association's "meet and confer" program pursuant to Civil Code section 1363.810 et, seq.

(F) The right of the noticed Member to request alternative dispute resolution with a neutral third party pursuant to Civil Code section 1369.510 et seq. before the Association may initiate foreclosure against the Owner's Homesite, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure, rather than a non-judicial foreclosure.

(ii) Application of Payments. Any payments made by the Homesite Owner toward the delinquent Assessment shall first be applied to the Assessments that are owed at the time the payment is made; and only after the Assessments owed are paid in full shall the payments be applied to the fees and the costs of collection, attorneys' fees, late charges or interest. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received the payment on behalf of the Association. The Association shall provide its Members with a mailing address for overnight payment of Assessments.

(iii) Pre-Lien Offer to Meet and Confer with the Owner. Prior to recording a lien for delinquent assessments, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Association's meet and confer program that is required by Civil Code section 1363.810 et seq.

(iv) Rights of Owners to Propose Payment Plans. An Owner may also submit a written request to meet with the Board to discuss a payment plan for the delinquent assessment. This request must also be made within fifteen (15) days of the postmark of the Delinquency Notice. The Association shall provide the Owners with the standards for payment plans, if such

standards have been adopted. So long as a timely request for a meeting has been tendered, the Board shall meet with the Owner in executive session within forty-five (45) days of the postmark of the request for a meeting, unless there is no regularly-scheduled Board meeting within that period, in which case the Board may designate a committee of one or more Members to meet with the Owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an Association's ability to record a lien on the Owner's Homesite to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Association may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan.

(v) Association Assessment Lien Rights. Except as provided in subparagraph (ix), below (relating to Special Individual Assessments), the amount of the Assessment, plus any costs of collection, late charges, and interest assessed in accordance with Civil Code section 1366 shall be a lien on the Owner's Homesite from and after the time the Association causes to be recorded in the Office of the County Recorder a Notice of Delinquent Assessment, which shall state the amount of the Assessment and other sums imposed in accordance with Civil Code Section 1366, a legal description of the Owner's Homesite against which the Assessment and other sums are levied, the name of the record owner of the Owner's Homesite against which the lien is imposed. The itemized statement of the charges owed by the Owner that is required by subparagraph (b)(i)(B), of this Section 4.10 shall be recorded together with the Notice of Delinquent Assessment. The decision to record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board in an open meeting and the vote shall be recorded in the minutes of the meeting.

In order for the lien to be imposed by non-judicial foreclosure as provided in subparagraph (vii), below, the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed by any officer of the Association or by the person designated by the Association for that purpose or if no one is designated, by the president of the Association. A copy of the recorded Notice of Delinquent Assessment shall be mailed by certified mail to every person whose name is shown as an Owner of the Homesite in the Association's records, and the notice shall be mailed no later than ten (10) calendar days after Recordation. Upon receipt of a written request by an Owner identifying a secondary address for purposes of collection notices, the Association shall send additional copies of any notices, including Notices of Delinquent Assessments, required by Civil Code section 1367.1 to the secondary address that is specified.

(vi) Priority of Assessment Liens. A lien created pursuant to subparagraph (v), above or subparagraph (ix), below, shall be prior to all other liens recorded against the Owner's Homesite subsequent to the Notice of Delinquent Assessment, except as described in Section 4.12, below.

(vii) Enforcement of Assessment Liens. Subject to the limitations of this Section 4.10(b) and in particular this subparagraph (vii), following the recording of a Notice of Delinquent Assessment, the Association's lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to Civil Code section 2934a. Any sale by the trustee shall be conducted in accordance with Civil Code sections 2924, 2924b and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trusts. The fees of a trustee may not exceed the amounts prescribed in Civil Code sections 2924c and 2924d.

The following specific limitations shall apply to the pursuit of foreclosure remedies:

(A) The decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board in an executive session and shall record the vote in the minutes of the next meeting of the Board that is open to attendance by the Members. The Board shall maintain the confidentiality of the Owner or Owners of the Homesite by identifying the matter in the minutes by the parcel number of the property, rather than the name of the Owner or Owners. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale of the Homesite in question.

(B) Prior to initiating a foreclosure for delinquent assessments, the Association shall offer the Owner and, if so requested by the Owner, participate in dispute resolution pursuant to the Association's meet and confer program that is required by Civil Code section 1363.810 et seq. or alternate dispute resolution with a neutral third party pursuant to Civil Code section 1369.510 et seq. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate judicial foreclosure, rather than non-judicial foreclosure.

(C) If the Board votes to commence foreclosure proceedings to collect delinquent assessments pursuant to this subparagraph (vii), the Board shall provide notice of that decision by personal service to an Owner of the Homesite who occupies the Residence on the Homesite or to the Owner's legal representative. If the Owner does not occupy the Residence and Homesite that are the subject of the foreclosure proceeding, the Board shall provide written notice to the Owner by first-class mail, postage prepaid, at the most current address for the Owner that is shown on the books of the Association. In the absence of written notification by the Owner to the Association, the address of the Owner's Homesite may be treated as the Owner's mailing address.

(D) Debts for Assessments, regular or special, that arise on and after January 1, 2006, may not be collected through the use of judicial or non-judicial foreclosure remedies until the delinquent assessment amount, exclusive of any accelerated assessments, late

charges, fees, costs of collection, attorney's fees, and interest, equals or exceeds $1,800.00 or the assessments are more than twelve (12) months delinquent. Delinquent Assessments in a smaller amount may not be collected through the use of foreclosure remedies, but may be collected through the use of any of the following other means: (aa) a civil action in small claims court; (bb) by recording a lien on the Owner's Homesite (subject to the restrictions on foreclosure of that lien); or (cc) any other manner provided by law, other than judicial or non-judicial foreclosure. If the Association elects to record a lien for delinquent Assessments, subparagraphs (b)(iii) and (b)(v), above shall continue to apply. The limitations on the use of foreclosure remedies set forth in this subparagraph (B) do not apply to assessment collection actions against the Declarant in its capacity as an Owner when the Declarant's Assessment obligations are delinquent.

(viii) Foreclosed Owner's Rights of Redemption. A non-judicial foreclosure by the Association of an Owner's interest in his or her Homesite to collect a debt for delinquent Assessments shall be subject to a right of redemption. The redemption period within which the Homesite may be redeemed from a foreclosure sale under this subparagraph (viii) (which reflects Civil Code section 1367.4(c)(4)) ends ninety (90) days after the sale.

(ix) Limitation on Authority to Use Lien and Foreclosure Remedies to Collect Special Individual Assessments. For so long as any Homesites within the Development are being sold under authority of a Department of Real Estate Public Report, a Special Individual Assessment or other monetary charge imposed by the Association: (A) as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Area Improvements or landscaping for which the Member or the Member's guests or tenants were responsible; or (B) as a disciplinary measure for failure of a Member to comply with the Governing Documents (except for reasonable late payment penalties, interest, and other reasonable costs of collection authorized by Civil Code section 1366) may not be characterized nor treated as an Assessment that may become a lien against the Owner's Homesite enforceable by the sale of the interest under Civil Code sections 2924, 2924b and 2924c.

Once the Association is no longer subject to the regulatory jurisdiction of the Department of Real Estate, the following categories of Special Individual Assessments may be collected through the use of lien and foreclosure remedies in accordance with subparagraphs (v) through (viii), above: (A) Special Individual Assessments or other monetary charges imposed by the Association as a means of reimbursing the Association for costs incurred in the repair of damage to Common Areas and Common Facilities for which the Member or the Member's guests or tenants were responsible; and (B) Special Individual Assessments imposed to recover late charges, reasonable costs of collection and interest assessed in accordance with Civil Code section 1366(e).

(x) Obligation to Record Lien Releases. If it is determined that a lien previously recorded against a Homesite was recorded in error, the party who recorded the lien, within twenty-one (21) calendar days, shall record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Homesite Owner with a

declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission. If the determination that the lien was recorded in error is the result of dispute resolution meet and confer proceedings conducted pursuant to Civil Code section 1363.810 or alternative dispute resolution with a neutral third-party pursuant to Civil Code section 1369.510, the Association shall also be obligated to promptly reverse all late charges, fees, interest, attorney's fees, costs of collection, costs imposed for the issuance of the notices prescribed by Civil Code section 1367.1, and costs of recording the lien release and all costs incurred in the mediation or alternative dispute resolution process. In addition, within twenty-one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record or cause to be recorded in the Office of the County Recorder a lien release or notice of rescission and provide the Homesite Owner a copy of the lien release or notice that the delinquent Assessment has been satisfied.

(xi) Effect of Failure to Adhere to Lien Restrictions. If the Association fails to comply with the procedures set forth in this Section 4.10(b) prior to recording a lien, the Association shall recommence the required notice process prior to recording a lien. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Homesite Owner.

The provisions of this Section 4.10(b) are intended to comply with the requirements of Civil Code Sections 1367.1, 1367.4 and 1367.5, as in effect on January 1, 2006. If these sections of the Civil Code are amended or modified in the future in a way that is binding on the Association and causes this Section to be in conflict with applicable law, the provisions of this Section 4.10(b) automatically shall be amended or modified in the same manner by action of the Board of Directors without necessity of approval of the amendment by the Members so long as all Members are given a copy of the recorded amendment and the decision to approve the amendment is made at a duly noticed open meeting of the Board of Directors.

Section 4.11. Transfer of Homesite 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 Homesite:

(a) Except as provided in subparagraph (b), below, the sale or transfer of any Homesite shall not affect any Assessment lien which has been duly Recorded against the Homesite 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 Homesite 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 Homesite at any time prior to Recordation of the Association's Assessment lien (see Section 4.12, below).

(c) No sale or transfer of a Homesite as the result of foreclosure, exercise of a power of sale, or otherwise, shall relieve the new Owner of such Homesite (whether it be the former beneficiary of the first Mortgage or other prior encumbrance or a third party acquiring an interest in the Homesite) from liability for any Assessments which thereafter become due with respect to the Homesite 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 Homesite covered by subparagraph (b), above, shall be deemed to be a Common Expense collectible from the Owners of all of the Homesites, including the person who acquires the Homesite and his or her successors and assigns.

(e) No sale or transfer of a Homesite 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 Homesite 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 Homesites, 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 Homesites pursuant to Section 4.03, above, 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
Design Review and Approval

Section 5.01. Martis Camp Design Review Committee Review of Proposed Improvements.

(a) Approval Generally. Prior to commencement of construction or installation of any Improvement (as defined in Section 1.29, above) within Martis Camp (other than any construction activity or improvement built by the Declarant or any affiliate or contractor of the Declarant or the owner of the Golf Course) the Owner planning such Improvement must submit

to the Martis Camp Design Review Committee a written request for approval of the proposed Improvement project. The Owner's request shall include structural plans, specifications and plot plans satisfying the minimum requirements set forth in the Design Guidelines adopted in accordance with Section 5.05, below. Unless the Committee's approval of the proposal is first obtained and all required governmental permits and approvals have been issued, no work on the Improvement shall be undertaken. The Committee shall base its decision on the criteria described in Section 5.06, below. Submittals to the Committee must precede any submittals to the County (or other governmental agency with jurisdiction) for a building permit or other required governmental permits or approvals.

(b) Modifications to Approved Plans Must Also Be Approved. Once a proposed Improvement has been duly approved by the Martis Camp Design Review Committee, 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 exterior modification shall be made to the Improvement, including, without limitation, any landscape plans, as approved, without a separate submittal to, and review and approval by, the Committee. If the proposed modification will have, or is likely to have, a material effect on other aspects or components of the work, the Committee, in its discretion, may order the Owner and his or her contractors and agents to cease working not only on the modified component of the Improvement, but also on any other affected component.

In the event that it comes to the knowledge and attention of the Association, the Martis Camp Design Review Committee, 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 Martis Camp Design Review Committee review and approval is obtained. If noncompliance with approved plans and specifications is discovered upon or after completion of the project, the Association and the Design Review Committee shall nevertheless continue to have enforcement authority pursuant to Section 5.11, below.

(c) Exemption of Declarant from Martis Camp Design Review Committee Approval Requirements. Neither Declarant nor any affiliate of Declarant shall need to seek approval of the Design Review Committee with respect to any of its buildings, amenities, construction or development activities. In addition, the Declarant shall have the authority to grant approval to proposed Improvement projects undertaken by a Participating Builder, without requiring the Participating Builder to obtain further approvals from the Design Review Committee.

Section 5.02. Establishment of Martis Camp Design Review Committee.

(a) Composition of the Committee, Generally. The composition of the Committee will evolve during the development of Martis Camp, as follows:

(i) The Declarant may appoint all of the members of the Design Review Committee and all replacements until the first anniversary of the issuance of the first Public Report.

(ii) Beginning with the first anniversary of the issuance of the first Public Report, Declarant may appoint a majority of the members of the Design Review Committee. The remaining members of the Design Review Committee shall be appointed by members of the Board other than Declarant or Declarant's representative. The Design Review Committee shall consist of not less than three (3) members.

(iii) At the earlier to occur of: (A) the closing of ninety percent (90%) of the Homesites planned for the Overall Development or (B) the twenty-fifth (25^{th}) anniversary following the most recent conveyance to a Class A Member of the first Homesite in any Phase of the Overall Development under the authority of a Public Report issued by the California Department of Real Estate, the Committee shall become a committee of the Association and all members of the Committee shall be appointed by the Board of Directors.

(b) Qualifications for Appointment. The appointees of Declarant need not be Owners or residents of Martis Camp and do not need to possess any special qualifications of any type except such as the Declarant may, in its discretion, require. All persons appointed to the Design Review Committee by the Board must be Members of the Association.

(c) Terms of Office of Committee Members. With the exception of those Design Review Committee members appointed by the Declarant and unless the Association implements a system of staggered terms for Committee members, all members of the Design Review Committee shall serve for a three (3) year term, subject to the right of the Board to reappoint incumbent Committee members to consecutive terms of office. During the period when the Declarant has the authority to appoint a majority of the members of the Committee, the Declarant shall appoint one Committee person as chair. Thereafter, the Committee members shall appoint one Committee member as chairperson. All members shall serve until the expiration of the term for which they were appointed or until they resign or are replaced.

(d) No Entitlement to Compensation. Except as provided in Section 5.08, below, the members of the Martis Camp Design Review Committee shall not be entitled to any compensation for services performed pursuant hereto. However, the Committee members shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred by them in the performance of any Martis Camp Design Review Committee functions. Requests for reimbursement shall be supported by adequate documentation and shall be submitted to, and approved by, the Board of Directors. In addition, nothing herein is intended to prevent the

Committee from hiring staff personnel to facilitate the review and approval of submitted Improvement plans and specifications.

Section 5.03. Duties of the Design Review Committee.

(a) Duties, Generally. It shall be the duty of the Martis Camp Design Review Committee to consider and act upon the proposals and plans for Improvements submitted to it pursuant to this Declaration, to adopt Design Guidelines 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. The Committee shall encourage development of Residences on Homesites with a solar orientation.

(b) Authority to Retain the Services of Staff Members. The Committee, in its discretion, shall have the authority to delegate plan review and comment responsibilities to the Committee's Design Review Administrator and/or management staff or independent contractors in order to expedite and add efficiencies to the plan review process.

Section 5.04. Meetings; Attendance by Owner-Applicants and their Representatives. The Martis Camp Design Review Committee shall meet with sufficient regularity to efficiently and timely perform its work, with the schedule likely varying depending on the volume of plan submittals; provided, however, that the Committee shall have the power to delegate to the Administrator or other designed staff the conduct of plan review meetings with Owner-applicants and their architects/contractors. Unless an Owner-applicant or any other Owner has a right to attend a Design Review Committee meeting, a Design Review Committee meeting may be held by conference telephone or similar communication equipment, so long as (a) all members persons participating in the meeting can hear each other and (b) a written record of all actions taken is maintained.

The vote or written consent of a majority of the Committee members shall constitute an act by the Committee and the Committee and its staff shall keep and maintain a written record of all actions taken. An Owner-applicant, or such Owner's architect, engineer or contractor, shall be entitled to attend any meeting of the Martis Camp Design Review Committee or Committee staff at which the Owner's proposal is scheduled for review and consideration, other than meetings conducted by the Committee pursuant to Section 5.11, below, where the purpose of the meeting is to make an initial determination of whether an Owner or the Owner's contractor is/are in violation of the Governing Documents with respect to the Improvement project (Owners and contactors may attend such initial enforcement meetings at the invitation of the Committee). Any response an Owner-applicant may wish to make regarding a design review decision must be addressed to the Committee in writing.

Section 5.05. Design Guidelines. The Design Review Committee may, from time to time, adopt, amend and repeal rules and regulations to be known as Design Guidelines. As of the date that this Declaration is Recorded, the Design Guidelines are presented in a publication entitled "The Martis Camp Design Guidelines". The Design Guidelines shall interpret and

implement the provisions hereof by setting forth, for example: (a) any requirements relating to the minimum content for the submission of plans and specifications in order to be deemed to have submitted a substantially complete package that is ready for review; (b) standards and procedures that will be followed by the Design Review Committee and/or its Administrator or staff in the review of submitted plans and specifications; (c) guidelines for the design of particular categories of Improvement projects, the placement of any work of Improvement on a Lot, or color schemes, exterior finishes and materials and similar features which are recommended or required for use in connection with particular Improvement projects; (d) the criteria and procedures for requesting variances from any property use restrictions or minimum improvement standards that would otherwise apply to the proposed Improvement under the Governing Documents (see Section 5.12 ("Variances") below); (e) maintenance of construction sites the regulation of construction practices; and (f) procedures that will be followed in the enforcement of this Declaration insofar as it pertains to the prosecution and completion of construction and Improvement projects. Notwithstanding the foregoing, no Design Guideline shall be in derogation of the minimum standards required by this Declaration. In the event of any conflict between the Master Design Guidelines and this Declaration, the provisions of the Master Declaration shall prevail. Once the Design Review Committee's members are appointed solely by the Board of Directors of the Association, any new or amended Design Guidelines shall be subject to the Association's procedures for the adoption of Operating Rules, as set forth in Section 3.08(c), above. Supplemental Declarations recorded with respect to a particular Phase of the Development may include modified or separate Design Guidelines applicable to Improvement projects on Homesites or residential Lots within that Phase.

Among other things, in accordance with Civil Code section 1378(a)(1), the Design Guidelines shall provide fair, reasonable and expeditious procedures that the Committee must follow when making decisions on submitted Improvement plans and projects. The procedures shall include prompt deadlines for various actions and a maximum time for response to an application, consistent with Section 5.09, below. Notwithstanding anything herein to the contrary, Condition of Approval No. 88 requires that the Design Guidelines shall prescribe noise attenuation construction standards for those Residences that may be affected by the amphitheatre noted in Section 19.03 hereof. In addition to the lighting requirements set forth in Section 6.18, Condition of Approval 131 requires that the Design Guidelines shall contain restrictions on the duration and intensity of exterior lighting, including, without limitation, nighttime lighting standards, and rules prohibiting lighting that crosses property lines.

Section 5.06. Standards for Approval.

(a) Description of Committee's Discretion; Authority to Disapprove Plans in Substantial Compliance With Governing Documents. The Committee may disapprove plans and specifications for Improvements which are in substantial compliance with this Article and with applicable Design Guidelines, if, in the good faith exercise of the discretion of the Committee, the Committee determines that the proposed Improvement, or some aspect or portion thereof, is unsatisfactory. While it is recognized that the Committee's determination to approve or disapprove an Improvement will, of necessity, be subjective, the members of the Committee

shall act reasonably and in good faith. Factors commonly considered by the Committee 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 Homesite or neighboring Homesites), and the proposed location of the Improvement in relation to existing topography, finished grade elevations, roads, Common Areas, the Golf Club, Open Spaces, visibility of the proposed structures from the Golf Club, Open Space Areas, Highway 267, and other sensitive areas of or near the development. A decision on a proposed Improvement project may not violate any governing provision of law (including, without limitation, the California Fair Employment and Housing Act) or a building code or other applicable law governing land use or public safety.

(b) Authority to Approve Plans Not in Compliance. The Committee may approve plans and specifications which (i) fail in some material way to comply with the requirements of this Article if, in the good faith exercise of the discretion of the Committee, the Committee determines that some particular features of the Homesite or of the planned Improvement(s) allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance or (ii) the proposed Improvement plans and specifications include elements that exceed the requirements of this Article and the Design Guidelines in terms of workmanship, aesthetics or quality, as determined by the Committee in good faith, even though such Improvements to do not strictly comply with the provisions of this Article or the Design Guidelines. Also, the Committee may approve plans and specifications that fail in a way or ways which the Committee, in the good faith exercise of its discretion, determines to be non-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 Design Guidelines.

(c) Approval Not a Waiver. The approval of the Committee of any proposals or plans and specifications or drawings for any Improvement done or proposed or in connection with any other matter requiring the Committee'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 Committee to reject a proposal previously approved at another site within Martis Camp include (but are not limited to): poor drainage, unique topography on the proposed site; the need to preserve native trees on the property, visibility from roads, Common Areas, the Golf Club, or neighboring Homesites; proximity to other Residences or Common Facilities; changes in the Design Guidelines; or prior adverse experience with the proposed component(s) or design of the proposed Improvement.

Section 5.07. Procedures for Obtaining Martis Camp Design Review Committee Approval of Plans and Specifications. Plans and specifications for Improvement projects shall be submitted to the Martis Camp Design Review Committee in accordance with the pre-design conference, design submittal (preliminary and final) and design review requirements set forth in the Design Guidelines. The Committee, its Administrator or its designees shall meet to review

plans and specifications and will respond to the applicant within a reasonable period of time, as may be stated in the Design Guidelines, but no later than thirty (30) days after a substantially complete submission has been made to the Committee, said response periods to operate separately for preliminary design previews and final design submissions. Nothing herein shall be interpreted as limiting the discretion of the Design Review Committee to delegate responsibility for the review and processing of proposed Improvement plans and specifications to a Committee Administrator or other staff persons in order to administer and discharge the duties and responsibilities of the Design Review Committee in an efficient and timely manner.

Section 5.08. Employment of an Architect or Engineer.

(a) Committee's Discretion to Require Engineered Plans and Other Related Requirements. If the members of the Martis Camp Design Review Committee, do not include an architect and/or engineer, the Committee may engage the services of a licensed architect and/or engineer to serve as a compensated professional consultant(s) to the Committee 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, Owner-applicants shall be obligated to employ a licensed architect to design any proposed building Improvement unless the Committee, in its discretion, waives this requirement. The Conditions of Approval (No. 12E) require that Owners retain a civil and/or geotechnical engineer for Homesite and driveway-specific grading, drainage, and geotechnical design. The cost of such professional services shall be borne by the Owner-applicant.

(b) Engineering Requirements Imposed by the Conditions of Approval; Requirement for Professional Engineering of Grading Plans. The following additional restrictions are imposed by Condition of Approval No. 116 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 Homesite, 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") (See Condition of Approval No. 12(E), and (ii) obtaining the written approval of the Martis Camp Design Review Committee. No Owner shall perform any Work except in conformance with the recommendations, plans and specifications of such engineer.

Section 5.09. Completion of Work. Unless the Owner has been granted an extension of time to complete the project by the Martis Camp Design Review Committee, construction, reconstruction, refinishing or alteration of any such Improvement must be completed within thirty-six (36) 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 30-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 5.09, the Martis Camp Design Review Committee 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(b), 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 Committee. A construction period of thirty-six (36) 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 thirty-six (36) month period. Upon receipt of approval from the Committee, Owners and their contractors shall diligently pursue their construction work to completion, weather permitting.

Section 5.10. Inspection of Work. Inspection of Improvement projects and correction of defects therein shall proceed as follows:

(a) Scope of the Committee's Inspection Rights; Effect of Failure of Committee to Act. The Committee 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 Committee's right to inspect Improvements for which plans have been submitted and approved shall terminate forty-five (45) days after the Owner has given the Committee 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 Committee'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 Committee. If for any reason the Committee fails to notify the Owner of any noncompliance with previously submitted and approved plans within forty-five (45) 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 forty-five (45) day limitation stated in the preceding sentence is not intended to limit the authority of the Committee to monitor and to inspect Homesites to assure that exterior alterations of existing structures and Improvements are receiving proper prior review and approval of the Martis Camp Design Review Committee 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 Committee, its Administrator or designated staff, finds that an Improvement (or any element thereof which requires Committee approval) was constructed or installed without obtaining the Committee's approval or was not completed in substantial compliance with the plans approved by the Committee, it shall notify the Owner in writing of the Owner's failure to comply with this Article within ten (10) 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 Committee 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 Committee shall have the power and authority to Record against the affected Homesite 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 Design Guidelines is observed during the course of construction, the Committee 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 Committee's ability to enforce this Declaration or the Design Guidelines. 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 Committee'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 Committee, the Committee 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. The Association and the Committee shall maintain its rights of enforcement to the fullest extent provided by law.

(c) Hearings on Alleged Violations of Architectural Approval or Design Guidelines. 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 Committee 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 Committee, with respect to the alleged noncompliance (see Article XIII, below). At the hearing, the Owner, a representative(s) of the Committee, the Committee's Administrator, 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 Committee 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, or to levy fines and penalties directly against contractors and subcontractors of an Owner who are determined to be in violation of the Associations Rules and the Design Guidelines.

(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 Design Guidelines 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 Committee, and the Association shall comply with any applicable mandatory alterative 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. Subject to the limitations on the Committee's discretion set forth in subparagraphs (b) and (c), below, the Committee is hereby authorized and empowered to grant variances from compliance with any of its architectural approval and design review provisions of this Declaration, and/or any minimum improvement standards imposed by this Declaration 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 (unless the restriction is derived from a Condition of Approval for the Overall Development). No variance may be granted with respect to any provision of this Declaration that is required by a Condition of Approval imposed by the County or any other provision of this Declaration that cannot be modified or rescinded without the consent of other parties pursuant to Article XXI, below, without the consent of both the Design Review Committee and the department of the County that has jurisdiction with respect to the Condition of Approval in question, or other entity identified in Article XXI as having prior

consent authority. The preceding sentence means that variances are strictly limited to many provisions of this Declaration, particularly those provisions set forth in Article VI, below.

(b) Basis for Granting Variances; Required Findings. The Committee 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 Committee considers a benefit to the Martis Camp 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 Committee in the reasonable exercise of its discretion) to be substantially achieved despite noncompliance; (iii) that the variance relates to a requirement, land use restriction, a provision in the Design Guidelines, or minimum construction standards 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 Homesite, the Golf Club, Martis Creek, any Open Space, 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 Committee.

(c) Effect of Granting Variance. If a variance is granted by the Committee, then, as to the affected Homesite, 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, Homesite setback lines and requirements imposed by governmental agencies having jurisdiction over Martis Camp.

Section 5.13. Compliance Certificate. Within thirty (30) days after written demand is delivered to the Martis Camp Design Review Committee by any Owner, and upon payment to the Association of a reasonable fee (as established from time to time by the Board), the Martis Camp Design Review Committee shall provide the Owner with a Compliance Certificate, executed by any two (2) of its members, certifying (with respect to any Homesite 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 Homesite 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 Martis Camp Design Review Committee, the Committee's Administrator, its designated staff, nor any member thereof shall be liable to any Owner or Owner's contractor 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 Homesite within Martis Camp; 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 Committee 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 Committee, 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 Martis Camp Design Review Committee of any proposals, plans or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Homesite Owner who desires to construct, install, or modify the Improvement.

Section 5.16. Authority of Association to Defray Expenses of the Martis Camp Design Review Committee. While the Design Guidelines may include a requirement that Owners pay fees and/or deposits in connection with the submittal of Improvement projects for review by the Committee, it is likely that those fees or the Committee's resort to deposit funds will be insufficient to defray all expenses reasonably incurred by the Committee in the proper performance of its duties hereunder. Accordingly, any Committee expenses that are not defrayed by fees, deposits or construction fines shall be considered a Common Expense of the Association.

ARTICLE VI
Minimum Construction Standards

Unless a variance is requested from, and granted by, the Martis Camp Design Review Committee in accordance with Section 5.12, above, Improvements constructed on any Homesite shall conform to the following minimum construction standards:

Section 6.01. Building Plans. All building and Improvement plans, other than plans relating to the Declarant's Improvement projects, must be submitted to the Martis Camp Design Review Committee and, as required by the Condition of Approval 110, and be "wet-stamped" by

the Martis Camp Design Review Committee prior to the submittal of such plans to the County in order to obtain a building permit. All building and Improvement plans requiring a building permit must be reviewed and approved by the County. As required by Condition of Approval No. 110, all building and Improvement plans shall comply with the Improvement requirements, applicable County building setback requirements, height restrictions, building coverage, grading restrictions (i.e., no mass pad grading) and other applicable Conditions of Approval. Efforts should be made to locate Residences or other permitted structures away from sensitive areas.

Section 6.02. Development Notebooks; Compliance With Approved Plans and Applicable Design Guidelines. Prior to the issuance of any residential building permits for Homesites within each Phase of the Martis Camp development, the Declarant was required by the Conditions of Approval to submit to the County Planning Department a Development Notebook which includes plot plans for each Homesite in the Phase, depicting all dimensions, easements, setbacks, coverage, height limits, minimum building setbacks, identification of unique site features that may occur on the Homesite to be protected or avoided (such as rock outcrops or sensitive vegetation), and directives regarding any other development constraints for the Homesite to which the Development Notebook pertains, and other restrictions that might affect the construction of structures on the Homesite. Each Owner shall receive a copy of the Development Notebook applicable to his or her Homesite, including plot plans and all use restrictions (Condition of Approval 113). The area of the Homesite that remains available for development in accordance with the Homesite's Development Notebook is called the "Building Envelope". Residential structural development must occur within the Building Envelope. However, the driveway, drainage, trail easements, underground utilities, address monuments, etc. may occur within or across that portion of the lot outside the Building Envelope. As to lots adjacent to Martis Creek or wetlands, the Development Notebook shall require that special care be taken to avoid impacts to the Creek and wetlands.

Once an Improvement project has been approved, the Owner-applicant must construct and complete the project in accordance with the plans and specifications approved by the Martis Camp Design Review Committee, the Development Notebook's specifications for the Homesite, and any applicable Design Guidelines (unless a specific variance from the Design Guidelines has been approved by the Committee). The provisions of this Article VI shall be in addition to any minimum construction standards imposed by the Design Guidelines; provided, however, that to the extent such minimum construction standards conflict with the Design Guidelines existing as of the date this Declaration is Recorded, the Design Guidelines shall control.

Section 6.03. Engineers, Architects and Contractors. All Residential structures shall be constructed by a contractor licensed under the laws of the State of California and shall be designed by a licensed architect. Each Owner must retain a civil and/or geotechnical engineer for Homesite and driveway-specific grading, drainage, and geotechnical design. Rockery walls must also be designed and constructed to the specifications of a licensed geotechnical engineer

Section 6.04. Maximum Height Requirements. As required by Condition of Approval No. 123, no Residence constructed on any Homesite shall have a height (exclusive of chimneys)

of more than forty-two (42) feet, except as otherwise provided for or as calculated by Section 17.54.020 of the Placer County Zoning Ordinance. 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 Homesite below the point of measurement. Development Notebooks for particular Homesites, such as Homesites along golf course fairways, cabin or cottage sites, or at street intersections, can further restrict the height of Residences. Declarations of Annexation and/or Supplemental Declarations applicable to future Phases of the Overall Development may impose more restrictive height limitations than those that are stated in the Development's Conditions of Approval.

Section 6.05. Site and Building Envelopes. A site envelope has been or will be defined for each Homesite, 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 the Development Notebook filed with the County Planning Department (see Section 6.02, above), which may only be changed with the consent of both the County and the Association Board of Directors. An Owner may apply to the Martis Camp Design Review Committee 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 event shall the site envelope be adjusted such that the setbacks are less than those imposed pursuant to Section 6.06, below.

Within the site envelope for each Homesite, a Building Envelope will be defined to encompass the Residence. All Residences shall be constructed within the applicable Building Envelope (See Condition of Approval 12(S)) and, as required by Condition of Approval No. 124, the maximum single-family building coverage for each residential Homesite shall be in accordance with Placer County Zoning Ordinance Article 17.54.100 (NOTE: the Conditions of Approval exempt from this limitation any golf cottage lots which can have as much as 100% lot coverage). Building Envelopes shall be selected to minimize disturbance of distinctive Homesite features, such as rock outcroppings, significant trees, natural swales or other unique resources. Such areas shall be shown as building setback lines and/or outside of any building envelope on all Homesites as indicated on the information submitted to the County (identifying general and specific Homesite development restrictions, setbacks, etc.) and presented in the Development Notebook for each Homesite. During the design review process, further analysis will occur considering natural features of the site such as topography, views, solar aspects and significant or screening vegetation within the Building Envelope, which may further constrict the site area available for construction. The remaining "Construction Activity Zone" for each Homesite will be identified in the Martis Camp Design Guidelines and fenced, with all construction disturbances confined to that zone. In no event shall any structure be constructed on any portion of a Homesite where the natural slope of the ground exceeds thirty percent (30%). This restriction shall also apply to grading activities in these areas, except for isolated and incidental slopes and necessary driveway areas permitted by the Placer County development Review Committee (Condition of Approval No. 102).

Section 6.06. Setback and Location of Structures/Parking. Setbacks for any Residence or other permanent structure (whether or not attached to a dwelling), such as pools and spas, on a

Homesite or in the Common Area (excluding any Golf Club Amenities, golf cottage or cabin) shall be in compliance with the minimum specifications imposed by the Condition of Approval No. 111 (Front: 30', Side: 15', Rear: 20'); provided, however, that the Committee, in its discretion, can establish site and building envelopes on Homesites that call for greater setbacks of improvements depending on such factors, as the topography of the Homesite, particular drainage problems, the preservation of significant trees or rock outcrops, and similar factors. No building shall be located nearer to the front, side or rear Homesite line or nearer to the side street line than the building setback lines as permitted by this Section and any applicable zoning ordinance or other governmental restriction. To the extent that the Committee has such discretion, no Homesite has a guarantee of a view from such Homesite, or Residence or other structure thereon, of any particular portion of any other Homesite, the Open Space, the Common Area, Martis Creek, or a distant vista.

Section 6.07. Grading and Other Site Work. The following restrictions shall apply to grading and other site work associated with Improvement projects on a Homesite:

(a) General Restrictions on Grading Imposed by County. The County requires that all Homesite Owners be advised of the following grading limitations:

(i) All grading shall be designed and conducted so as to implement all applicable Best Management Practices (See Condition of Approval No. 12E).

(ii) Pursuant to Condition of Approval No. 116, Homesite grading shall be limited to such grading as is reasonably necessary to construct the Improvement unless otherwise authorized by the Martis Camp Design Review Committee and the County Development Review Committee.

(iii) Pursuant to Conditions of Approval Nos. 116 and 102, unless otherwise approved by the County Development Review Committee and the Martis Camp Design Review Committee no grading shall be permitted outside of Building Envelopes and setbacks identified in Section 6.05 and 6.06, above, or in any area where existing slope grades are thirty percent (30%) or greater, except for grading related to the installation of utilities and the construction of driveways.

(iv) No slopes, either fill or cut slope, shall be steeper than 2:1 (horizontal to vertical) unless otherwise approved by a licensed engineer (See Condition of Approval 12Q).

(v) In accordance with Condition of Approval 12S, all grading shall conform to the County Grading Ordinance then in effect (currently Article 15.48). All graded slopes must be revegetated or appropriately stabilized before the beginning of the rainy season (typically around October l5) to prevent soil erosion. In order to protect site resources, no grading activities of any kind may take place within the 100-year floodplain except as noted in the project site design (Condition of Approval 12K). See also, Section 7.02(d), below regarding Best Management Practices.

(vi) If retaining walls or road cuts are proposed, they shall be designed to ensure slope stability and in compliance with all applicable grading ordinances. Rockery armored slopes shall not exceed a slope of 1:1 unless approved by Placer County Department of Public Works, and shall be constructed by a qualified and experienced contractor in a battered configuration. Rockery walls shall be designed and constructed to the specifications of a licensed geotechnical engineer (Condition of Approval 12R)..

(b) Restrictions on Extent of Site Disturbance/BMPs. During the construction of any Improvement, including a Residence, the area of soil and vegetation disturbance on each Homesite shall be limited to that required for safe construction purposes. (See Condition of Approval No. 26). In addition, during the construction of an Improvement, each Owner shall incorporate or cause his/her general contractor to incorporate all applicable BMPs listed in the BMP Report (see Sections 1.06, above, and 7.02(d), below), which may include, but shall not be limited to, the obligation to stockpile all loose earthen material away from drainage courses or the utilization of the temporary erosion control to prevent the discharge of earthen materials. Each Owner constructing an exterior Improvement shall provide his/her general contractor with the BMP Report that is applicable to the Owner's Homesite. In order to support the purpose and intent of the restrictions on tree removal set forth in the following subparagraph (c), as a general rule, construction activity should occur outside the drip line of all trees that are to be preserved. Limited encroachment may occur with supportive evaluation by a licensed forester or a certified arborist and compliance with mitigation measures recommended in such evaluation.

(c) Restrictions on Tree Removal. 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 eight inches (8") in diameter and/or over thirty (30) feet in height is strongly encouraged. Subject to Public Resources Code section 4291, any cutting of trees or vegetation must first be approved by the Design Review Committee with the following exceptions: the pruning of dead limbs, removal of dead or dying trees (as determined by a licensed arborist). Except for those trees that are determined by the Design Review Committee to be reasonably required to be removed in order to permit the construction of permitted residential structures, driveways and utility connections, or trees that are dead, dying, diseased, or leaning precariously, trees larger than eight inches (8") dbh that are being considered for removal shall be subjected to a requirement of review and evaluation by a licensed forester or a certified arborist prior to removal, unless such requirement is waived by the Design Review Committee.

(d) Groundwater Management During Construction. If during the construction of any Improvement, groundwater is encountered, dewatering may be accomplished by the installation of intercepting subsurface drains and bedding utilities in drain rock, and edge drains shall be constructed along pavement sections which will be located at a low point. (See Condition of Approval No. 12(I)). All structural improvements (footings, concrete slabs-on-grade, and asphalt pavement) shall be separated from groundwater by at least two feet. (Condition of Approval 12(H)).

(e) Requirements for Building Foundations and Slabs. All building foundations and concrete slabs on-grade at Homesites shall not lie directly on native clay or fine-grain soils and shall be underlain by structural fill, native coarse grain soils, or bedrock; provided, however, all asphalt pavement areas may lie directly on such soils so long as such pavements areas will only be subject to light traffic and loading. (See Condition of Approval 12G). In addition, if any Improvements are located in one hundred (100) year flood plain area, they shall have a finished floor elevation of at least three (3) feet above existing ground elevations. (See Condition of Approval No. 12J). In order to protect site resources, no grading activities of any kind may take place within the 100-year floodplain except as noted in the project site design (Condition of Approval No. 12K).

(f) Stockpiling and Disposition of Excess Earthen Materials. Where soil is stockpiled for more than one construction season, proper erosion control measures shall be applied, and after the completion of the project, all surplus earthen material shall be removed from the construction site and deposited in accordance with all applicable laws and regulations.

Section 6.08. Driveways Design Guidelines. All driveways constructed on any Homesite shall conform to the minimum standards established by the County for the construction of driveways for single family residences, unless otherwise approved by the County Public Works Department. Pursuant to Condition of Approval No. 119, all Owners are hereby notified that the construction of driveways that exceed a twelve percent (12%) gradient for gravel surfaces or a fifteen percent (15%) gradient for all weather surfaces may impair emergency and construction vehicle and equipment access to building sites. On Homesites where subdivision roadway cuts/fills exceed four feet (4') in vertical height (as measured from finished road grade at the point of access) or where driveway grades would exceed twelve percent (12%) at any reasonable access location, either the driveways shall be shown on the Improvement Plans and Development Notebook or those Homesites will be noted as requiring subsequent approval on the Improvement Plans and the Respective Development Notebook for the Homesite, unless otherwise approved by County Department of Public Works (Condition of Approval 22). These driveways shall: (i) be designed and constructed to implement all applicable Best Management Practices listed in Sections 4.7 and 4.8 of the Draft Environmental Impact Report for the Development, (ii) have a paved width of not less than ten (10) feet, (iii) a minimum structural section of two inches AC/four inches AB, and (iv) shall extend from roadway edge not less than twenty feet into the Homesite, or as deemed appropriate by the Department of Public Works. On Homesites that are flag lots, the minimum constructed driveway shall be the entire length of the "pole" portion of the Homesite. These driveways shall be constructed such that the slope between the street and building site does not exceed sixteen percent (16%), unless otherwise approved by the California Department of Forestry and Fire Protection and the Placer County Department of Public Works.

Section 6.09. Archeological and Cultural Resources. As required by Conditions of Approval Nos. 115, 142 and 143, no archeological site or cultural resources within Martis Camp 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) shall be retained to evaluate the deposit. The Placer County Planning Department and the Department of Museums shall also be contacted for review of the finds. If such finds include Native American artifacts, the Washoe Tribe of Nevada and California shall also be notified. If such finds include human remains, the County Coroner and the Native American Heritage Commission shall also be notified.

Section 6.10. Site and Drainage Review. General site considerations including site layout, Open Space, topography and 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 and incorporate applicable BMPs. Without limiting the generality of the foregoing, storm water runoff from rooftops and driveways of new construction shall be collected and diverted to infiltration systems designed for a "20 year" one-hour storm event. 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 Design Guidelines. The Martis Camp Design Review Committee may retain a qualified engineer 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 Martis Camp 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 Martis Camp, nor shall any Owner design his/her Residence and/or landscaping so as to direct drainage from the respective Homesite into the Martis Camp development's storm drainage system (i.e., each Residence shall be designed and engineered so that it manages its own drainage and run-off). This Declaration provides notice to each Owner that portions of each Homesite 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 Homesite and may provide a receptacle and conduit to drain water away from foundations and into natural swales.

The inclusion of foundation waterproofing and perforated pipe foundation drainage systems are recommended along uphill and sidehill foundation walls on hillside Homesites. Consultation by a geotechnical engineer is required for assessment of unusual or irregular soils conditions if encountered. All Improvements shall provide crawlspace drainage or moisture barriers under slabs where moisture sensitive flooring will be installed. (See Condition of Approval No. 12L).

In compliance with Condition of Approval No. 145, the Declarant prepared a Stormwater Pollution Prevention Plan (SWPPP) which describes the site, erosion and sediment controls,

means of waste disposal, implemental of approved local plans, control of post-construction sediment and erosion control measures and maintenance responsibilities, and non-storm water management controls (such as those water quality control features identified in the BMP Report). Construction contractors must retain a copy of the SWPPP at all construction sites in the Development and implement any applicable practices recommended therein.

Section 6.11. Fencing Requirements and Restrictions.

(a) Definition of Fencing. Whenever reference is made in this Declaration or in the Design Guidelines 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 Homesite, or to divide a Homesite into separate areas or enclosures, or to separate two (2) contiguous Homesites, 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.

(b) Fencing Generally Prohibited. In order to preserve the natural beauty and aesthetic appearance of the Martis Camp development, all property lines shall, as required by Condition of Approval No. 138, be kept free and open to one another, and with the exception of dog runs approved by the Design Review Committee, fencing installed by Declarant to protect Wetland Preservation Easements or Open Spaces and other types of fencing permitted by the Conditions of Approval. Condition of Approval 138 prohibits the placement of solid fencing or other barrier features along the perimeter of Homesites within the 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. As required by Condition of Approval No. 112, in no event shall any Owner construct any fence or walls of any type within any required setback area.

(c) Fencing Adjacent to the Golf Club. 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 Martis Camp which adjoins the Golf Club or which unreasonably interferes with the views from the Golf Club. Any fencing approved in writing by the owner of the Golf Club shall be deemed as not in violation of this Section.

(d) Fencing Adjacent to Wetlands, Wetland Preservation Easements or Open Space. Permanent protective fencing or functional equivalent (such as bollards) will be required to be installed alongside Wetland Preservation Easements and Open Space areas within Martis Camp. No structure shall be located closer than ten (10) feet to any such fencing. As required by Condition of Approval No. 108, no permanent protective fences or bollards 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 Club may be removed, replaced or altered without the additional express written consent of the owner of the Golf Club. Any fencing installed alongside Wetland Preservation Easements and Open Space area within Martis Camp after the date hereof shall be permanent fencing, bollards or the functional equivalent (as

may be required by the Placer County Development Review Committee), with upright posts embedded in concrete and surround such areas to the satisfaction of the Placer County Development Review Committee. Such fencing shall be designed and intended to provide a physical demarcation to future Homesite Owners of the location of protected easement areas as required by other conditions for the Development.

Section 6.12. Roofing Materials, Exterior Colors and Finishes.

(a) Roofing Materials. The Design Guidelines may include a list of approved roofing materials. No metallic roofing panels except for natural steel, copper or earth tone/neutral colors shall be permitted. No shiny or galvanized roofing materials that will not weather with age and or wood shake or shingle roofs will be permitted. No tar and gravel roofs which are exposed to public view shall be permitted. Artificial ceramic title, glazed concrete, composite artificial tiles may be approved by the Committee on a case by case basis.

(b) Colors and Finishes; Window Coverings.

(i) Colors and Finishes. No reflective finishes shall be used on exterior surfaces, including, without limitation, the exterior surfaces of any of the following: roofs, all projections above roofs, retaining walls, doors, trim, fences, pipes, equipment. Brightly colored finishes are prohibited unless otherwise approved by the Design Review Committee. Exterior materials and colors that blend and are compatible with the native landscape and the existing natural environment in and around Martis Camp shall be encouraged, although the Committee may approve primary colors as trim or accent elements or lighter colors in areas of the Residence that are not significantly (in the reasonable determination of the Committee) visible from neighboring Homesites or streets in the Development. 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 Martis Camp Design Review Committee and the color selected must result in an inconspicuous blending with the surrounding environment.

(ii) Window Coverings. Consistent with the restrictions on exterior colors and finishes set forth in subparagraph (i), above, window shades, blinds, lavalieres, curtains and other window coverings facing to the outside of the Residence shall be of a color that is harmonious with the colors and finishes used on or applied to the exterior surfaces of the structure, itself. In no event shall windows be covered or shielded by materials such as cardboard or sheets that are not designed as conventional window coverings and the window-facing surface of any window shades, curtains or other permitted window coverings be white or off-white in color.

Section 6.13. Parking Spaces. As required by Condition of Approval No. 111, each Homesite shall have a minimum of four (4) parking spaces located thereon. This condition does not apply to the residential village, mountain lodge, golf cottage sites.

Section 6.14. Hours of Permitted Construction Activity. Noise-producing construction activities are prohibited on Sunday and are permitted from 7:00 AM to 6:00 PM on Monday through Friday (See Condition of Approval No.73A)). Essentially quiet construction activities are permitted on Saturdays between the hours of 8:00 AM and 5:00 PM and no construction activities shall take place on Sundays or legal holidays (See Condition of Approval 73A). In special circumstances, such as adverse weather conditions, with the approval of the Design Review Committee and the County Planning Department, 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 Martis Camp.

Prior to performing any activity which would cause excessive noise, such as blasting or impact pile driving, prior written notice of such activity shall be delivered to all Owners of Homesites within a two hundred (200) foot radius of the location such activities will be performed. (See Condition of Approval No. 73D). Such notices shall include information about the expected timing of such activities and contact information for the contractor performing such work. In the event such activities will materially interfere with an affected Owner's activities, such as a special event, the contractor shall use commercially reasonable means to reschedule such activity at some other time. All explosives shall be used in accordance with all applicable laws and ordinances.

Section 6.15. Construction Equipment. All mobile construction equipment utilized during construction, including, but not limited to, electrical generators and compressors and internal combustion engines, shall be properly maintained and tuned, located as far as possible from adjacent property lines and muffled to the extent possible to reduce the amount of noise emanating therefrom. (See Condition of Approval Nos. 73(B) and (C)). Whenever practical, low-emission construction equipment and low-sulfur fuel shall be used to power such equipment.

Section 6.16. Wood Burning Devices. As required by the Condition of Approval No. 80, no non-EPA Phase II certified wood burning device or masonry fireplaces that do not have a UL approved Decorative Gas-Burning Appliance that uses either a direct vent or B vent flue system is prohibited, unless otherwise agreed by the Placer County Air Pollution Control District and consistent with the Martis Valley Air Quality Ordinance; provided, however, that one (1) non-EPA Phase II fireplace shall be permitted in the lobby of each Association or Golf amenity building(s). 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. All outdoor burn pits within the Overall Development shall be plumbed with natural gas and shall be prohibited from burning solid fuel. In the event the current County Air County Ordinance is amended to allow for an alternative compliance program through enforcement procedures, the Development shall be allowed to participate.

Section 6.17. Utilities. Utility services are stubbed to the property lines of each Homesite. Water, natural gas, power, telephone and cable television service locations are generally clustered (usually with those of one adjacent Homesite) in a utility easement located near or on the front corners of each Homesite; all connections to public water mains shall be depicted in the Improvement plans for each Homesite. The location of the sanitary sewer point-of-connection varies from Homesite to Homesite. 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. As required by the Condition of Approval No. 67, all Residences within Martis Camp must be connected to the public domestic water system and shall have back flow prevention devices on domestic water service lines as required by the Placer County Water Agency.

Section 6.18. Exterior Lighting and Fixtures. As required by Condition of Approval No. 109 and 134, all light fixtures shall be designed, installed and shielded in such a manner that no light rays are emitted from the fixture at angles above the horizontal plane, and light rays do not cross property lines. Uncontained uplighting of any kind shall be prohibited, although architectural uplighting may be permitted, with the approval of the Design Review Committee, under a soffit or roof of a Residence or other permitted building structure. In addition and as a limitation on the foregoing: (i) exterior lighting shall be allowed only within the Building Envelope identified by the Development Notebook for the Homesite in question, except for safety lighting along an entry driveway from the Building Envelope to the street; and (ii) exterior lighting may only occur adjacent to areas occupied by humans, such as a porch, walkway, patio or deck. Except for lighting on Homesites that are one-half acre or smaller, and safety lighting associated with a driveway, the light emitted by exterior fixtures should not cast a shadow beyond the boundary of the Homesite or, to the extent reasonably practicable, the

Building Envelope for the Homesite. Motion sensor lighting shall be encouraged to minimize night sky light pollution. As required by Condition of Approval 133, all outdoor lighting for non-residential uses shall be designed to be turned off when not in use where security and safety is not a concern. High-intensity discharge lamps, such as mercury, metal halide and high-pressure sodium lamps are prohibited. Low-wattage shielded metal halide lamps that protect the night sky may be used. Lighting is restricted in natural areas. Reflective surfaces are prohibited below lighting fixtures. Lighting of the golf course, golf cart paths and exterior lighting for the clubhouse shall not cast light or shadows from artificial light upon wetland areas or Martis Creek.

Section 6.19. Decks. Cantilevered decks and balconies on any visible side slope portion of a Residence shall be limited in size, covered, or avoided entirely.

Section 6.20. Owner of the Golf Club 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 Club.

Section 6.21. Antennas. Because each Homesite 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 or placed in any Common Area or any Homesite. 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 Homesites, the Golf Club or Common Areas, may be imposed by the Design Guidelines. The color of permitted Video Antennas must match the exterior color of the Residence unless otherwise approved by the Design Review Committee in its sole discretion.

Section 6.22. Flag Poles. Flags of a modest size may be displayed if approved by the Martis Camp Design Review Committee. Flag poles must be in proportion to the approved flag size and may not extend above the nearest roof ridge.

Section 6.23. Play Equipment. Play structures, trampolines, swing sets, slides or other similar devices are only allowed when approved in advance by the Martis Camp Design Review Committee. The Committee 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 may not be permitted, particularly when visible from other Homesites or streets, and the equipment or structure must have a color consistent with the intent of the Design Guidelines. Approved play equipment must be located entirely within the Building Envelope for the Homesite.

Section 6.24. Pools, Sports and Tennis Courts. Due to adverse impacts on the quiet enjoyment of neighboring residents and the need for significant grading, pools, sports and tennis courts may be approved on Homesites within the Martis Camp development, so long as the facilities and improvements can be located entirely within the Building Envelope for the Homesite. In no event shall approved sports or tennis courts have exterior lighting.

Section 6.25. No Temporary Structures. No recreational vehicle, trailer, mobile home, camper, shack, used structures, structures of a temporary character, or other outbuildings shall be used on any Homesite 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. Temporary buildings may be approved by the Design Review Committee during the course of active construction.

Section 6.26. Federal Aviation Administration. Some development activities may be subject to the approval of the Federal Aviation Administration or the Division of Aeronautics.

Section 6.27. Seismic Design Criteria. All structures and site improvements shall follow seismic design criteria addressed in the Uniform Building Code.

ARTICLE VII
Maintenance Responsibilities of the Association, The Owners and the Owner of the Golf Club

Section 7.01. Association Maintenance Responsibilities.

(a) Maintenance of Common Area Generally. The Association shall be solely responsible for all maintenance, repair, upkeep and replacement of the Common Areas and Common Facilities of the Development. 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 within the Common Area without express approval of the Association. Without limiting the foregoing, the following specific maintenance obligations are imposed on the Association by the Conditions of Approval for the Development (see particularly Conditions 75, 89, and 120):

(i) The Association shall limit the amount of irrigation in the Common Area to that necessary to maintain healthy vegetation;

(ii) Except for areas within thirty feet (30') of any structure or areas where approved landscape planting would effectively prevent soil erosion, and except for pruning or clearing mandated or recommended to create a defensible space in accordance with Section 4291 of the Public Resources Code, or mandated or recommended by the California Department of

Forestry, Truckee Fire Protection District or other governmental agency with jurisdiction, the forest floor in the Common Areas of the Development shall be retained in its natural condition with pine needles and/or forest duff left in place to prevent erosion;

(iii) The Association shall be responsible for the maintenance, repair and replace of on-site stormwater retention/detention facilities; water quality enhancement facilities (BMP's); Association Common Area Open Space parcels (if any); private recreational facilities; Common Area and roadway landscaping and entrance features and other facilities deemed appropriate by the County's Development Review Committee. The Association and/or golf course management entity shall be responsible for snow removal in private common parking/circulation areas and on subdivision streets on their respective properties.

(b) Maintenance of Private Roads. As required by Conditions of Approval Nos. 27 and 120, the Association shall maintain (including snow removal on private Common Area parking and circulation areas, and private roads within Martis Camp, including but not limited to, general access roads and emergency access roads, and all roads required to be maintained by the Association pursuant to the Shared Road Easement and Maintenance Declaration which is being recorded in the Official Records of Placer County, California, concurrently with the recordation of this Declaration (the "Shared Road Easement and Maintenance Declaration"). Roads stubbed to the boundaries of Martis Camp may be extended and connected to roads lying outside the boundaries of the Development. Within fifteen (15) 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. The cost of maintaining, repairing and, as necessary, replacing the private roads of the Development shall be shared between the Association and the owner of the Golf Club in accordance with the Shared Road Easement and Maintenance Declaration.

(c) Common Area Refuse Collection. As required by Condition of Approval No. 68, the Association shall be responsible to subscribe for weekly refuse collection service for all refuse containers located in the Common Area and ensuring that the receptacles in the Common Area are wildlife-resistant in accordance with County Code Article 8.16, Division III, Section 8.16.266. (See also Condition of Approval No. 90)

(d) Vegetative Fuel Management Program. Declarant has prepared a Vegetative Fuel Management Plan (the "Fuel Management Plan"), which has been approved by the California Department of Forestry and Fire Protection and the Truckee Fire Protection District. The Fuel Plan contains information about fuel reduction zones/fuel breaks, canopy spacing, roads and specifies maintenance activities associated with the fuel modification zones and fuel breaks stated therein. Larger diameter trees (trees of 10 inches or greater at breast height with a minimum of 75 square feet and a maximum of 100 square feet of basal area) shall have their branches pruned up to 10 feet and the understory of smaller diameter trees shall be thinned from below to the level that reduces the fire ladder into the larger diameter trees. Trees with a 10-inch diameter or less shall have a minimum spacing of twenty feet (20'). As required by the Condition of Approval No. 148, it shall be the responsibility of the Association or other similar entity to

fund and perform the maintenance obligations stated in the Fuel Management Plan unless that responsibility is assumed by the Golf Club.

(e) Maintenance of Lakes/Ponds. The Golf Club Amenities and/or the Martis Camp Common Area parcels 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 Club. The owner of the Golf Club shall have maintenance responsibility for lakes or ponds pursuant to a Lake/Pond Management and Monitoring Plan as an element of the CHAMP 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 Club are restricted to reservoir uses and shall not be used for swimming, wading, boating, ice skating or other body contact activities.

(f) Perimeter Fencing. It is likely that in some portions of Martis Camp perimeter fencing will be installed to indicate the boundaries of the Development and that such fencing may affect both Common Area parcels and residential Homesites. In the event such fencing is installed by either the Declarant or the Association, it shall be maintained by the Association or other similar entity unless other maintenance arrangements are entered into between the Association and an affected Owner pursuant to subparagraph (h), below. Any entrance by the Association or its agents to perform repair or maintenance responsibilities with respect to perimeter fencing located on any perimeter Homesite shall be undertaken in accordance with Section 3.07(b), above.

(g) Association Maintenance Manual. In the event that the Declarant prepares and provides the Association with a Maintenance Manual applicable to the repair and maintenance of Common Areas and Common Facilities and other portions of the Development for which the Association has maintenance and repair responsibilities, the Association shall be obligated to comply with all of the maintenance obligations, recommendations and schedules set forth in the Manual. However, the Board of Directors shall be authorized, from time to time, to make appropriate revisions to the Association's Maintenance Manual based on the Board's review thereof in order to update the Association Maintenance Manual to reflect current industry maintenance practices and recommendations, so long as such changes do not reduce the useful life or functionality items to which the Maintenance Manual pertains. So long as the Declarant owns any Homesite in the Development, the Declarant shall also be entitled to make recommendations to the Board of Directors for the revision or supplementation of the Association Maintenance Manual.

(h) Execution of Maintenance Agreements. Except as otherwise provided in this Declaration, the Bylaws or the Shared Road Easement and Maintenance Declaration, neither the 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 (collectively "Maintenance

Agreements") to be executed which impose on portions of Martis Camp and on Phases of the Martis Camp development that are 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 two (2) years) with the Declarant and/or the owner of the Golf Club in order to achieve economies of scale or to efficiently and cost effectively share maintenance equipment, maintenance personnel or contractors and other resources. The limitations on the term of Maintenance Agreements set forth herein shall not apply to the Shared Road Easement and Maintenance Declaration that is more particularly identified in Section 7.01(b), above.

(i) 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 (i) within County Service Area Zone of Benefit Nos. 194 and 199. The Association shall not be obligated to provide any services for which the CSA assumes responsibility. CSA Zone of Benefit No. 194 is empowered to provide the following services, to the extent authorized in its charter: (i) maintain and operate public recreation facilities and multi-purpose trials located within and outside the Development. CSA Zone of Benefit No. 199 has been established to provide funding for the water quality sampling and reporting that is associated with the CHAMP (see Section 1.10, above). In the event the County abolishes either CSA Zone of Benefit, or the CSA is otherwise unable to function, the Association, as required by Condition of Approval No. 50, shall thereupon assume responsibility for providing all services previously provided by the CSA.

Section 7.02. Owner Maintenance Responsibilities.

(a) Maintenance of Residential Homesites. Each Owner of a Homesite shall be responsible for the maintenance and repair of his or her Homesite, 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 the Residence and other building structures as needed to maintain a neat and attractive appearance to the structure. Prior approval of the Design Review Committee shall be required for any exterior re-painting projects or re-roofing projects. The Owner shall also be responsible for the maintenance of all of the exterior landscaping on his or her Homesite (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 Homesites shall be subject to the requirements imposed by Section 11.04, 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 Martis Camp Design Review Committee in accordance with Article V, above.

Without limiting the foregoing, all vegetation and landscaping on any Homesite 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. Notwithstanding the foregoing, except (i) within thirty feet (30') of any structure, (ii) in areas where approved landscape planting would effectively prevent soil erosion, and (iii) for pruning or clearing mandated or recommended to create a defensible space in accordance with Section 4291 of the Public Resources Code, or mandated or recommended by the California Department of Forestry, Truckee Fire Protection District or other governmental agency, the forest floor within any Homesite shall be retained in its natural condition with pine needles and/or forest duff left in place to prevent erosion. In accordance with Condition of Approval No. 89, Owners and residents of the Development shall be obligated to maintain a firebreak by removing and clearing away all existing brush, flammable vegetation or combustible growth within thirty feet (30') of structures on the Owner's/resident's Homesite as set forth in Public Resources Code section 4291 or the functional equivalent as approved by the California Department of Forestry and Fire Protection and the Truckee Fire Protection District.

(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 Martis Camp (apart from routine maintenance or repair within a Residence or to waste water lateral lines servicing a single Homesite) without the express written consent of the Association.

(c) Refuse Collection and Containers. As required by Condition of Approval No. 68, each Owner shall subscribed to weekly refuse collection from the applicable refuse collection franchise holder. In addition, Conditions of Approval Nos. 68 and 90 require that each Owner place all refuse in wildlife-resistant containers as specified in Placer County Code Article 8.16, Division III, 8.16.266, Prevention of Bear Access to Garbage.

(d) Best Management Practices. Upon conveyance of a Homesite from Declarant to an Owner, Declarant shall provide such Owner with a copy those portions of the Best Management Practices Report (the "BMP Report") that are applicable to Homesites to reduce water quality impacts from developed areas, including construction of infiltration facilities designed to the satisfaction of Lahontan Regional Water Quality Control Board. Each Owner shall be responsible to implement all applicable permanent BMPs and the ongoing maintenance of the BMPs. Conditions of Approval Nos. 62 and 121. Without limiting the foregoing, the BMPs shall include:

(i) Surplus or waste materials shall not be permanently placed in drainage ways or within the 100-year flood plain or surface waters.

(ii) All loose piles of soil, silt, clay, sand, debris, or earthen materials shall be protected in a reasonable manner to prevent discharge of pollutants to Waters of the United States.

(iii) D-watering shall be done in a manner that prevents the discharge of pollutants, including earthen materials, from the site.

(iv) All disturbed areas shall be stabilized by appropriate erosion and/or sediment control measures by October 15 of each year.

(v) All work performed between October 15th and May 1st of each year shall be conducted in such a manner that the project can be winterized within 48 hours. Grading activities beyond October 15th shall only be permitted if an exemption is granted by the County or the Lahontan Regional Water Quality Control Board.

(vi) After completion of a construction project, all surplus or waste earthen material shall be removed from the site and deposited at a legal point of disposal.

(vii) All sensitive areas near construction sites shall be protected by fencing or other means to prevent unnecessary encroachment outside the active construction zone.

(viii) During construction, temporary erosion control facilities shall be used as necessary to prevent discharge of earthen materials from the site during periods of precipitation run-off.

(ix) Control of run-on water from off-site areas shall be managed to prevent such water from degrading before it discharges from the site.

(e) Owner Maintenance Manuals. If prepared by the Declarant, the Association shall maintain at its principal office and provide to each Owner upon request a Maintenance Manual prepared by the Declarant which pertains to the maintenance and repair obligations of Owners under the Governing Documents. The Association shall have the right to charge the requesting Owner a fee for copies of the Maintenance Manual equal to the actual cost to the Association of providing a copy of the Manual to the requesting Owner. By accepting a deed to any Homesite in the Development, each Owner acknowledges and agrees that the Owner is required by law and by this Declaration to comply with all of the recommended Maintenance Obligations and schedules set forth in the Maintenance Manual as well as commonly accepted homeowner maintenance obligations. California law further requires each Owner to provide a copy of the Maintenance Manual to any successor purchaser of the Owner's Homesite.

Section 7.03. Golf Club and Golf Property Maintenance.

(a) Golf Club Appearance. Each Owner acknowledges and agrees that neither the Association nor any Owner shall have any right to compel the Golf Club owner to maintain the Golf Course or any improvements thereon to any particular standard of care and that the appearance of the Golf Club and improvements, including, without limitation, the redesign or modification of holes, shall be determined in the sole discretion of the Golf Club owner,

including, without limitation, the addition or deletion of water features, trees and landscaping on any portion of the Golf Club property.

(b) Golf Club 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 Club. The Golf Club owner shall have the sole duty and obligation to maintain any portion of the golf cart path system which may be located within the Common Area.

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

Section 7.04. Maintenance of Open Space Parcels. As required by the Condition of Approval Nos. 58, 59, and 61, all Open Space parcels shall be monumented, and wetland preservation easement boundaries and detention facilities shall be demarcated with permanent protective fencing, bollards, or functional equivalent (with upright posts embedded in concrete) to the satisfaction of the County Development Review Committee. The purpose of the permanent protective fencing is to provide a physical demarcation to Owners of the location of protected wetland preservation easement areas. The Open Space parcels shall be maintained (including the removal of unauthorized debris), managed, and, if necessary, remediated (as defined below) by either the Association or Golf Club, and their duly authorized agents and representatives. The determination of whether the Association or the Golf Club carries the burden under the foregoing sentence will depend on who is the fee owner of the Open Space parcel in question, with the burden falling on the fee owner. As used herein, "remediation" shall include the right, but not the obligation, to initiate reseeding, replanting, regarding, or other remedial measures in response to Open Space parcels that are damaged by fires or other natural calamities. Except for pruning or clearing mandated or recommended to create a defensible space in accordance with Section 429 of the Public Resources Code, or mandated or recommended by the California Department of Forestry, Truckee Fire Protection District or other governmental agency, the forest floor in the Open Space parcels shall be retained in its natural condition with pine needles and/or forest duff left in place to prevent erosion.

The Declarant has prepared a Mitigation Monitoring Implementation Program ("MMIP") for the replacement of wetlands/riparian vegetation in the Open Space. As required by Condition of Approval Nos. 136 and 117, during the five (5) years following the completion of the restored wetlands/riparian vegetation as required by the MMIP, the Association and/or Golf Club, as applicable, shall be responsible for the submission of an annual monitoring report to the County

Development Review Committee and Department of Fish and Game, as required, the cost, to the extend not paid for by the Declarant, of the County to review the annual report, and for undertaking any required corrective action. The annual monitoring report shall be prepared by a qualified wetlands biologist. If necessary, the Association and/or the Golf Club, may use their right of entry authority as provided in Section 3.07(b), above, and Section 9.07, respectively, for any required for inspection and corrective work which may be required of it hereunder.

As required by Condition of Approval No. 114, 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, except as otherwise allowed by the County Development Review Committee. The permanent protective fencing or bollards 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 provisions of this paragraph may be enforced by the Association or Golf Club, as applicable.

Section 7.05. 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 invitees, 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 Homesite 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 3.07(b) to enter the Owner's Homesite 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 13.06, below.

(c) Property Adjacent to the Golf Course. If either the Association or an Owner, as applicable, fails to maintain any landscaping situated within fifty (50) feet of the Golf Club or at or along the entry to Martis Camp ("defaulting party"), the owner of the Golf Club 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 Club desires to perform any such maintenance authorized by the preceding sentence, the owner of the Golf Club 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 said fifteen (15) day period, the owner of the Golf Club shall have the right to enter the Homesite 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 Club 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 Club pursuant to Section 7.03(c), above.

Section 7.06. Cooperative Maintenance Obligations.

(a) Cooperation Among Association, Owners and Golf Club, 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 Homesites adjacent to the Golf Club) the Golf Club owner, and the agents and maintenance personnel of the Association and/or the Golf Club owner in the conduct of their respective maintenance activities.

(b) Assumption of Association Maintenance Responsibilities by the Golf Club 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 Club, in the owner's/operator's sole and absolute discretion, pursuant to a Maintenance Agreement between the Association and the Golf Club owner (see Sections 7.01(b) and 7.01(h), above): storm water retention and detention facilities; water quality enhancement facilities (Best Management Practices or "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 Martis Camp (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 Club is deemed appropriate by the County Development Review Committee.

Section 7.07. Drainage Structures, Facilities, 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. The Association shall, pursuant to Condition of Approval No. 27, maintain all storm water drainage facilities and storm drain filters (i.e., catch basins or vaults) installed by Declarant. (See also Condition of Approval No. 10(I)). In addition, the Association shall be required to implement and/or maintain all BMPs required by the BMP Report that are for the Association's benefit.

(b) On Homesites. Except as provided in subparagraph (a), above, each Owner shall keep drainage courses, drainage structures, pipes, culverts, ditches and swales on his or her

Homesite free and clear of all obstructions, and shall, in cooperation with contiguous property Owners (including the Association, the Golf Club and the Declarant as to any contiguous parcels owned by them), maintain all such drainage ditches, courses, pipes, swales and culverts common to their Homesites 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 Homesites and Common Areas and the Golf Club. 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 Martis Camp Design Review Committee; provided, however, that the Committee shall be entitled to rely upon plans prepared by a California registered civil or geotechnical engineer qualified in grading or erosion control matters.

Section 7.08. Water Quality Management. Upon conveyance of a Homesite 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.

Section 7.09. Fire Protection and Maintenance Program. For any Improvement to a Homesite or Common Area within (i) fifteen (15) feet of any roadway or driveway within or adjacent to the Martis Camp development (Condition of Approval No. 147(B) or (ii) any area within thirty (30) feet of any Improvement on a Homesite (Condition of Approval No. 147(A)), the following fire protection restrictions shall be followed: (a) the canopy shall be opened to no more than seventy-five percent (75%) closure; (b) all dead fuels shall be legally removed (Condition of Approval No. 147(D); (c) all trees surrounding the Improvement shall be limbed up to six (6) feet; (iv) continuous brush shall be removed; and (v), as required by Condition of Approval No. 89, all requirements set forth in California Public Resources Code section 4291 or any equivalent thereof approved by the California Department of Forestry and Fire Protection; and (v) the Truckee Fire Protection District requirements shall be followed (Condition of Approval No. 147(C)). Although the preceding sentence requires removal of brush, dead fuels and other debris, no vegetation or debris shall not be burned unless otherwise approved by the Placer County Air Pollution Control District. All flammable vegetation and fuels caused by site development shall be legally dispose of or removed from the site. Until the first close of escrow on a Homesite, the Declarant shall have the fire protection maintenance responsibility of the Common Area 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 Club in accordance with Sections 7.01(b) and 7.06(b), above.

Section 7.10. Truckee North Tahoe Transportation Management Association. As required by Condition of Approval No. 38, the Association and the owner or manager of the Golf Club shall join and maintain membership in the Truckee-North Tahoe Transportation Management Association (the "TNTTMA"), and actively participate in implementing strategies

and programs pursued by the TNTTMA to the extent they are feasible for the Martis Camp development.

Section 7.11. Right to Farm Ordinance. As required by the Condition of Approval 118, the County requires that all Owners be advised of the County Right to Farm Ordinance (Placer County Code Section 5.24.040). Concurrently with Declarant's sale of a Homesite 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 Homesites, Common Areas and any other parcels within Martis Camp:

Section 8.01. Use of Homesites.

(a) Single Family Residential Use. Each Homesite shall be conveyed as a separately designated and legally described fee simple estate, subject to this Declaration. Except as provided in Article XV, all Homesites within Martis Camp 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 quarters for the housing of guests and/or domestic employees on the premises, so long as the Martis Camp Design Review Committee determines that the Homesite 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 Homesite and surrounding parcels. Residences may be rented in accordance with Section 2.06, above. Nothing in this Section 8.01(a) shall preclude a Homesite from being improved with the construction of two (2) Residences if the erection of several Residences on a single Homesite is permitted by the County and approved by the Design Review Committee. Supplemental Declarations approved by the Declarant may modify the use restrictions set forth in this subparagraph (a), as applied to cabin and/or cottage residences.

(b) Compliance with Minimum Construction Standards. All Residence and related structures erected on any Homesite shall conform to the minimum construction standards set forth in Article VI hereof, unless a variance has been granted by the Martis Camp Design Review Committee in accordance with Section 5.12, above.

(c) Prohibition of Camping on Homesites. No camping, whether temporary or permanent shall be permitted on any Homesite.

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

(e) Limitation on Access to Perimeter Homesites. There shall be no vehicular access to any Homesite on the perimeter of the Martis Camp development except from designated streets or roads within Martis Camp.

(f) Temporary Structures. No structure of a temporary character, trailer, mobile home, camper, tent, shack, garage or other outbuilding (other than Declarant's sales offices and Golf Club offices) shall be used on any Homesite at any time as a Residence, either temporarily or permanently, except as provided in the Design Guidelines.

Section 8.02. Prohibition of Time Sharing and Vacation Club Uses. Notwithstanding anything to the contrary set forth in this Declaration, including without limitation, Section 2.06, above, in no event shall any Residence or Homesite be (a) used as a time share project as defined in Section 11003.5 of the California Business and Professions Code; (b) used by or for the benefit of any Vacation Club or similar entity; (c) used by or for the benefit of any Vacation Club member. As used herein, "Vacation Club or similar establishment" means a corporation, limited liability company, partnership, joint venture or other entity that is owned by members, whose ownership/membership interests in the corporation, limited liability company, partnership, joint venture or other entity are evidenced by points, shares or other interests that entitle the members to occupy Residences or Homesites that are owned and/or leased by such entity. This Section shall not be construed to limit the personal use of any Residence or Homesite or any portion thereof by any Owner or his or her or its social or familial guests. In addition, in the event that any Lot or parcel within the Development is improved with more than a single dwelling, those dwellings may be occupied in any manner permitted by local zoning and other applicable ordinances, so long as the dwellings are not further subdivided into condominium or time share interests.

Section 8.03. Common Areas. 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 are conveyed to the Association 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 invitees 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 Open Space and then only with the prior approval of the Design Review Committee. Nothing in this Declaration is intended to confer any rights on

either the Association or any Owner to alter, modify or change any portion of the Open Space that is owned by the Golf Club. Most Open Space parcels are likely to be owned by the Golf Club.

(b) No Dumping of Trash, Fill or Clippings. Without limiting subparagraph (a) above, but rather by way of example, Condition of Approval No. 114 provides that no Owner shall place any fill materials, lawn clippings, oil, chemicals or trash of any kind within any Open Space, or within any portion of the Common Area, the Golf Course or any on-site park or along trails within the Development. No grading, vegetation removal, animal grazing, domestic landscaping and fencing or other alteration is permitted in these areas. Trimming or other maintenance activity in the 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 Placer County Development Review Committee. Pursuant to the Condition of Approval 114, the Association and/or the owner of the Golf Club, as applicable, shall be empowered to enforce these restrictions.

Section 8.05. Ground and Surface Water. No Owner shall act inconsistent with the Lake/Pond Management, Monitoring Plan and BMP Report directives for maintenance of safe water bodies within Martis Camp. Owners shall not act in a manner which would promote any of the following: breeding of mosquitoes; lake eutrophication; discharge of nutrient-rich or contaminated or polluted waters outside Martis Camp 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 Homesite or Common Area nor shall anything be done within the Martis Camp 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 heating and air systems, stereo amplifier systems, television systems, motor vehicles or power tools, to emanate from an Owner's Homesite or from activities within the Common Area, which would unreasonably disturb any other Owner's or tenant's enjoyment of his or her Homesite or the Common Area or the Golf Club. Without limiting the generality of the foregoing and pursuant to Condition of Approval No. 85, in no event shall any amplified equipment be used outside of the daytime hours of 7:00 AM through 10:00 PM, nor, pursuant to Condition of Approval No. 86, may any amplified music occur for more than five (5) hours.

Section 8.07. Household Pets. The following restrictions regarding the care and maintenance of pets within Martis Camp 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 Homesite 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 Homesite or in any Residence.

(b) Management and Restraint of Authorized Pets. Pets shall only be allowed within the Common Areas and Open Spaces of Martis Camp when they are leashed so as to be under the supervision and restraint of their owners. In the residential portion of Martis Camp, pets must be fenced or otherwise tethered when left unattended outside, and must be on a leash and restrained whenever the pet is within any portion of Martis Camp other than the Owner's Homesite.

(c) Owner's Responsibility for Pets. Each person bringing a pet to or keeping a pet on the Martis Camp 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, invitees, tenants and contract purchasers for any damage or injury to persons or property caused by any pet.

(d) Responsibility for Removal of Pet Waste. Pet owners shall be responsible for the removal of fecal matter deposited by their pets in the Common Areas of the Development

(e) 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 Martis Camp to ensure that the same do not interfere with the quiet and peaceful enjoyment of Martis Camp by the other Owners and residents.

Section 8.08. Signs. No advertising signs or billboards shall be displayed on any Homesite 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 Homesite owned by the Declarant advertising such Homesites for sale or lease; (ii) a single sign of reasonable dimensions posted or maintained by on Owner on his or her Homesite advertising the Homesite 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 Design Guidelines 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 Martis Camp development and under no circumstances shall any signs be placed on any Homesite so as to face the Golf Course. Any sign erected or placed on any Homesite by the Declarant which indicated that the Homesite has been sold to a particular person shall be removed from the Homesite once the Declarant has sold all of its Homesites in the Development.

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 Homesite 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 2.06, above; or to the Declarant's activities in connection with the development, sale and marketing of Homesites within Martis Camp; or to the activities of the owner of the Golf Club in marketing the sale of Golf 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 Homesite 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 8.09.

Section 8.10. 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, Martis Camp is prohibited.

Section 8.11. Hazardous Materials. As required by Condition of Approval No. 69, Owners must notify the County Division of Environmental Health at least ten (10) days in advance before bringing any hazardous materials (as defined in Health and Safety Code Division 20, Chapter 6.95, Articles 1 and 2) onto Martis Camp in regulated quantities, 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 Martis Camp are solely responsible for the removal of such material from the Martis Camp development. For purposes of this Section, the term "hazardous material " shall mean any (1) "hazardous material" as defined in California Health and Safety Code section 25501(o), (2) "hazardous substance" as defined by California Health and Safety Code section 25501(p) and (3) "regulated substance" as defined in California Health and Safety Code section 25532(g).

Section 8.12. Refuse. No rubbish, trash, or garbage shall be allowed to accumulate on Homesites. 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 Homesite or Common Area. Any extraordinary accumulation of rubbish, trash, garbage or debris (such as debris generated

upon vacating of premises or during the construction of modifications and Improvements) shall be removed from Martis Camp 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.

Section 8.13. Storage of Personal Property. Storage of personal property, including, without limitation, lawnmowers, snow blowers and snowmobiles, on any Homesite 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 8.14. Burning and Fire Protection Restrictions. There shall be no exterior fires at any location within the Martis Camp development (with the exception of fire pits and 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. Barbecue fires and fire pits may be located only upon Homesites and contained within receptacles designed for such purpose are permitted that are approved by the Design Review Committee and, as required by Condition of Approval No. 80, shall be gas fueled only. No Owner or resident shall permit any condition to exist on his or her Homesite, including, without limitation, trash piles, or weeds, which create a fire hazard or is in violation of local fire regulations.

Section 8.15. Machinery and Equipment. No power tools, machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Homesite 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 Martis Camp.

Section 8.16. Diseases and Pests. No Owner shall permit any thing or condition to exist upon his or her Homesite which shall induce, breed, or harbor infectious plant diseases, rodents or noxious insects.

Section 8.17. Parking and Vehicle Restrictions; Traffic Regulations. The following restrictions apply to the maintenance and use of vehicles and the use of the private roads within Martis Camp:

(a) Authorized Vehicles. Only the following vehicles can be parked on a regular basis within the Development: 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 SUVs. Any vehicle that does not meet the definition of an authorized vehicle may only be parked within Martis Camp in accordance with subparagraph (c), below. The Association Rules may be utilized to augment and/or further define the type 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 Martis Camp) 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, as, for example, may be appropriate in connection with a golf tournament or the short-term parking of construction delivery vehicles during periods of active construction. Visitors, contractors and guests of residents within Martis Camp may use common parking areas, if any, the streets or facilities as may be designated or authorized for short-term guest and visitor use by the Association; provided, however, that in no event shall any visitor, contractor or guest park on any street for more than twelve (12) consecutive hours or for purposes of overnight parking.

(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, boat trailers, campers, snowmobiles and their trailers, recreation vehicles or other vehicles containing living quarters shall be parked within Martis Camp 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 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 Martis Camp, or on any Homesite 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.

(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 a standard sized vehicle in each parking bay in the garage.

(g) Restrictions Relating to Golf Carts. Golf carts shall not be permitted to travel on any road or pedestrian/bicycle path within Martis Camp, except for those paths that are owned by the golf club and when passage along other trails or roads within Martis Camp where necessary to cross such roads or paths at designated locations. Golf carts shall remain on designated golf cart paths unless the rules of the Golf Club provide otherwise. As required by Condition of Approval No. 81, no golf cart shall be gas powered. Maintenance vehicles of the Golf Course are not subject to this restriction.

(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 Martis Camp. The streets within Martis Camp are private roads and are subject to the regulation and control of the Association. All persons operating vehicles of any kind within Martis Camp shall observe all posted speed limits and other traffic and road use regulations that may be included in the Association Rules, including the requirement to be licensed to operate a motor vehicle. There shall be no overnight parking on streets in the Development.

(j) Authority of Association to Adopt further Parking and Vehicle Regulations. In order to prevent or eliminate parking problems within Martis Camp or to further define and enforce the restrictions of this Section 8.19, the Board shall have the authority to establish additional rules, restrictions and penalties, including the imposition of fines or towing procedures for recurrent violations 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 Martis Camp 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 Martis Camp shall not be permitted unless otherwise authorized by the Lahontan Regional Water Quality Control Board.

(l) Maintenance Vehicles. As required by Condition of Approval 81, the Association shall purchase the lowest emission vehicles and equipment commercially available for the intended application at the time of purchase and/or replacement unless the cost of the lowest emission alternative would exceed the cost of the next lowest emission alternative by a net difference of more than twenty-five percent (25%) of the purchase price of the next lowest emission alternative, in which case the next lowest emission alternative may be purchased and used instead of the lowest emission vehicle.

Section 8.18. Activities Affecting Insurance. Nothing shall be done or kept on any Homesite 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 Homesite 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 8.19. Restriction on Further Subdivision and Severability; Homesite Combinations. Pursuant to Condition of Approval No. 93, no Homesite shall be further subdivided nor shall less than all of any such Homesite be conveyed by an Owner thereof and no Owner of a Homesite within Martis Camp shall be entitled to sever that Homesite from the Common Area portion of Martis Camp. Any proposal to combine two (2) or more Homesites must be approved by the Martis Camp Design Review Committee and shall also comply with all applicable governmental requirements. If any Homesites are merged, the Improvements allowed per Homesite prior to the merger may continue to exist after the merger if approved by the Design Review Committee. Multiple residences may be permitted on a merged Homesite if approved by the Design Review Committee; provided, however, as required by Condition of Approval No. 93, in no event shall the total number of Residences on a merged Homesite exceed the number of Residences originally approved by the County for each of the Homesites used to create the merged Homesite and considered in the relevant environmental impact report. In the event the Committee approves a Homesite combination, as a condition of that approval the Owner of the combined Homesites must agree to the execution and recordation of an appropriate instrument imparting noticed to future Owners of the combined Homesite that such Owners must continue the payment of Assessments as if no merger of two or more Homesites had occurred.

Section 8.20. Variances. Upon application by any Owner, the Design Review Committee 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 Committee, 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 Committee shall follow the procedures set forth in Section 5.12 for the granting of architectural variances.

Section 8.21. 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 13.06, 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 13.06 (a), below).

ARTICLE IX
Easements

Section 9.01. Street Easements. Each Owner, the Association, the owner of the Golf Club, and the members, tenants, guests, and invitees of each shall have and is hereby granted a nonexclusive easement for street, roadway and vehicular traffic purposes over and along the private streets within the Development, subject to termination of such easement and the rights and restrictions set forth in this Declaration and in any rules, regulations restrictions and disciplinary rights, generally applicable to one or more of these classes of persons, as may be set forth in the Association Rules. Notwithstanding the foregoing, no Association Rule or disciplinary remedy available to, or exercised by, the Association may result in a denial of access to a Homesite by the Owner of the Homesite or his or her tenants or lessees. The rights, obligations and easements of the owner of the Golf Club and its members, guests and invitees are set forth in that certain Shared Road Easement and Maintenance Declaration more particularly identified in Section 7.01(b), above.

Section 9.02. Blanket Utility Easement. There is hereby created a blanket easement upon, across, over and under the Common Areas for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones, drainage and electricity and the master television antenna or cable television system. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and

maintain the necessary equipment and underground facilities on the Common Area at locations approved by the Design Review Committee. Notwithstanding the foregoing, no sewer, electrical lines, water lines, or other utilities may be installed or relocated on said Development except as initially designed and approved by the Declarant or thereafter approved by the Association's Design Review Committee. The easements provided for in this Section shall in no way affect any other Recorded easement on any portion of the property comprising the Development.

Section 9.03. Maintenance Easements. Easements are hereby granted to the Declarant and the Association, their officers, agents, employees, and to any management company or contractor selected by the Declarant or the Association to (1) enter in or to cross over the Common Area and any Homesite to perform the Association's duties of maintenance and repair of the Homesites, Common Areas, and Common Facilities as provided herein and (2) place snow on any Homesite, but no more than twenty (20) feet from any adjacent street. Reference is also made to the Shared Easement and Maintenance Agreement that is referred to in Section 7.01(b), above.

Section 9.04. Rights of Declarant Incident to Construction. An easement is reserved by and granted to Declarant for access, ingress, and egress over, in, upon, under, and across the Common Area, including, but not limited to, the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to Declarant's construction of improvements within any portion of the Development; provided, however, that no such rights or easements shall be exercised by Declarant in such a manner as to unreasonably interfere with the occupancy, use, enjoyment, or access by any Owner, his or her family members, guests, or invitees, to or from that Owner's Homesite, or any Common Facility completed upon the Common Area. The easement created pursuant to this Section shall automatically terminate and be of no further force and effect upon closing of the sale of the last Residence in the last Phase of the Development.

Section 9.05. Other Easements. Each Homesite 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 Development and each Homesite as shown on the Subdivision Map for any portion of the Development.

Section 9.06. 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.

Section 9.07. Easement for Golf Course Maintenance, Intrusion of Golf Balls and Golf Club 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 Club, a non-exclusive right and easement appurtenant to the Golf Club, as the dominant tenement, and burdening Homesites and the Association Common Areas as the servient tenement, for purposes of:

(a) over spray in connection with the watering of the roughs, fairways and greens on the Golf Club;

(b) for maintenance of a clean, attractive fairway edge and transition from the Golf Club to the unimproved areas, if any, of adjacent Homesites;

(c) for the intrusion of golf balls from the roughs, fairways and greens (but not from any Open Space areas that are subject to environmental restrictions);

(d) for maintenance of golf cart paths, bridges servicing golf cart paths and other similar Golf Club improvements, such as walking paths, trails, snowshoe trails and cross-country ski trails that may be located on Common Areas of the Association;

(e) for maintenance of the Open Space; and

(f) for access to those portions of the Golf Club Amenities that are subject to a Conservation Area Management Plan administered by either the Golf Club owner or an approved nonprofit conservancy or foundation.

Any person or entity for whose benefit the right and easement for overspray 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 of golf balls.

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 Club), and for the benefit of their employees, contractors, agents, guests, invitees, and members (collectively referred to as "beneficiaries") and shall burden any Homesite or Common Area that shares a common boundary with any Golf Club property, amenity or parcel. Notwithstanding the foregoing, this easement is not intended to confer on any beneficiary (as defined in this paragraph) the right to enter any improved area of any Homesite for purpose of retrieving or playing any golf ball that falls within the boundaries of the Homesite, without the approval of the Homesite Owner.

Section 9.08. Declarant's Rights and Easements. For so long as Declarant owns any Homesites for sale within the Development, the Declarant shall have easements and rights:

(a) To build, construct, modify and maintain any signs advertising the Development, the Golf Club, and the sale of homes or Homesites by the Declarant on Common Area, provided such signs comply with applicable law, and do not unreasonably interfere with the use and enjoyment of the Common Area by Owners and Residents.

(b) For ingress, egress and the installation and maintenance of public utilities over, under and across the Common Areas within the Development for the purpose of maintaining an office for sales and/or resales of Homesites in the development, as provided in Article XVI, below, and for Declarant's marketing activities in connection with such offices.

Section 9.09. Hiking and/or Cross Country Ski Trail Easements.. Certain Homesites, Common Areas and Common Facilities are subject to easements for hiking trails and/or cross country ski trails, as shown on the Subdivision Map. As set forth on the Subdivision Map, some of these trails may be open for use by the general public. Each Owner whose property is subject to such an easement shall be required to ensure that there is no obstruction of hiking trails which extend onto or traverse his or her Homesite in such manner that there is interference with the free use thereof or circulation of foot traffic, except such obstructions as may be reasonably required in connection with repairs of such trails.

Section 9.10. County Maintenance Easements. Declarant hereby grants the County an irrevocable easement on portions of lots H, K, L, P, Q, R1, U, V, W, X, Z1, Z2 and Z for access to and inspection of adjacent creeks and associated corridors and wetlands areas, subject to any conservation easement approved by the U.S. Army Corps of Engineers as a part of the Federal 404 permit process.

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 therefor 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 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, of 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; and

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

Such policy or the endorsement made a part thereof shall, to the extent available, provide that the insurer issuing the policy agrees to abide by the decision of the Association made in accordance with the provisions of Article XI, below, 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 Homesites, the Golf Club, the Declarant and any realty company owned or controlled by the Declarant, 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 Five Million Dollars ($5,000,000.00) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for nonowned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to common interest development projects similar in construction, location, facilities, and use.

(c) Director's and Officer's Liability Insurance. To the extent such insurance is reasonably obtainable, the Association shall maintain individual liability insurance for its directors and officers providing coverage for negligent acts or omissions in their official capacities. The minimum coverage of such insurance shall be at least Five Million Dollars ($5,000,000.00).

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

Section 10.02. Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by Section 10.01 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.

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.

Section 10.04. Trustee. All insurance proceeds payable under section 10.01, 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.

Section 10.06. Policies Obtained by Declarant. It is contemplated that Declarant may contract for the insurance coverage contemplated by this Article prior to or concurrently with obtaining financing for the development of the Development, and any such obligations or commitments for the payment of premiums or expenses with respect thereto shall become an obligation of the Association, shall be treated as a Common Expense, and shall be paid out of the Common Funds as provided herein. In the event that there is a reimbursement of premiums as a result of any transfer of insurance policies pursuant to this Section 10.06, the Declarant shall be entitled to receive that reimbursement.

Section 10.07. Annual Review of Association Insurance and Disclosure to Members. The Board shall review the adequacy of all insurance, including the amount of liability coverage and the amount of property damage coverage, at least once every year. At least once every three (3) years, the review shall include a replacement cost appraisal of all insurable Common Area Improvements without respect to depreciation. The Board shall adjust the policies to provide the amounts and types of coverage and protection that are customarily carried by prudent owners' associations operating in similar common interest developments in the Tahoe region. In accordance with California Civil Code section 1365(e), annually the Association shall distribute to its Members a summary of the Association's property, general liability, and flood insurance (if any), such distribution to be made within sixty (60) days prior to the beginning of the Association's fiscal year.

Section 10.08. Board's Authority to Revise Insurance Coverage. The Board shall have the power and right to deviate from the insurance requirements contained in this Article X in any manner that the Board, in its reasonable business discretion, considers to be in the best interests of the Association. If the Board elects to materially reduce the coverage from the coverage required in this Article X, the Board shall make all reasonable efforts to notify the Members of the reduction in coverage and the reasons therefor at least (30) days prior to the effective date of the reduction. The Association, and its directors and officers, shall have no liability to any Owner or Mortgagee if, after a good faith effort, the Association is unable to obtain any insurance required hereunder because the insurance is no longer available; or, if available, the insurance can be obtained only at a cost that the Board, in its sole discretion, determines is unreasonable under the circumstances; or the Members fail to approve any Assessment increase needed to fund the insurance premiums.

ARTICLE XI
Damage or Destruction

Section 11.01. Common Facilities; Bids and Determination of Available Insurance Proceeds. In the event any Common Facilities are ever damaged or destroyed, then, and in such event, as soon as practicable thereafter the Board of Directors shall: (a) obtain bids from at least two (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 (b) determine that amount of all insurance proceeds available to the Association for the purpose of effecting such repair, reconstruction and restoration.

Section 11.02. Common Facilities; Sufficient Insurance Proceeds. Subject to the provisions of section 11.01 hereof, if, in the event of damage to or destruction of any portion of any Common Facility, the insurance proceeds available to the Association are sufficient to cover the costs of repair, reconstruction and restoration, then the Association may cause such facilities to be repaired, reconstruction and restored substantially the same condition in which they existed prior to the loss; provided, however, that in the event of a total destruction of the Common Facility, the Association shall not be obligated to restore the facilitate to its prior appearance and condition if the Board's opinion, architectural or design modifications to the Facilities will not result in providing the Members with an improved facility available for substantially the same use and enjoyment as the destroyed facility.

Section 11.03. Common Facilities; Insurance Proceeds Insufficient in an Amount Exceeding Association Special Assessment Authority. In the event that any Common Facility is totally or substantially damaged or destroyed or, if, in the event of damage to or destruction of only a portion of the Common Facilities, the insurance proceeds available to the Association are insufficient in an amount exceeding five (5%) percent of the Association's budgeted gross expenses for the year in which the loss occurs, so as to require a Special Assessment to cover the estimated cost of repair, reconstruction and restoration, then the proposal for imposition of the Special Assessment shall be presented to the owners for approval in accordance with Sections 4.03 and 4.08, above. The proposition shall be presented to the Owners in a form which permits them to choose between (i) funding the Special Assessment to repair, reconstruct and restore the damaged or destroyed Common Facilities and specially assess all Owners for such additional funds as may be needed for such purpose; or (b) not to repair, reconstruct or restore the damaged or destroyed Common Facilities, but rather to utilize the insurance proceeds available for such reconstruction, together with any other sums otherwise available to the Association for such purpose, to demolish and remove the damaged or destroyed Improvements from the Common Area and to level and landscape the sites thereof and apply any balance of such proceeds and/or funds as the Members holding such Voting Power and their first mortgagees may determine.

Section 11.04. 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 said Residence or clear the Homesite of all damaged or destroyed structures or portions thereof. If structural improvements other than a Residence, garage or fence are damaged or destroyed and the Owner prefers not to rebuild the improvement, the Owner shall clear his or her Homesite of all damaged or destroyed materials and return the affected areas of the Homesite to an attractive appearance which has been both stabilized and relandscaped.

(b) Design Review Committee Approval. Any Owner whose Residence or other structural improvements have been damaged or destroyed shall apply to the Design Review Committee for approval of plans for the reconstruction, rebuilding, or repair of the damaged or destroyed Residence or structure. Application for such approval shall be made in writing together with full and complete plans, specifications, working drawing and elevations showing the proposed reconstruction and the end result thereof. The Design Review Committee shall grant such approval only if the design proposed by the Owner satisfies the requirements for approval set forth in section 5.06, above.

(c) Time Limitation for Reconstruction or Removal. The Owner or Owners of any damaged Residence(s) and the Design Review Committee shall be obligated to proceed with all due diligence hereunder to remove damaged structures (or portions thereof), prepare and process reconstruction plans and specifications and complete the repair and restoration work. At a minimum, whenever Owners are required to prepare and submit repair or reconstruction plans to the Design Review Committee, said submittal shall be made within sixty (60) days following the event and reconstruction shall commence within thirty (30) days following receipt of approval from the Committee. Reconstruction shall be completed within six (6) months following receipt of Committee approval. For good cause (including, without limitation, delays caused by inclement weather, winter conditions and snow pack, or the processing of insurance claims) the Design Review Committee may waive or extend any of the deadlines imposed by this subparagraph (c).

ARTICLE XII
Condemnation

If all or part of the Common Area shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Area, exclusive of compensation for consequential damages to certain affected Homesites, shall be payable to the Association as trustee for all Owners and Mortgagees according to the loss or damages to their respective interest in the Common Area. The Association, acting through its Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation, settlement and litigation of the issues with respect to the

taking and compensation affecting the Common Area. Each Owner hereby designates and appoints the Association as his or her attorney-in-fact for such purposes.

ARTICLE XIII
Breach and Default

Section 13.01. 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 Homesite, 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 13.02. Nuisance. Without limiting the generality of the foregoing Section 13.01, 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 13.03. Attorneys' Fees. Reasonable attorneys' fees and costs shall be awarded to the prevailing party in any procedure to enforce the Governing Documents or a party's rights arising under the Governing Documents. Such enforcement procedure includes an action brought in any court having jurisdiction over any alternative dispute resolution procedure implemented pursuant to the Governing Documents or to California Civil Code section 1354, as it may be renumbered and revised from time to time. In any enforcement procedure, such as mediation, conducted pursuant to California Civil Code section 1354, in which there is not an agreement between all of the parties that attorneys will represent them, recoverable costs are limited to attorneys' fees and costs incurred in providing the notices required under such statute.

Section 13.04. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 13.05. 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 13.06. Rights and Remedies of the Association.

(a) 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, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey the Association Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including, but not limited to, the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreation Common Facilities or suspension of the Owner's voting rights as a Member of the Association; 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 sections 1354 and 1369.590 or otherwise by law.

(b) 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 or illegally parked vehicles). 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)(ii), above.

(c) 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.

(d) Limitations of Disciplinary Rights.

(i) Generally. 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 Homesite due to the failure by the Owner (or his or her family members, tenants, guests or invitees) 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 of the Association 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 (iii), below.

(ii) Monetary Penalties Imposed by the Association. Monetary penalties imposed by the Association (A) for failure of a Member to comply with the Governing Documents; (B) as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Area or Common Facilities allegedly caused by a Member; or (C) in bringing the Member and his or her Homesite into compliance with the Governing Documents, may not be characterized nor treated as an Assessment which may become a lien against the Member's Homesite enforceable by a sale of the Homesite in nonjudicial foreclosure; provided, however, that this limitation on the Association's lien rights shall not apply to charges imposed against an Owner consisting of reasonable late payment penalties to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in the Association's efforts to collect delinquent Assessments.

(iii) Notice and Hearing Requirements for Disciplinary Actions. 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 include, 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 and the Owner shall be entitled to be present at that executive session.

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), disciplinary action shall not be effective against an Owner unless the Board fulfills the requirements of this Section. The Association shall also adopt hearing and disciplinary procedures that comply with the requirements set forth in Civil Code section 1363.830.

Notwithstanding the foregoing, 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, the Common Area or Common Facilities; or (D) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the

violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Board of Directors, or its duly authorized agents, may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Association, in writing, within five (5) days following the Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

If the Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Association no later than five (5) days following the date when the fine is levied.

The hearing shall be held no more than fifteen (15) days following the date of the disciplinary action or fifteen (15) days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

At the hearing, the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The Board shall notify the accused Owner, in writing, of the Board's decision within five (5) business days following conclusion of the hearing. In no event shall the effective date of any disciplinary action commence sooner than five (5) days following conclusion of the hearing unless: (i) the hearing merely affirms summary disciplinary action initiated pursuant to the immediately preceding paragraph; or (ii) earlier commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to, or destruction of, the Homesites or any portion thereof.

(iv) Inapplicability of Section 13.06(d) Procedures to Assessment Collection Actions. The notice and hearing procedures set forth in this Section 13.06 shall not apply to any actions by the Association or its duly authorized agents to collect delinquent assessments. Assessment collections shall be subject to the prior notification and other procedural requirements set forth in Section 4.10, above, and any other notice, hearing and/or dispute resolution requirements or procedures as may be specifically applicable by law to Association assessment collection.

(e) Notices. Any notice required by this Article shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents and a reference to the specific Governing Document provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice; provided, however, that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Association.

(f) 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 such rules meet the minimum requirements of sections 1363(h) and 1363.810-1363.850 of the Civil Code. Such rules, when approved and adopted by the Board, shall become a part of the Association Rules.

Section 13.07. 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 sections 1369.510 – 1369.580 relating to alternative dispute resolution. The Association's own notice and hearing procedures may be drafted to satisfy these statutory requirements.

Section 13.08. Assessment Collection Actions. The notice and hearing procedures set forth in Section 13.06, above, shall not apply to any actions by the Association or its duly authorized agents to collect delinquent assessments. Assessment collections shall be subject to the notice and procedural requirements imposed by Section 4.10, above, and any other notice, hearing and/or dispute resolution requirements or procedures as may be specifically applicable by law to community association assessment collection efforts.

ARTICLE XIV
Protection of Mortgagees

Section 14.01. Assessment Lien Subordinated. Any lien created or claimed under the provisions of Article IV, above, shall be subject and subordinate to the lien of any first Mortgage given in good faith and for value. No such Mortgagee who acquires title to any Homesite by judicial foreclosure or by exercise of power of sale contained in the Mortgage shall be obligated to cure any breach of this Declaration by a former Owner of such Homesite or shall be liable for any unpaid Assessments made against the Homesite which accrued prior to the date the Mortgagee acquired such title. No lien created or claimed under the provisions of Article IV, above, shall in any way defeat, invalidate or impair the rights of any Mortgagee under any such recorded Mortgage.

Section 14.02. Amendment of This Declaration. Except where an amendment has been approved in accordance with Section 14.12, below, no amendment of this Declaration shall affect any of the rights of the holder of any Mortgage described in Section 14.01, above, which is made in good faith and for value, if such Mortgage is recorded and notice of the delivery and recording thereof is given to the Association prior to the recording of such amendment.

Section 14.03. Default by Owner; Mortgagee's Right to Vote. In the event of a default by any Owner under a Mortgage encumbering such Owner's Homesite, the Mortgagee under such Mortgage shall, upon: (a) giving written notice to the defaulting Owner; (b) recording a

Notice of Default in accordance with California Civil Code section 2924; and (c) delivering a copy of such recorded Notice of Default to the Association, have the right to exercise the vote of the Owner at any regular or special meeting of the Association held only during such period as such default continues.

Section 14.04. Breach; Obligation After Foreclosure. No breach of any provision of this Declaration by Declarant, the Association or any Owner shall impair or invalidate the lien of any recorded Mortgage made in good faith and for value and encumbering any Homesite. The Declarant, the Association or their successor and assigns shall be obligated to abide by all of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes provided for in this Declaration as it may be amended from time to time with respect to any person who acquires title to or any beneficial interest in any Homesite through foreclosure, trustee's sale or otherwise.

Section 14.05. Exchange of Information. The Association shall, at the written request of any Mortgagee, insurer or guarantor, notify such party of:

(a) Any condemnation or casualty loss that affects either a material portion of the Development or the Homesite(s) securing the Mortgage;

(b) Any delinquency of sixty (60) days or more in the payment of Assessments or charges owed by the Owner(s) of the Homesite(s) securing the Mortgage;

(c) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(d) Any proposed action of the Association that requires the consent of a specified percentage of Eligible Mortgagees (see section 14.12(a), below, for definition of "Eligible Mortgagee").

To be entitled to receive this information, the Mortgagee, insurer or guarantor must send a written request to the Association, stating both its name and address and the number or address of the Homesite(s) securing the Mortgage. Any Mortgagee of any Homesite is hereby authorized to furnish to the Board of Directors, upon written request by the Board therefor, the amount of any unpaid balance of any indebtedness secured by a lien of a Mortgage and the amount and due date of any delinquent payment or payments of such indebtedness.

Section 14.06. Certain Restrictions Affecting the Association. Notwithstanding any other provisions of this Declaration, without the prior written consent of at least sixty-seventy percent (67%) of the Owners or sixty-seven percent (67%) of the first Mortgagees, such percentage to be based upon the total of number of Homesites so mortgaged, with each such Mortgagee entitled to one vote for each Homesite, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area or any Improvements thereon (except that the granting of any easement for public utilities, or for other public purposes consistent with the intended use of the Development, shall not be deemed a "transfer" as that term is used in this subparagraph(a));

(b) Change the method provided for in this Declaration of determining the Assessments or other charges which may be assessed against an Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(c) By act or omission, change, waive or abandon the scheme of maintenance and repair of the Development, or the enforcement thereof, as provided for in this Declaration;

(d) Fail to maintain fire and extended coverage insurance on the Common Facilities in the amount and against the risks provided for in section 10.01; and

(e) Use any insurance proceeds received as a result of the loss or damage to the Common Facilities for any purpose other than the repair, replacement or reconstruction of such Common Facilities.

Section 14.07. Right of First Mortgagees to Make Certain Payments and Right of Reimbursement Therefor. The holders of first Mortgages on the Homesites shall have the right (but not the obligation), jointly or singly: (a) to pay taxes or other Assessments or charges which are in default and which may or have become a lien or charge against the Common Facilities; (b) to pay overdue premiums on casualty insurance policies for the Common Facilities; and (c) to secure and pay for new casualty insurance coverage on the Common Facilities upon the lapse of any such policy, in the amount and against the risks provided for in Section 10.01, above. Any first Mortgagee making such payment shall be entitled to immediate reimbursement therefor from the Association. Upon the request of any first Mortgagee, the Association shall, by separate instrument, signed by the president or any vice president and the secretary, evidence its agreement to the provisions of this section as the same affects the Mortgage held by such Mortgagee.

Section 14.08. Right to Examine Books and Records of the Association. All Mortgagees, insurers and guarantors of any Mortgages on any Homesite shall have the right, upon written request to the Association, to:

(a) Examine current copies of the Governing Documents and the Association's books, records and financial statements, during normal business hours;

(b) Require the Association to provide an audited statement for the preceding fiscal year: (i) at no expense to the requesting entity when the Development consist of fifty (50) or more Homesites; and (ii) at the requesting entity's expense when the Development consist of fewer than fifty (50) Homesites and no audited statement is available; and

(c) Receive a written notice of all meetings of the Association and designate a representative to attend all such meetings.

Section 14.09. Notices to First Mortgagees. The Association shall furnish to the holder of any first Mortgage on any Homesite or on the Common Area, upon written request by the first Mortgagee, thirty (30) days prior written notice of: (a) abandonment or termination of the Association; (b) the effective date of any proposed material amendment to the Declaration; (c) the effectuation of any decision by the Association to terminate professional management, if any, and assume self-management of the Development; (d) any condemnation or eminent domain proceeding; and (e) any extensive damage to or destruction of any Improvements located in or on the Common Area.

Section 14.10. Superiority of Mortgage to Condemnation Proceeds. If any Homesite, or portion thereof, or the Common Area, or any portion thereof, is made the subject of any condemnation or eminent domain proceeding, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of said Homesites or Common Area with respect to any distribution of the proceeds of any condemnation award or settlement.

Section 14.11. Superiority of Mortgage to Insurance Proceeds. In the event of any substantial damage to or destruction of the Improvements on any Homesite, or on any part of the Common Area, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of said Improvements with respect to any distribution of any insurance proceeds relating to such damage or destruction.

Section 14.12. Approval of Material Amendments or Termination.

(a) Material Amendments. In addition to the approvals required by Article XXI, below (Amendments), Eligible Mortgagees who represent at least fifty-one percent (51%) of the votes of Homesites that are subject to Mortgages held by Eligible Mortgagees must approve any amendment to this Declaration of a material nature. An "Eligible Mortgagee" is the beneficiary of a first Mortgage who has requested the Association to notify it of any proposed action that requires the consent of a specified percentage of Eligible Mortgagees. A change to any of the following would be considered as material:

(i) voting rights;

(ii) Assessments, Assessment liens or the priority of Assessment liens;

(iii) reserves and responsibility for maintenance, repair and replacement of the Common Area;

(iv) convertibility of Homesites into Common Area and vice versa;

(v) annexation or deannexation of property to or from the Development;

(vi) insurance or fidelity bonds;

(vii) leasing of Homesites;

(viii) imposition of any restrictions on an Owner's right to sell or transfer his or her Homesite;

(ix) a decision by the Association to establish self-management when professional management had been required previously by the Governing Documents or by an Eligible Mortgagee;

(x) restoration or repair of the Development (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents;

(xi) any action to terminate the legal status of the Development after substantial destruction or condemnation occurs; or

(xii) any provisions that expressly benefit Mortgagees, insurers or guarantors.

(b) Termination. In addition to the approvals required by Article XXI, below, Eligible Mortgagees who represent at least sixty-seven percent (67%) of the votes of Homesites that are subject to Mortgages held by Eligible Mortgagees must approve any proposed termination of the legal status of the project for reasons other than substantial destruction or condemnation of the Development.

(c) Implied Approval. Each Eligible Mortgagee which receives notice of a proposed amendment or termination of this Declaration by certified or registered mail, with a "return receipt" requested, shall be deemed to have approved the amendment or termination if the Eligible Mortgagee fails to submit a response to the notice within thirty (30) days of receiving the notice.

Section 14.13. Quality of Future Improvements. All intended Improvements in any future Phase of the Development shall be consistent with the Improvements in the first Phase in terms of quality of construction. The requirements of this section are solely for the benefit of and may be enforced only by the Federal National Mortgage Association.

Section 14.14. Declaration to Conform With Mortgagee Requirements. It is the intent of this Article that this Declaration, the Articles of Incorporation, the Bylaws and the Development in general, shall now and in the future meet all requirements of any institutional Mortgagee intending to secure its Mortgage by a Homesite or necessary to purchase, guarantee, insure or

subsidize any Mortgage of a Homesite by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Veterans' Administration.

ARTICLE XV
Annexation, Supplemental Declarations

Section 15.01. Annexations, Generally. Any or all of the Overall Development may be annexed to and made subject to this Declaration by any of the methods hereinafter set forth. In this Article XV, 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 15.02. Unilateral Annexations. Declarant shall have the right to annex from time to time all or any portions of the Annexable Property (i.e., the lands more particularly described in Exhibit "B"), so as to be subject to this Declaration and so that membership in the Association shall be appurtenant to ownership of Homesites within the annexed Phase. Such annexation shall not require the approval of either the Association, its Board or Members so long as the annexation is in substantial conformance with a detailed plan of phased development submitted to the Department of Real Estate with the Declarant's application for a Public Report for the first Phase of the Overall Development. In order to be annexable at the option of the Declarant, the plan for phased development must include at least the following:

(i) Proof satisfactory to the committee of the California Department of Real Estate that no proposed annexation will result in an overburdening of Common Facilities;

(ii) Proof satisfactory to the committee of the California Department of Real Estate that no proposed annexation will cause a substantial increase in Assessments against existing Owners of Homesites within the Development which was not disclosed in a Public Report under which such Owners purchased their interests in the Development; and

(iii) Identification of the Phase proposed to be annexed and the total number of residential Homesites or units then contemplated by the Declarant for the Overall Development.

Section 15.03. Other Annexations. In addition to annexations effected by the Declarant pursuant to Section 15.02, annexations of other real property may be made by Declarant with the approval by vote or written consent of Members entitled to exercise not less than two-thirds 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 of the voting power of Members other than Declarant shall be required to approve annexations pursuant to this Section 15.03. Upon obtaining the requisite approval of the Members pursuant to this Section, Declarant shall Record a Declaration of Annexation and, if appropriate, a Supplemental Declaration, as more particularly described in Sections 15.05 and 15.06 of this Article.

Section 15.04. Conveyances of Common Area. Prior to the conveyance by Declarant of any Homesite 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 15.05. Declaration of Annexation.

(a) Effect of Recordation of a Declaration of Annexation. Any annexation of portions of the Overall Development to the 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 Development, 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 Homesites in said real property shall automatically become Members of the Association.

(b) Contents of Declarations 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 Homesites 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 Homesites 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 Homesite in the annexed Phase is conveyed to an Owner;

(iii) 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 Homesites 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 the Development initially subject to this Declaration or Development annexed prior to 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 15.06, below).

Additional real property may be annexed to the Development and become subject to this Declaration in accordance with this Section. Although the present intention of the Declarant is to develop the Development and the Annexable Property as residential subdivisions with Common Areas and Common Facilities in conformance with a plan of phased development, nothing in this Declaration shall be construed or interpreted to commit Declarant to the development or annexation of any portion of the Annexable Property in accordance with any present planning.

Section 15.06. Supplemental Declarations.

(a) Authority to Record Supplemental Declarations. During the course of developing Martis Camp, 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 Developments, or portions of a Phase, to a Participating Builder who intends to develop the acquired property as a cabin or cottage planned development, the Declarant can join with that Participating Builder in Recording a supplemental Declaration applicable to the project that is being pursued on the acquired property.

(b) Content of Supplemental Declarations. Any Supplemental Declaration shall describe the portion of the Annexable Property 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 Homesites (and any Improvements constructed thereon) within the annexed Phase;

(iii) Supplemental or Separate Design Guidelines. Supplemental Declarations may also include authorization for the adoption of separate or supplemental Design Guidelines applicable to Improvement projects on Homesites, cottage projects or cabin projects located within the annexed Phase;

(iv) Designation of Cost Centers. A Supplemental Declaration may designate one or more Cost Centers within the annexed Phase by including the information described in Section 4.01(e), above.

Section 15.07. 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 15.08. 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 the Development 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 Homesite in the annexed Phase encumbered by the Declaration of Annexation and/or Supplemental Declaration has been conveyed to an Owner; and (ii) Assessments have not commenced for any Homesite in such annexed Phase. If Common Areas in the previously annexed Phase 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 Phase 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 15.09. Taxes and Assessments. All taxes and other Assessments relating to the Development in Phases authorized under Sections 15.02 and 15.03, above, covering any period prior to annexation of the Phase shall be paid or otherwise provided for by the Declarant.

Section 15.10. 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 15.11. Infrastructure Improvements. All intended infrastructure improvements in Phases that are annexed to the Development pursuant to Sections 15.02 and 15.03 of this Article 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 Overall Development in terms of the quality of construction.

Section 15.12. Effect of Annexation.

(a) Application of Declaration to Annexed Phase. The Recordation of a Declaration of Annexation shall constitute and effectuate the annexation of any portion of the Annexable Property described therein, and thereupon the annexed Phase shall become and constitute a part of the Development, 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. Homesites within the annexed Phase shall thereupon become subject to Assessment by the Association and to the functions, powers and jurisdiction of the Association, and the Owners of Homesites within the annexed Phase shall automatically become Members of the Association. Any Common Facilities (including private roads) which are included within the annexed Phase 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 Phase and approved by the Association. The conveyance of any Common Facilities in the annexed Phase 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 Homesites within the annexed Phase.

Section 15.13. Amendment of Annexation Provisions. After the conversion of Class B membership to Class A membership and until such time as the Declarant no longer has any rights of unilateral annexation pursuant to Section 15.02, above, this Article may not be amended without the written consent of the Declarant, unless at the time of the amendment all property constituting Annexable Property has been annexed to the Development.

ARTICLE XVI
Declarant Privileges and Exemptions

Section 16.01. Interest of the Declarant; Material Actions Requiring Declarant Approval. The Development subject to this Declaration constitutes a portion of the Overall Development, which Declarant is causing to be developed. Each Owner of a Homesite which is part of the Development 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 Declarant is no longer entitled to create Annexable Property by annexation without the vote of the Members, 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 the Development of any real property that is not included in the Overall Development by action of the Declarant;

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

(d) Service/Maintenance Reductions. Subject to section 4.02(c), above, regarding limitations on Regular Assessment increases without Member approval, any significant reduction of Common Area maintenance or other services or entering into contracts for maintenance or other goods and services benefiting the Association or the Common Area at contract rates which are fifteen percent (15%) or more below the reasonable cost for such maintenance, goods or services; or

(e) Design Guidelines. Any supplement or amendment to the Design Guidelines, including Design Guidelines applicable to a particular Phase within the Development (see section 5.05, above).

Section 16.02. Exemptions From Restrictions Otherwise Applicable. 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 their respective agents and representatives, to subdivide, re-subdivide, sell, resell, rent or re-rent any portion of the

Development, or the right of Declarant to complete excavation, grading, construction of Improvements or other development activities to and on any portion of the Development owned by Declarant or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as Declarant deems advisable in the course of development of the Development so long as any Homesite or any portion of the Overall Development is owned by Declarant. Such right shall include, but shall not be limited to, carrying on by Declarant and their respective agents and representatives of such grading work as may be approved by the County or other agency having jurisdiction, and erecting, constructing and maintaining on the Development such structures, signs and displays as may be reasonably necessary for the conduct of its business of completing the work and disposing of the same by sale, lease or otherwise. Each Owner, by accepting a deed to a Homesite, hereby acknowledges that any construction or installation by Declarant may impair the view of such Owner, and hereby consents to such impairment.

Section 16.03. 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 Overall Development, whether or not then annexed, or any combination of them, to complete the development, improvement and sale of Homesites and the construction of any landscaping or other Improvement to be installed on the Common Area. Declarant shall also have 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 date on which Declarant no longer owns any Homesites within the Development and Declarant's unilateral right to annex portions of the Overall Development has expired. Such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein and all direct costs and expenses associated with Declarant sales and promotional activities (including, without limitation, any costs or expenses required to clean or repair any portion of the Common Area that are damaged or cluttered in connection with such activities) shall be borne solely by the Declarant and any other sponsor of the activity or event. 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.

Section 16.04. 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 Overall Development, combine or split Homesites, and apply for changes in the Development Agreement with the County, changes in zoning, use and use permits, for any property within the Overall Development.

Section 16.05. Right to Enforce Design Review and Approval Requirements. For so long as the Declarant has the right to appoint any members of the Design Review Committee, the Declarant shall have the right to initiate action to correct or prevent any activity, condition or Improvement that is not in substantial compliance with approved plans and specifications to the same extent as the Association if: (a) the Committee has issued a Notice of Noncompliance; and

(b) the Association, after having a reasonable opportunity to do so, is unable or unwilling to initiate enforcement action. In the event that such action is initiated by the Declarant and it is later determined by an arbitrator or a court of competent jurisdiction that the Owner of the subject Homesite was, in fact, proceeding in violation of the approved plans and specifications, any reasonable costs incurred by the Declarant in initiating enforcement action, including reasonable attorneys fees, which are not the subject of an award of fees and/or costs against the offending Owner may be charged to the Association pursuant to section 5.11, above (relating to Association funding of design review costs).

Section 16.06. Termination of Any Responsibility of Declarant. In the event the Declarant conveys all of its right, title and interest to any partnership, limited liability company, individual or individuals, corporation or corporations, in and to the Overall Development, and the acquiring person or entity is designated as a successor Declarant as to all the property conveyed, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of Declarant. This Article shall not terminate any responsibility of the Declarant for acts or omissions occurring prior to the conveyance to such partnership, individual or individuals, corporation or corporations. However, this shall not limit Declarant's right to enter into a contract or agreement dealing with such acts or omissions provided the contract or agreement is enforced by Declarant, if necessary.

Section 16.07. Disputes with Declarant. Any disputes between the Association or any Owners, and the Declarant, any director, officer, partner, employee, contractor, subcontractor, design professional or agent of the Declarant (collectively "Declarant Parties") arising under the Governing Documents or relating to the Development, shall be subject to the following provisions:

(a) Construction Defect Disputes. Prior to the commencement of any legal action by the Association against the Declarant or a Declarant Party based upon a claim for defects in the design or construction of any Homesite, Residence or Improvements thereon, the Association must first comply with the requirements of Civil Code Section 1375. If the parties are unable to resolve the dispute in accordance with the procedures established under Civil Code Section 1375, the dispute shall no longer be subject to this Section 16.07.

(b) Other Disputes. Any other disputes arising under the Governing Documents or otherwise between the Association, any Owner and the Declarant, or a Declarant Party (except for action taken by the Association against Declarant for delinquent assessments, and any action involving any Common Area completion bonds) shall be resolved in accordance with Section 16.07(c) below. The dispute resolution procedure in Section 16.07(c) for resolution of disputes under this Section 16.07(b) shall be deemed to satisfy the alternative dispute requirements of Civil Code Section 1354, as applicable.

(c) Judicial Reference. Any unresolved disputes under Section 16.07(b) above, shall be submitted to general judicial reference pursuant to California Code of Civil Procedure Sections 638(1) and 641-645.1 or any successor statutes thereto. The parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. Declarant shall not be required to participate in the judicial reference proceeding unless it is satisfied that all necessary and appropriate parties will participate. The parties shall share equally in the fees and costs of the referee, unless the referee orders otherwise.

The general referee shall have the authority to try all issues, whether of fact or law, and to report a statement of decision to the court. The parties shall use the procedures adopted by Judicial Arbitration and Mediation Services/Endispute ("JAMS") for judicial reference (or any other entity offering judicial reference dispute resolution procedures as may be mutually acceptable to the parties), provided that the following rules and procedures shall apply in all cases unless the parties agree otherwise:

(i) The proceedings shall be heard in Placer County;

(ii) The referee must be a retired judge or a licensed attorney with substantial experience in relevant real estate matters;

(iii) Any dispute regarding the selection of the referee shall be resolved by JAMS or the entity providing the reference services, or, if no entity is involved, by the court with appropriate jurisdiction;

(iv) The referee may require one or more pre-hearing conferences;

(v) The parties shall be entitled to discovery, and the referee shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge;

(vi) A stenographic record of the trial shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions any appeals;

(vii) The referee's statement of decision shall contain findings of fact and conclusions of law to the extent applicable; and

(viii) The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

The statement of decision of the referee upon all of the issues considered by the referee is binding upon the parties, and upon filing of the statement of decision with the clerk of the court, or with the judge where there is no clerk, judgment may be entered thereon. The decision of the referee shall be appealable as if rendered by the court. This provision shall in no way be construed to limit any valid cause of action which may be brought by any of the parties. The parties acknowledge and accept that they are waiving their right to a jury trial.

Section 16.08. Use of Residences for Marketing and Promotional Purposes. During any period in which Declarant is marketing Homesites within the Development, Declarant may construct and use any residence or residential unit that the Declarant may own or lease for purposes of allowing potential purchasers to visit the Development to sample the lifestyle and tour the Common Facilities and the Golf Club. Notwithstanding anything to the contrary set forth in Section 2.06, above, the Declarant may rent (or allow free use of) Residences owned or leased by the Declarant to prospective purchasers and other guests of Declarant for short-term (including nightly) use. All authorized occupants who are guests of the Declarant or the Golf Club shall be entitled to use and enjoy the Common Areas and Common Facilities of the Development, subject to Declarant's payment of applicable charges in connection with such uses and any restrictions that may be imposed by the Declarant in any lease or occupancy agreement applicable to such unit. A Use and Contribution Agreement may be entered into between the Declarant and the Association to provide for payment to the Association of an amount equal to the amount of the Regular Assessment payable by any residence or unit utilized by the Declarant for which regular assessments have not yet commenced in accordance with Article IV, above.

Section 16.09. No Amendment or Repeal. So long as Declarant owns any Homesites in Martis Camp, the provisions of this Article may not be amended or repealed without the consent of Declarant.

ARTICLE XVII
The Golf Course and Other Club Facilities

Section 17.01. Homesites/Parcels Abutting the Golf Course. The provisions of this Section 17.01 shall be subject to modification by Supplemental Declarations affecting any Homesites that abut property used or intended for use as a portion of the Golf Club or the Golf Course. Except as so modified, Homesites which abut property used or intended for use as a portion of the Golf Club course may contain a nondevelopment area extending into the Homesite 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 Homesite 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 Homesite may be shown or noted in a Supplemental Declaration or in Design Guidelines promulgated in connection with the Development or any subsequent Phase. Specific obligations or prohibitions to be observed by an Owner of such Homesite may be noted on the Recorded map, in the Declaration of Annexation, Design Guidelines, or the Development Notebook applicable to the Homesite, or may be established by Association Rules of the Board to supplement (but not to contravene) this Declaration, or may be established in a Supplemental Declaration applicable to a particular Homesite.

Section 17.02. Resulting from Proximity to Golf Club. Certain lettered lots shown on the Subdivision Map for the Development are presently intended for golf course and other recreational use and the following matters arise from the proximity of Homesites to such facilities. Each Owner who acquires a Homesite acknowledges, accepts and assumes the risk of the special benefits and burdens associated with such facilities. The owner of the Golf Club, and each and every member, guest, golfer, employee or agent of any golf country club, 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 Homesites, particularly Homesites abutting the Golf Club, acknowledge the inherent risk of errant golf balls and assume and accept such risk. Owners acknowledge and accept the risk that golfers may attempt to retrieve errant golf balls from any Homesite and each Owner agrees to release and waive any claims Owner may have as a result of such retrieval.

(b) View Impairment/Privacy. Owners of Homesites, including Owners of Homesites abutting the Golf Club, 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 Club has no obligation to prune or not prune trees or other landscaping and the owner of the Golf Club 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.

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

(d) Overspray. Owners of Homesites, particularly Owners of Homesites abutting the Golf Club, may experience "overspray" from the Golf Club irrigation system, and the Owners acknowledge, accept and assume the risk of such "overspray." In addition to overspray from golf course watering, there are also risks of run-off from melting snow, sheet flow from rain events, spring melt, etc, originating from areas on the golf course.

(e) Noise and Light. Owners of Homesites, particularly Owners of Homesites in proximity to any clubhouse or maintenance facility or other Golf Course buildings, amenities or facilities, may be exposed to lights, noise or activities resulting from use of such facilities for dining and entertainment, activities in the maintenance areas and use of the parking lot, and the Owners acknowledge, accept and assume the risk and possible annoyance of such light, noise (including, without limitation, mechanical noises) or other activities. Noise and lights may be common elements of other facilities and activities of the owner of the Golf Club Amenities, such as noise associated with activities and performances at the amphitheatre, and noise caused by snow making, snow grooming, and snow removal equipment. Residences constructed on

Homesites located adjacent to, or near, areas where snow making equipment may be used are required by the Conditions of Approval to have increased insulation so as to limit interior noise in Residences to levels that do not exceed 45 dB Ldn (35 dB Leg in bedrooms). See Condition of Approval No. 88.

(f) No Access. Notwithstanding the proximity of the Golf Course to any Homesite, and notwithstanding that the Owner of any Homesite may have a right to use the Golf Club amenities and/or the Golf Course as a result of membership or other rights acquired separately from ownership of a Homesite or membership in the Association, no owner, resident or occupant of a Homesite has a right of access to the Golf Club directly from their Homesite.

(g) Maintenance Activities. Golf courses and lawn and field areas, 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 Homesites, particularly Owners of Homesites in proximity of the Golf Course, Clubhouse, Maintenance yard and other buildings, 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 a golf course and agrees that neither Declarant, the owner or manager of the Golf Club, 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 Homesite to the golf course or arising out of the use by Owners and residents of any cart paths or trails on the Golf Club Amenities. Each Owner of a Homesite adjacent to the Golf Club hereby agrees to indemnify and to hold harmless, the Declarant and the owner and manager of the Golf Club and their successors and assigns, against any and all such claims by the Owner or his or her invitees.

Section 17.03. Golf Club Entry. Neither the Association, nor any Owner or Sub-Association shall have any right of entry on to the Golf Club or any portion of the Golf Club Amenities, including, without limitation, the cart paths, walk paths and cross country ski trails, without the prior written consent of the owner of the Golf Club. Neither the Association nor any Owner or Sub-Association may permit any irrigation water to overspray or drain from the Common Area or Homesites, as applicable, onto any portion of the Golf Club Amenities, except through storm drainage Improvements constructed by the Declarant. Neither the Association nor any Owner or Sub-Association may permit any fertilizer, pesticides or other chemical substances to overspray, drain, flow or be disposed of in any manner upon the Golf Club. If the Association or any Owner or Sub-Association violates the provisions of this subparagraph, they shall be liable to the owner of the Golf Club Amenities for all damages to the turf resulting from their violation.

Section 17.04. No Representations or Warranties. Ownership or operation of the Golf Club 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 Club. All Owners are hereby advised that no representations or warranties have been made or are made by Declarant or the owner of the Golf Club regarding the continuing existence, ownership or operation of the Golf Club.

Section 17.05. Right to Use the Golf Club. Neither being an Owner of a Homesite within the Development or being a Member of the Association confers any ownership interest in or right to use the Golf Club or any amenities now located or hereafter constructed on the Golf Club Amenities. The owner of the Golf Club shall grant memberships in the Golf Club and manage the use of the Golf Club and the amenities of the Golf Club Amenities as such owner sees fit. Rights to use the Golf Club, including, without limitation, the cart paths, cross country trails and hiking trails, and fishing lakes/ponds are within the exclusive control of the owner of the Golf Club, and will be given to such persons and on such terms and conditions as the owner of the Golf Club, in its sole discretion, may determine from time to time. The owner of the Golf Club may amend or waive its determinations and policies with respect to use of the Golf Club, the Golf Course, and other facilities located or to be located on the Golf Club Amenities, or membership in the Golf Club at any time.

Section 17.06. Amendment. The provisions of this Article may not be amended without the written consent of the owner of the Golf Club and the written consent of the Declarant; provided, however, that the requirement for prior consent of the Declarant shall terminate when all Annexable Property has been annexed to the Development and all of the Homesites in the Development owned by Declarant have been sold.

ARTICLE XVIII
Notices

Section 18.01. 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:	DMB/Highlands Group, LLC, 10185 Truckee Airport Rd., Suite 410, Truckee, CA 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 Homesite 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: Martis Camp Community Association, at the principal office of the Association (or to such other address as the Association may from time to time designate in writing to the Owners).

If to the Golf Club Owner: DMB/Highlands Group, LLC, 10185 Truckee Airport Rd., Suite 410, Truckee, CA 96161 (or to such other address as the owner of the Golf Club may from time to time designate in writing to the Association)

Section 18.02. Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the co-Owners of any Homesite, to any general partner of a partnership which is the Owner of Record of the Homesite, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Homesite, shall be deemed delivered to all such co-Owners, to such partnership, or to such corporation, as the case may be.

Section 18.03. 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 in the County.

ARTICLE XIX
County-Mandated Disclosures to Owners

The Conditions of Approval require that Owners and residents of Martis Camp be given notice of the following matters:

Section 19.01. Homesite Traffic Fee. As required by Condition of Approval No. 36, the Owners are required to pay traffic impact fees as prescribed by the Placer County Road Network Traffic Limitation Zone and Traffic Fee Program. The current fee is two thousand six hundred fifty-six dollars ($2,656) per Homesite. Such fee may be adjusted from time to time. Each Owner shall be required to pay the fee then in effect prior to the issuance of a building permit.

Section 19.02. Required Participation in Transit Management Association. Pursuant to Condition of Approval No. 38, the Association and Golf Club must become members of the Truckee North Tahoe Transit Management Association prior to the issuance of the first building permit for the Overall Development.

Section 19.03. Notice of Amphitheatre in Vicinity of the Development. As required by Condition of Approval No. 84, Owners are hereby notified that an amphitheatre may be constructed as part of the Golf Club. For that reason, the Homesites in the vicinity of the amphitheatre may be subject to some of the annoyances or inconveniences associated with proximity to amphitheatre operations (for example: noise, vibration, the ingress and egress of amphitheatre patrons). Individual sensitivities to those annoyances can vary from person to

person. You may wish to consider what amphitheatre annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

Section 19.04. Notice of Airport in Vicinity of the Development. As required by Condition of Approval No. 107, Owners are hereby notified that the Overall Development is located in the vicinity of the Truckee-Tahoe Municipal Airport and is therefore within what is known as an airport influence area. For that reason, the lands comprising the Overall Development may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you. For purposes of this Section, an "airport influence area," also known as "airport referral area," is the area in which current or future airport-related noise, overflight, safety, or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses as determined by an airport land use commission. This statement, which is required by law and the Entitlements Documents to be included in this Declaration, does not constitute a title defect, lien or encumbrance.

Section 19.05. Notice of Public Easements and Rights of Way. Owners are hereby notified that there may be public trails in the Overall Development. All such public trails shall be generally noted on the Subdivision Map. In addition, Condition of Approval No. 33 provides that the Declarant is obligated to provide an easement or other mechanism acceptable to the County to allow the use of Shaffer Mill Road (from the project entrance at Schaffer Mill Road to K Street and along K Street through the emergency connection to Northstar-at-Tahoe) by local public transit service vehicles. Local public transit is defined as public transit service provided by Placer County through Tahoe Area Regional Transit or through a contract provider. Local transit service does not include private carriers such as charter companies and tour buses. The easement or other mechanism acceptable to the County shall include provisions regarding hours of operation, number of stops, and security issues.

Section 19.06. Notice of Ski Resort/Snowmaking Machines. As required by Condition of Approval No. 88, Owners are hereby notified that some Phases of the Overall Development are located near or adjacent to the ski resort commonly referred to as "Northstar-at-Tahoe". As such, certain Homesites may be subject to some of the annoyances or inconveniences associated with the proximity to ski resorts, such as the noise of snowmaking machines and grooming machines. In addition, snowmaking and grooming machines may also be used in the Golf Club during the winter, and certain Homesites adjacent to the Golf Club may be subject to some of the annoyances or inconveniences associated with the proximity to such snowmaking machines. You may wish to consider what ski resort/snow machine annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

Section 19.07. 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 19.08. Deferred Fees and Obligations. Owners may be subject to County-mandated deferred fees or obligations to construct particular improvements within Martis Camp.

Section 19.09. Notice Regarding Stormwater Pollution Prevention Plan (SWPPP). Pursuant to Condition of Approval 145, the Declarant shall prepare a Stormwater Pollution Prevention Plan (SWPPP) (see Section 6.10, above) for review and approval by the County Public Works Department and the Lahontan Regional Water Quality Control Board. Among other things, the SWPPP for the Overall Development shall implement procedures for the prevention of erosion during construction, waste disposal, control of post-construction sediment and erosion, and non-storm water management controls (such as those identified in the Martis Camp Best Management Practices for Water Quality Management Report). All water quality controls stated in the SWPPP shall be in accordance with the Placer County Grading Ordinance and Lahontan Regional Water Quality Control Board's Truckee River Hydrologic Unit Project Guidelines for Erosion Control and are adequate to ensure that run-off will meet the Water Quality Control Plan for the Lahontan Region (the "Basin Plan") water quality objectives for Martis Creek and the Basin Plan's narrative water quality objectives, the California State anti-degradation policy and maintain beneficial uses of Martis Creek and Martis Creek Reservoir as defined by the Basin Plan. All construction contractors shall retain a copy of the SWPPP on each construction site in the Overall Development and implement the procedures set forth in the SWPPP.

Section 19.20. Notice of Conveyance Fee Covenant.

(a) Description and Purpose of Community Benefit Fee Covenants. Owners are hereby notified of the existence of the Conveyance Fee Covenant that is more particularly described in subparagraph (b), below (each a "Conveyance Fee Covenant"). Each Community Benefit Fee Covenant requires the payment of a Community Benefit Fee (each a "Conveyance Fee") upon the "Retail Residential Sale" (as defined in the Conveyance Fee Covenant) of a Residential Lot or Homesite within the Martis Camp Development. The obligation to pay each Conveyance Fee upon each such Retail Residential Sale is a joint and several obligation of the transferor and the transferee in each transaction and not an obligation of any other Owner that may be subject to a Conveyance Fee Agreement. Each Conveyance Fee derived from the sale or exchange of a Residential Lot or Homesite shall be paid to the Trustee of the Siller Ranch Conveyance Fee Receiving Trust. The Conveyance Fee Covenant creates equitable servitudes and covenants running with the lands, within the meaning of Civil Code section 1468, that burden all Residential Lots and Homesites now located in the Martis Camp Development.

(b) Identification of Transfer Fee Covenants. The Conveyance Fee Covenant referenced in subparagraph (a), above, imposes the following three Conveyance Fee obligations:

(i) Workforce Housing Transfer Fee. A fee equal to one-quarter of one percent (0.25%) of the consideration paid upon each Retail Residential Sale, in perpetuity, referred to in the Conveyance Fee Covenant as the "Workforce Housing Transfer Fee."

(ii) Conservation Open Space Transfer Fee. A fee equal to one-half of one percent (0.50%) of the consideration paid upon each Retail Residential Sale, in perpetuity, referred to in the Conveyance Fee Covenant as the "Conservation Open Space Transfer Fee."

(iii) Habitat/Forest Restoration and Management Transfer Fee. A fee equal to one-quarter of one percent (0.25%) of the consideration paid upon each Retail Residential Sale of a lot that occurs within a period beginning with the first Retail Residential Sale of that lot and continuing for a period of twenty-five (25) years thereafter, referred to in the Conveyance Fee Covenant as the "Habitat/Forest Restoration And Management Transfer Fee."

Section 19.21. Notification Regarding Restrictions on Tournament Events. Condition of Approval No. 135 provides that no tournament events may be held on the golf course until and unless a Master Tournament Plan intended for use with all tournaments is first submitted to the County Development Review Committee for review and approval by the operator of the golf course and the Plan has been approved by the Development Review Committee. For purposes of this condition of approval, a "tournament" is defined as any event that involves the use of the golf course exclusively by the tournament participants and/or where the golf course is closed to normal play and is expected to attract non-participant spectators. The Plan may include provisions for different classes of tournament events which, by virtue of differential effects upon surrounding residents, may have differing requirements from the mitigation of those impacts. Such a Plan shall, at a minimum, comprehensively address traffic, parking, sewage disposal, solid waste management, crowd control, security, noise and other areas of concern raised by the Development Review Committee. In addition, for major tournaments where attendees will travel from out of town and stay for a number of nights in the local area, concessions, restrooms, press facilities, etc. shall be provided for, as deemed appropriate by the Development Review Committee and as specified in the Master Tournament Plan. As part of the Plan, notification of property owners within 1000' of any portion of the golf course shall be provided for to the satisfaction of the Development Review Committee and as specified in the Master Tournament Plan. If the tournaments proposed are part of a professional golf tour, are large charity events or if they otherwise result in large assemblages of people beyond that normally associated with membership or small scale invitational tournaments, a separate use permit may be required pursuant to Section 17.56.300 of the Placer County Zoning Ordinance.

ARTICLE XX
No Public Rights in the Development

Except as otherwise expressly stated herein or in any Supplemental Declaration duly recorded in the Official Records of Placer County in accordance with Article XV, above, nothing contained in this Declaration shall be deemed to be gift or dedication of all or any portion of the Development to the general public or for any public use or purpose whatsoever. There are, however, trails that are open to public access and conservation easements that are for the benefit of the public at large which affect portions of the Open Space parcels within the Development.

ARTICLE XXI
Amendment of Declaration

Section 21.01. Amendment Before Close of First Sale. Before the close of escrow for the first sale of a Homesite in the Development to a purchaser other than Declarant, this Declaration may be amended or revoked in any respect by the execution of an instrument amending or revoking the Declaration signed by Declarant and any Mortgagee of record, provided the consent or approval of the Committee of the California Department of Real Estate is first obtained to the extent required by California law. The amending or revoking instrument shall make appropriate reference to this Declaration and shall be Recorded.

Section 21.02. Restatements. This Section describes the methods for restating the Declaration after an amendment.

(a) General. The Board has the right, by resolution without the necessity of consent by the Owners, to restate this Declaration when it has been properly amended pursuant to its requirements for amendment. Such restatement shall be effective upon execution of the restatement by any two (2) officers of the Association and its Recordation. Upon Recordation of the restatement, the restatement shall supersede the prior declaration and its amendments in their entirety, without, however, affecting the priority of the Declaration in the chain of title to all Development that are subject to the Declaration as established by the Declaration initial date of Recordation.

(b) Form of Restatement. The restatement shall restate the entire text of the original document, with these exceptions: (i) changes incorporating all amendments approved the Owners; (ii) changes made to rearrange or delete the text for consistency with the approved amendments; (iii) changes made to delete material no longer legally effective or legally required, such as the provisions described in the section entitled "Amendment of Declarant Benefit Provisions"; (iv) the addition of a statement that the Board has authorized the restatement pursuant to this section; (v) changes made to delete any provision declared illegal by constitutional or statutory enactment, by regulation, or by controlling judicial opinion; and (vi) changes needed to distinguish the restatement from the original document, such as title, section, or subsection numbering changes.

Section 21.03. Amendment After Close of First Sale. After the close of escrow for the first sale of a Homesite in the Development to a purchaser other than Declarant, this Declaration may be amended or revoked in any respect upon compliance with the following provisions:

(a) Member Approval Requirements. Any amendment shall be approved by the vote or assent by written ballot of the holders of not less than fifty-one percent (51%) of the Voting Power of each class of Members. If a two-class voting structure is no longer in effect in the Association because of the conversion of Class B membership to Class A membership, as provided in the Association's Bylaws, any amendment thereof will require the vote or assent by written ballot of both: (i) fifty-one percent (51%) of the total voting power of the Association; and (ii) the vote of fifty-one percent (51%) of the total Voting Power held by Members other than the Declarant. Notwithstanding the foregoing, the percentage of the Voting Power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause. Any vote to amend any provision of this Declaration shall be conducted in accordance with the procedures pertaining to the use of secret ballots that are set forth in Section 7.05, subparagraphs (c) through (i), of the Association Bylaws.

(b) Additional Approvals For Amendments to Particular Provisions:

(i) Mortgagee Approvals. Mortgagee approvals shall be required to amend any of the provisions described in Section 14.12, above.

(ii) Declarant Approvals. The following provisions may only be amended with the prior written consent of the Declarant for so long as the Declarant possesses rights of unilateral annexation of the Annexable Property pursuant to section 15.02, above: Sections 1.17, 1.27, 2.02, 5.02, 9.04, 9.08, 17.06 22.05, 22.06 and 22.07, Articles VI, VII, VII, XV, XVI, XIX and this subparagraph (b)(ii).

(iii) Approval of Golf Club Owner. The following provisions are included in this Declaration for the benefit of the Owner of the Golf Club and may not be amended without the consent of said person: Sections 1.24, 2.05, 6.11(c), 7.03, 7.05(c), 7.06 and 9.07, Article XVII and this subparagraph (b)(iii).

(iv) Approval by the County. This subparagraph (b)(iv) and any provision of this Declaration reflecting a Condition of Approval imposed by the County and may only be amended with the prior consent of the County.

(v) Approval by the Lahontan Regional Water Quality Control Board. This subparagraph (b)(v) and any provisions in this Declaration that pertain to storm water drainage management, Best Management Practice measures for storm water management, storm water discharges, and the discharge of earth and materials into the 100-year flood plain may only be amended with the prior consent of the Lahontan Regional Water Quality Control Board. Without limiting the foregoing, but rather by way of example, any provision that specifically references

the BMP Report or the Lahontan Regional Water Quality Control Board shall be subject to this subparagraph (v).

(c) Right of Amendment of Requested by Governmental Mortgage Agency or Federally Chartered Lending Institutions. Anything in this Article to the contrary notwithstanding, Declarant reserves the right to amend all or any part of this Declaration to such an extent and with such language as may be requested by Governmental mortgage agencies which require such an amendment as a condition precedent to such agency's approval of this Declaration, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Homesite(s) or Parcel(s) or any portions thereof. Any such amendment shall be effectuated by the recordation, by Declarant, of a Certificate of Amendment duly signed by or on behalf of the authorized agents, or authorized officers of Declarant, as applicable, with their signatures acknowledged, specifying the Governmental mortgage agency, or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Certificate shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate, when recorded, shall be binding upon all of the Development and all persons having an interest therein.

Section 21.04. Department of Real Estate. An amendment to this Declaration, Bylaws, or other governing instruments of the Association shall require immediate notification of the California Department of Real Estate in accordance with section 2800 of the Committee's Regulations so long as the Development, or any portion thereof, are subject to an outstanding Final Subdivision Public Report.

Section 21.05. Mortgagee Approval. Mortgagee approval of any proposed material amendment shall be required in accordance with Section 14.12, above.

Section 21.06. Effective Date of Amendment. The amendment will 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 subsection (a) or (b) 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 21.07. Business and Professions Code Section 11018.7. All amendments or revocations of this Declaration shall comply with the provision of California Business and Professions Code section 11018.7 to the extent said section is applicable.

Section 21.08. Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE XXII
General Provisions

Section 22.01. 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 Homesites and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, Declarant, 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 22.02. Termination of Any Responsibility of Declarant. In the event Declarant shall convey all of its rights, title and interest in and to the Development to any partnership, individual or individuals, corporation or corporations, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations shall be obligated to perform all such duties and obligations of the Declarant.

Section 22.03. Statutory References. In the event that any statute in this Declaration, whether stated by code and number, or named by body of law, is amended, repealed, renumbered, or renamed, all references to such statute or body of law shall refer to the amended, repealed, renumbered, or renamed statutory provisions.

Section 22.04. 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 the Development as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

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

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

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

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

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

(g) Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the Rule Against Perpetuities or any related rule of law, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuities shall be: (a) those which would be used in determining the validity of the challenged interest; plus (b) those of the issue of the Board who are living at the time the period of perpetuities starts to run on the challenged interest.

Section 22.05. Declarant's Disclaimer of Representations. Anything to the contrary in this Declaration notwithstanding, and except as otherwise may be expressly set forth in a recorded instrument with the County Recorder, Declarant makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of the Development can or will be carried out, or that any land now owned or hereafter acquired by it is or will be subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect.

Section 22.06. Trademark/Tradename Protection. DMB/Highlands Group is the owner of all the rights in the trademark Martis Camp (the "Mark"). Neither the Association nor the Members have any license to use or other interest in the Mark; however, the Association and Members may identify the Development as Martis Camp until such time as Declarant, in its sole discretion, determines otherwise. In the event that the Declarant, in its sole discretion, provides written notice to the Association (which notice shall be deemed to be notice to each Member) that it shall no longer be permitted to use the Mark to identify the Development, the Association and each Member shall immediately take steps to cease all use of the Mark identified in said notice, and shall

(a) immediately remove all signs, displays or other references containing the Mark from the Development, and from any off-site location to the extent the sign refers to the Development;

(b) immediately destroy all stationary, descriptive literature or printed or written matter bearing the Mark;

(c) immediately cease and desist from using the Mark (or any other variation thereof) orally or in writing in referring to the Association or the Development, and

(d) take immediate action to effect changes to the documents of the Association reflecting the mark to eliminate the use of such mark as soon as possible, but in any event, within three (3) months of the date of notice.

[Balance Of This Page Left Blank Intentionally]

The provisions of this Section 22.06 may be enforced by any remedy at law or equity, including mandatory and/or prohibitory injunctions, and by accepting a deed in which this Declaration is deemed to be incorporated by reference, each Member acknowledges that in the event of non-performance of any of the above described restrictions, Declarant's remedies at law shall be deemed inadequate to enforce the terms of this Section.

DATED: JUNE 30, 2006

DMB/HIGHLANDS GROUP, LLC
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colarado limited partnership and managing member

By: Martis Creek Corporation
a Colorado corporation and general partner

By: _____
Name MARK JOHNSON

VICE PRESIDENT
Title

JUNE 30 2006
Date

Ronald Hall
Executive Vice President

JUNE 30, 2006

State of CA)
)
County of Nevada)

On 6-30-06 before me, Lori C Pynappel, a Notary Public, personally appeared Mark Johnson, personally known to me or (proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

LORI C. PYNAPPEL
COMM. #1490778
Notary Public-California
NEVADA COUNTY
My Comm. Exp. May 21, 2008

Lori C Pynappel

Notary Public

State of)
)
County of)

On June 30, 2006 before me, JOHN P. Weber, a Notary Public, personally appeared Ronald Parr, personally known to me or (proved to me on the basis of satisfactory evidence) to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

WITNESS my hand and official seal.

JOHN P. WEBER
Commission # 1367205
Notary Public - California
Placer County
My Comm. Expires Aug 26, 2006

John P. Weber

Notary Public

EXHIBIT "A"
Legal Description of the Initial Covered Property

The land described herein is situated in the County of Placer, State of California, and described as follows:

All that land area depicted as Lots 1-117 and all private roads on the plat of Tract No. 939, entitled "Martis Camp Unit No. 1".

EXHIBIT "B"
Legal Description of the Annexable Property

The land described herein is situated in the County of Placer, State of California, and described as follows:

All that land area depicted as Remainder on the plat of Tract No. 939, entitled "Martis Camp Unit No. 1".

EXHIBIT "C"
Legal Description of Common Areas

The land described herein is situated in the County of Placer, State of California, and described as follows:

All that land area depicted as private roads on the plat of Tract No. 939, entitled "Martis Camp Unit No. 1".

EXHIBIT "D"
Prohibited Activities Within the Conservation Area

In accordance with the Conservation Area Management Plan (CAMP), as more particularly defined in Section 1.15 of this Declaration, the following activities are prohibited within the Conservation Area (as defined in Section 1.15 of this Declaration):

- No unauthorized access is allowed to Martis Creek, delineated WOUS ("Waters of the United States") areas or buffers.

- No unauthorized access is allowed into the Conservation Area for golf ball retrieval or collection (Signs or other physical barriers will identify the Conservation Area as a protected area where golf ball retrieval will not be allowed except by authorized maintenance staff).

- No burning or dumping of garbage, clippings, vegetative debris, or any other wastes or fill materials is allowed within the Conservation Area. (The Manager will remove accumulations of trash and other debris from these areas). In the CAMP, the Conservation Area Manger ("Manager") is identified as the owner of the Golf Club.

- No excavation, grading or fill is allowed within the Conservation Area unless approved by the Corps and all other applicable agencies and permits are in place. Except for maintenance of existing areas of habitat enhancement for Special Status Species, no alteration may be made to the existing topography of the Conservation Area. This includes leveling or grading. No exploration, development, or extraction of oil, gas or minerals may be made from the surface of the Conservation Area.

- No construction shall be allowed in the Conservation Area, with the exception of construction identified, depicted and specified in the CAMP or the Siller Ranch Project Improvement Plans approved by the County of Placer and the maintenance or replacement of fencing, signage and educational amenities, without approval of the Corps.

- No private motorized vehicles shall be ridden, brought, used, or permitted on any portion of the Conservation Area with the exception of vehicles used for approved construction, maintenance and fire prevention, or in emergency situations such as fire suppression.

- Except in response to an existing fire threatening the area, no fuel breaks shall be constructed within the Conservation Area.

- No removal of trees is allowed without prior approval from the Conservator. If any of the trees within the Conservation Area become diseased and are a threat to other trees or are a danger to public safety, and they are not required for wildlife habitat, removal will

be allowed. In the CAMP, the "Conservator" is identified as the Wildlife Heritage Foundation.

- No native vegetation removal of any kind, with the exception of vegetation which must be removed to allow the completion of approved construction, is allowed without prior approval from the Manager.

- No landscaping or irrigation is allowed within the Conservation Area unless specific to revegetation efforts associated with rehabilitation or prevention projects and under the direction of the Conservator.

- No pesticides or chemical agents shall be applied within the Conservation Area, except as needed for management of the habitat, vector control, or as approved by the Conservator and the Corps.

- No piped drainage from residential lots may directly discharge into the Conservation Area.

- The storm drainage system may not directly discharge into WOUS or Wetlands without prior treatment or infiltration for the 20-year, 1-hour storm event (0.70 inches of water).

- Except as provided herein, or as otherwise required for the performance of Manager's or the Conservator's duties, no person shall be allowed access to the Conservation Area without the written consent of the Manager and Conservator.

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE

RECORDING REQUESTED BY, AND WHEN RECORDED, MAILTO:

SPROUL – TROST, LLP
Attn: Curtis C. Sproul, Esq.
2424 Professional Drive
Roseville, California 95616
S01047 Ci

PLACER, County Recorder
JIM MCCAULEY
DOC- 2006-0078895
Rect 6-FIDELITY TITLE
Tuesday, JUL 25, 2006 08:00:00
MIC $3.00|AUT $4.00|SBS $3.00
REC $6.00|
Ttl Pd $16.00 Nbr-0001516438
JIF/GV/1-4

(Space Above For Recorder's Use)

FIRST AMENDMENT OF DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MARTIS CAMP

6

FIRST AMENDMENT OF DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MARTIS CAMP

DMB /Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), hereby declares as follows:

RECITALS

A. Previously, on July 5, 2006 the Declarant recorded in the Official Records of Placer County, California, as Document No. 2006-0071614, that certain document entitled "Declaration of Covenants, Conditions and Restrictions for Martis Camp" (the "Declaration").

B. The Declaration affects that certain common interest development situated within the County of Placer, State of California, that is more particularly described in Exhibit "A", attached hereto and incorporated herein by reference (the "Initial Covered Property"). The Initial Covered Property is the first phase of a multi-phased planned development known as Martis Camp.

C. The Declarant is the sole owner of all of the real property comprising the Initial Covered Property.

D. Accordingly, pursuant to Section 21.01 of the Declaration, the Declarant hereby acts to amend the Declaration in the following respects:

AMENDMENT

1. Section 21.03(c) of the Declaration is deleted in its entirety.

2. Except as amended herein, the Declaration referenced in Recital "A", above is confirmed and remains in full force and effect.

Dated: July 24, 2006

DMB/HIGHLANDS GROUP, LLC
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colorado corporation, Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____
Name: MARK JOHNSON
Title: SR. VICE PRESIDENT

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Nevada

On 7-24-06 (DATE) before me, Lori C Pynappel (NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC")

personally appeared Mark Johnson (NAME(S) OF SIGNER(S))

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

LORI C. PYNAPPEL
COMM. #1490778
Notary Public-California
NEVADA COUNTY
My Comm. Exp. May 21, 2008

WITNESS my hand and official seal.

Lori C Pynappel
SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL
☐ CORPORATE OFFICER

_____
TITLE(S)

☐ PARTNER(S) ☐ LIMITED ☐ GENERAL

☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

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

DESCRIPTION OF ATTACHED DOCUMENT

_____
TITLE OR TYPE OF DOCUMENT

_____
NUMBER OF PAGES

_____
DATE OF DOCUMENT

_____
SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT "A"
Legal Description of Martis Camp Unit No. 1

The land described herein is situated in the County of Placer, State of California, and described follows:

All the land depicted as Lots 1 through 117, inclusive, and all private roads on the plat of Tract No. 939, entitled Martis Camp Unit No. 1.

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE

RECORDING REQUESTED BY, AND WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
2424 Professional Drive
Roseville, CA 95661
Attention: Curtis C. Sproul, Esq.

PLACER, County Recorder
JIM MCCAULEY
DOC- 2007-0041045-00
Acct 6-FIDELITY TITLE
Tuesday, APR 24, 2007 11:41:13
MIC $3.00 AUT $6.00 SBS $5.00
REC $8.00
Ttl Pd $22.00 Nbr-0001641739
ST1/ST/1-6

(Space Above For Recorder's Use)

DECLARATION OF ANNEXATION

FOR PHASE 2

OF

MARTIS CAMP

DECLARATION OF ANNEXATION
FOR PHASE 2
OF
MARTIS CAMP

This Declaration of Annexation for Martis Camp ("Declaration of Annexation") is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, more particularly described in Exhibit "A" (the "Annexed Property").

B. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration.

C. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation.

1.01. Annexation of the Annexed Property. The Declarant declares that the Annexed Property is hereby annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation.

1.02. Phases. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Annexed Property in accordance with Section 4.02(d) of the Declaration, a Phase shall consist of all Lots referenced in a Notice of Commencement of Assessments which includes the Annexed Property, or, if no Notice of

Commencement of Assessments is Recorded, the Lots and Common Areas within the Annexed Property constitute a Phase, as that term is defined in Section 1.35 of the Declaration.

1.03. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association shall commence with respect to all Lots within the Annexed Property as provided in a Notice of Commencement of Assessments, which shall reference this Declaration of Annexation, or, if such Notice is not Recorded, on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot in the Annexed Property to a person other than the Declarant. The Declarant reserves the right to Record a Notice of Commencement of Assessments against the Annexed Property, provided Regular Assessments have not already commenced as provided in this Section 1.03. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from Assessment.

1.04. Equitable Servitudes. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Lot or Common Area located therein, as a servient tenement for the benefit of each and every other Lot or Common Area located in the Development, as the dominant tenement.

1.05. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the Annexed Property.

1.06. Membership in the Master Association. Each Owner of one or more residential Lots within the Annexed Property shall automatically be a Member of the Association, with a separate membership being appurtenant to each Lot owned.

1.07. Voting Rights. The voting rights of the Owners of Lots in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Regular Assessments as provided in Section 1.03, above.

2. Reservation of Easements.

2.01. Easements in Master Declaration. Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

2.02. Other Easements. Each Lot or Common Area within the Annexed Property and its owner is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property.

3. Incorporation by Reference. The provisions of the Declaration are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Lot or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

4. Effective Date. This Declaration of Annexation has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation on APRIL 12, 2007.

DECLARANT:

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colorado limited partnership, Its Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____
Ronald J. Parr

Title: Executive Vice-President

{Notary Acknowledgment Attached}

Acknowledgment

State of CALIFORNIA)
County of PLACER) ss.

On 4.12.2007, before me, JEFFREY T. COBAIN, Notary Public, personally appeared RONALD J. PARR

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

WITNESS my hand and official seal.

Signature _____

JEFFREY T. COBAIN
Comm. # 1489696
NOTARY PUBLIC - CALIFORNIA
Placer County
My Comm. Expires MAY 16, 2008

VSI1 VSI1

JurisDocuments.com

GOVERNMENT CODE 27361.7

I certify under penalty of perjury that the notary seal on the document to which this statement is attached reads as follows:

Name of Notary Jeffrey T. cobain

Date Commission Expires 5.16.08 Commission # 1489696

County of Commission placer Mfg. I.D. # VSI1

State of Commission CA

4-23-07 Auburn _____
Date and Place Signature (Firm name, if any)

EXHIBIT "A"
Legal Description of the Annexed Property

The land described herein is situated in the County of Placer, State of California, and described as follows:

Lots 118 through and including Lot 197 as shown on the plat entitled "Martis Camp Unit No. 2" filed in Book BB of Maps at Page 65, Official Records of Placer County.

6

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
2424 Professional Drive
Roseville, CA 95661
Attention: Curtis C. Sproul, Esq.

PLACER, County Recorder
JIM MCCAULEY
DOC- 2007-0063912-00

Acct 6-FIDELITY TITLE
Wednesday, JUN 27, 2007 08:00:00
MIC $3.00 | AUT $7.00 | SBS $6.00
REC $9.00 |
Ttl Pd $25.00 Nbr-0001670021
gmv/GV/1-7

(Space Above For Recorder's Use)

AMENDED AND RESTATED

DECLARATION OF ANNEXATION

AND SUPPLEMENTAL DECLARATION

FOR PHASE 3

OF

MARTIS CAMP

AMENDED AND RESTATED DECLARATION OF ANNEXATION
AND SUPPLEMENTAL DECLARATION
FOR PHASE 3
OF
MARTIS CAMP

This Amended and Restated Declaration of Annexation and Supplemental Declaration for Martis Camp ("Declaration of Annexation") is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, more particularly described in Exhibit "A" (the "Annexed Property").

B. On May 18, 2007, the Declarant caused to be recorded in the Official Records of Placer County, State of California, a Declaration of Annexation and Supplemental Declaration for Phase 3 of Martis Camp as Instrument No. 2007-050113 ("Original Declaration of Annexation"). Pursuant to the authority conferred on the Declarant pursuant to Section 15.08 of the Declaration, the Declarant intends that this Amended and Restated Declaration of Annexation for Phase 3 of Martis Camp amend and restate the Original Declaration of Annexation in its entirety.

C. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Homesites and Lots in the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations.

D. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation of Phase 3 Property.

1.01. Annexation of the Annexed Property. The Declarant declares that the Annexed Property is hereby annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation (including, without limitation, the Supplemental Declaration set forth in Paragraph 2, below).

1.02. Phases. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.03. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association shall commence with respect to all Lots within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.04. Equitable Servitudes. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Lot or Common Area located therein, as a servient tenement for the benefit of each and every other Lot or Common Area located in the Development, as the dominant tenement.

1.05. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the Annexed Property.

1.06. Membership in the Association. Each Owner of one or more residential Lots within the Annexed Property shall automatically be a Member of the Association with a separate membership being appurtenant to each Lot owned.

1.07. Voting Rights. The voting rights of the Owners of Lots in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon

commencement of Regular Assessments as provided in Section 1.03, above.

2. Supplemental Declaration. Pursuant to the authority reserved to the Declarant pursuant to Section 15.06 of the Declaration, and in addition to the Minimum Improvement Standards set forth in Article VI of the Declaration, the following additional requirements and restrictions shall apply to any residences constructed on Lots 216 through 269, inclusive, within the Annexed Property:

2.01. Maximum Height of Residences. The maximum height of Residences constructed on Lots 216 through 269 within the Annexed Property shall be limited to twenty-eight (28) feet (computed in accordance with the Design Review Guidelines). However, the height may be extended to a maximum of thirty-two (32) feet when tastefully incorporated as a feature element of exemplary design, as determined by the Design Review Committee.

2.02. Square Footage of Residences. Exclusive of covered porches and garages, Residences constructed on Lots 216 through 269 within the Annexed Property shall have specific square footages for each Lot as identified on the Development Notebook sheet, but in no event shall any Residence have more than thirty-two hundred fifty (3250) square feet of enclosed, heated interior space. The square footage requirements for Residences constructed on other Lots within the Annexed Property shall be governed by the Development Notebook for the Lot in question (see Section 6.02 of the Declaration)

2.03. Design Guidelines Handbook. Section 15.06(b)(iii) of the Declaration authorizes the adoption, as part of Supplemental Declarations applicable to a specific Phase of the Development or specific Lots within a phase, of separate or supplemental Design Guidelines applicable to Improvement projects within all or any portion of a Phase. Acting pursuant to that authority, the Declarant has added a chapter to the Martis Camp Design Guidelines (Architectural Handbook) that imposes certain additional architectural requirements and restrictions that must be observed in the construction of Residences on Lots 216 through 269 within the Annexed Property.

3. Reservation of Easements.

3.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

3.02. Other Easements. Each Lot or Common Area within the Annexed Property and its Owner is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property.

3.03. Fuel Modification Zone Easements. Lots 200, 201 and 204 through 215 within the Annexed Property are subject to a Fuel Modification Zone Easement. Said easement is granted to the Martis Camp Community Association in order to perform the Association's maintenance obligations of said Fuel Modification Zone easement in accordance with the Vegetative Fuel Modification Plan, as approved by the California Department of Forestry, and as

further defined in Section 7.01(d) of the Declaration. The Fuel Modification Zone Easement shall consist of a meandering 100 foot wide fuel reduction zone located within the 225 foot building setback line for each Lot, as further described in each Lot's Development Notebook. The requirements imposed by this Section 3.03 and by the Fuel Modification Zone easement may not be modified or rescinded without the prior written consent of the County of Placer.

4. Incorporation by Reference. The provisions of the Declaration are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Lot or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

5. Effective Date. This Declaration of Annexation and Supplemental Declaration has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation and Supplemental Declaration on JUNE 26, 2007.

DECLARANT

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colorado limited partnership, Its Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____
Ronald Parr

Title: EXECUTIVE VICE PRESIDENT

{Notary Acknowledgment Attached}

EXHIBIT "A"
Legal Description of the Annexed Property

The land described herein is situated in the County of Placer, State of California, and described as follows:

Lots 198 through and including Lot 269 as shown on the plat entitled "Martis Camp Unit No. 3" filed in Book BB of Maps at Page 68, Official Records of Placer County.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Nevada

On 6-26-07 (DATE) before me, Lori C Pynappell Notary Public (NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC")

personally appeared Ronald Parr (NAME(S) OF SIGNER(S))

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

ESI1 LORI C. PYNAPPEL COMM. #1490778 Notary Public-California NEVADA COUNTY My Comm. Exp. May 21, 2008 ESI1

WITNESS my hand and official seal.

Lori C Pynappell

SIGNATURE OF NOTARY

OPTIONAL

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

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL
☐ CORPORATE OFFICER

_____
TITLE(S)

☐ PARTNER(S) ☐ LIMITED ☐ GENERAL
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

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

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
TITLE OR TYPE OF DOCUMENT

_____
NUMBER OF PAGES

_____
DATE OF DOCUMENT

_____
SIGNER(S) OTHER THAN NAMED ABOVE

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE CO

#927252

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
3721 Douglas Blvd., Suite 300
Roseville, CA 95661
Attention: Curtis C. Sproul, Esq.

PLACER, County Recorder
JIM MCCAULEY
DOC- 2008-0042912-00
Acct 6-FIDELITY TITLE
Tuesday, MAY 27, 2008 12:24:33
MIC $3.00 AUT $8.00 SBS $7.00
ERD $1.00 RED $1.00 REC $10.00
Ttl Pd $30.00 Rcpt # 0001796562
ST2/BJ/1-8

(Space Above For Recorder's Use)

AMENDED AND RESTATED DECLARATION OF ANNEXATION

AND SUPPLEMENTAL DECLARATION

FOR PHASE 4

OF

MARTIS CAMP
(Unit 5)

01

AMENDED AND RESTATED DECLARATION OF ANNEXATION AND SUPPLEMENTAL DECLARATION FOR PHASE 4 OF MARTIS CAMP (Unit 5)

This Amended and Restated Declaration of Annexation and Supplemental Declaration for Phase 4 of Martis Camp (Unit 5) ("Declaration of Annexation") is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, more particularly described in Exhibit "A" (the "Annexed Property").

B. On April 22, 2008, the Declarant caused to be recorded that certain Declaration of Annexation and Supplemental Declaration for Phase 4 of Martis Camp (Unit 5) in the Official Records of Placer County Recorder at Document No. 2008-0032567 (the "Original Declaration of Annexation). Pursuant to the authority conferred on the Declarant pursuant to Section 15.08 of the Declaration, the Declarant intends that this Amended and Restated Declaration of Annexation and Supplemental Declaration for Phase 4 of Martis Camp (Unit 5) amend and restate the Original Declaration of Annexation in its entirety.

C. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Homesites and Homesites in the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations.

D. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed by the Declarant without

the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed.

E. Section 15.06 of the Declaration authorizes and empowers the Declarant to record a Supplemental Declaration, applicable to a particular Phase of the Development, in order to address use restrictions, improvement standards, Design Guidelines, or other use, development or improvement matters that may be unique to the Phase in question. Pursuant to that authority, Supplemental Restrictions are being adopted that are applicable to development of the Annexed Property.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation of the Annexed Property.

1.01. Annexation of the Annexed Property. The Declarant declares that the Annexed Property is hereby annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation (including, without limitation, the Supplemental Declaration set forth in Paragraph 2, below).

1.02. Phases. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.03. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association shall commence with respect to all Homesites within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Homesite in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.04. Equitable Servitudes. The covenants, conditions and restrictions set forth in this Declaration of Annexation and the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Homesite or Common Area located therein, as a servient tenement for the benefit of each and every other Homesite or Common Area located in the Development, as the dominant tenement.

1.05. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the

Annexed Property.

1.06. Membership in the Association. Each Owner of one or more residential Homesites within the Annexed Property shall automatically be a Member of the Association with a separate membership being appurtenant to each Homesite owned.

1.07. Voting Rights. The voting rights of the Owners of Homesites in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Regular Assessments as provided in Section 1.03, above.

1.08. Notice of Amphitheatre. As provided in Section 19.03 of the Declaration, Owners of Homesites are hereby notified that an amphitheatre may be constructed by the Golf Club and therefore, Owners may be subject to certain annoyances and inconveniences associated with the operation of the amphitheatre. Such annoyances are likely to be limited to times when the amphitheatre is in use and may include such matters as noise, vibrations, and traffic associated with ingress and egress of amphitheatre patrons.

1.09. Common Area. Common Areas consist of the private street as shown on the Subdivision Map for the Annexed Property and designated in Exhibit "A". In addition, any portion of the Annexed Property which is owned, controlled or maintained by the Association for the common use and enjoyment of the Owners of the Development shall be Common Area.

2. Supplemental Declaration. Pursuant to the authority reserved to the Declarant pursuant to Section 15.06 of the Declaration, and in addition to the Minimum Improvement Standards set forth in Article VI of the Declaration, the following additional requirements and restrictions shall apply to any residences constructed on Homesites 282 through 292, inclusive, within the Annexed Property:

2.01. Maximum Height of Residences. The maximum height of Residences constructed on Homesites 282 through 292 within the Annexed Property shall be limited to twenty-eight (28) feet (computed in accordance with the Design Review Guidelines). However, the height may be extended to a maximum of thirty-two (32) feet when tastefully incorporated as a feature element of exemplary design, as determined by the Design Review Committee.

2.02. Square Footage of Residences. Exclusive of covered porches and garages, Residences constructed on Homesites 282 through 292 within the Annexed Property shall have specific square footages for each Homesite as identified on the Development Notebook sheet, but in no event shall any Residence have more than thirty-two hundred fifty (3250) square feet of enclosed, heated interior space. The square footage requirements for Residences constructed on other Homesites within the Annexed Property shall be governed by the Development Notebook for the Homesite in question (see Section 6.02 of the Declaration)

2.03. Design Guidelines Handbook. Section 15.06(b)(iii) of the Declaration authorizes the adoption, as part of a Supplemental Declaration applicable to a specific Phase of the Development or specific Homesites within a Phase, of separate or supplemental Design

Guidelines applicable to Improvement projects within all or any portion of the Phase in question. Acting pursuant to that authority, the Declarant has added Chapter 7 to the Martis Camp Design Guidelines handbook. That Chapter, which is entitled 'Cabin Communities" presents unique design criteria and architectural requirements and restrictions that must be observed in the construction of cabin residences on Homesites within the Annexed Property and other portions of the Martis Camp development that are or may subsequently be designated for development as cabin communities. There will be greater uniformity allowed in exterior design and appearance within this cabin community than is permitted by the Design Guidelines that are applicable to other phases of the Martis Camp development.

2.04 Short-Term Leasing of Residences. In accordance with Section 2.06 of the Declaration, Homesites 282 through 292 shall allow short-term leasing of Residences for less than thirty (30) days.

3. Reservation of Easements.

3.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

3.02. Other Easements. Each Homesite or Common Area within the Annexed Property and its Owner is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property.

4. Incorporation by Reference. The provisions of the Declaration are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Homesite or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

5. Effective Date. This Declaration of Annexation and Supplemental Declaration has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

{Balance of Page Left Intentionally Blank}

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Amended and Restated Declaration of Annexation and Supplemental Declaration on May 23, 2008.

DECLARANT

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colorado limited partnership, Its Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____

Title: EX-VICE PRESIDENT

{Notary Acknowledgment Attached}

EXHIBIT "A"
Legal Description of the Annexed Property

The land described herein is situated in the County of Placer, State of California, and described as follows:

Homesites 282 through and including Homesite 292 and "Avoca Circle" as shown on the plat entitled "Martis Camp Unit No. 5" filed in Book BB of Maps at Page 96, Official Records of Placer County.

State of California)
) ss
County of Nevada)

On 5·23, 2008, before me, Emily Anne Ingardia, Notary Public,
[here insert name and title of the officer]

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

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

WITNESS my hand and official seal.

EMILY ANNE INGARDIA
COMM. # 1739082
NOTARY PUBLIC - CALIFORNIA
NEVADA COUNTY
MY COMM. EXP. APR. 15, 2011

Signature _____(Seal)

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE CO.

927253

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
3721 Douglas Blvd., Suite 300
Roseville, CA 95661

Attention: Curtis C. Sproul, Esq.

PLACER, County Recorder
JIM MCCAULEY
DOC- 2008-0042913-00
Acct 6-FIDELITY TITLE
Tuesday, MAY 27, 2008 12:24:37
MIC $3.00 AUT $7.00 SBS $6.00
ERD $1.00 RED $1.00 REC $9.00
Ttl Pd $27.00 Rcpt # 0001796563
ST2/BJ/1-7

(Space Above For Recorder's Use)

AMENDED AND RESTATED DECLARATION OF ANNEXATION

FOR PHASE 5

OF

MARTIS CAMP
(Unit 6)

AMENDED AND RESTATED DECLARATION OF ANNEXATION
FOR PHASE 5
OF
MARTIS CAMP
(Unit 6)

This Amended and Restated Declaration of Annexation for Phase 5 of Martis Camp (Unit 6) ("Declaration of Annexation") is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, that is more particularly described in Exhibit "A" (the "Annexed Property").

B. On May 19, 2008, the Declarant caused to be recorded that certain Declaration of Annexation for Phase 5 of Martis Camp (Unit 6) in the Official Records of Placer County Recorder at Document No. 2008-0040969 (the "Original Declaration of Annexation). Pursuant to the authority conferred on the Declarant pursuant to Section 15.08 of the Declaration, the Declarant intends that this Amended and Restated Declaration of Annexation for Phase 5 of Martis Camp (Unit 6) amend and restate the Original Declaration of Annexation in its entirety.

C. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Homesites and Lots in the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations

D. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed to the Development by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation.

1.01. Annexation of the Annexed Property. The Declarant hereby declares that the Annexed Property is annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation.

1.02. Phases. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.03. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association shall commence with respect to all Lots within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.04. Equitable Servitudes. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Lot or Common Area located therein, as a servient tenement for the benefit of each and every other Lot or Common Area located in the Development, as the dominant tenement.

1.05. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the Annexed Property.

1.06. Membership in the Association. Each Owner of one or more residential Lots within the Annexed Property shall automatically be a Member of the Association, with a separate membership being appurtenant to each Lot owned, commencing with the obligation to pay assessments to the Association pursuant to Section 1.03, above.

1.07. Voting Rights. The voting rights of the Owners of Lots in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon

commencement of Regular Assessments as provided in Section 1.03, above.

1.08. Notice of Amphitheatre. As provided in Section 19.03 of the Declaration, Owners of Lots are hereby notified that an amphitheatre may be constructed by the Golf Club and therefore, Owners may be subject to certain annoyances and inconveniences associated with the operation of the amphitheatre. Such annoyances are likely to be limited to times when the amphitheatre is in use and may include such matters as noise, vibrations, and traffic associated with ingress and egress of amphitheatre patrons.

1.09. Common Area. Common Areas consist of private streets as shown on the Subdivision Map for the Annexed Property and designated in Exhibit "A". In addition, any portion of the Annexed Property which is owned, controlled or maintained by the Association for the common use and enjoyment of the Owners of the Development shall be Common Area.

2. Reservation of Easements.

2.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

2.02. Other Easements. Each Lot or Common Area within the Annexed Property and its Owner is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property.

2.03. Fuel Modification Zone Easements. Lots 394 through 397 within the Annexed Property are subject to a Fuel Modification Zone Easement. Said easement is granted to the Martis Camp Community Association in order to perform the Association's maintenance obligations of said Fuel Modification Zone easement in accordance with the Vegetative Fuel Modification Plan, as approved by the California Department of Forestry, and as further defined in Section 7.01(d) of the Declaration. The Fuel Modification Zone Easement shall consist of a meandering 100 foot wide fuel reduction zone located within the 225 foot building setback line for each Lot, as further described in each Lot's Development Notebook. The requirements imposed by this Section 3.03 and by the Fuel Modification Zone easement may not be modified or rescinded without the prior written consent of the County of Placer.

3. Incorporation by Reference. The provisions of the Declaration are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Lot or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

4. Effective Date. This Declaration of Annexation has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Amended and Restated Declaration of Annexation on May 23, 2008.

DECLARANT:

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colorado limited partnership, Its Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____

Title: EX. VICE PRESIDENT

{Notary Acknowledgment Attached}

EXHIBIT "A"
Legal Description of the Annexed Property

The land described herein is situated in the County of Placer, State of California, and described as follows:

Lots 368 through and including Lot 405 as shown on the plat entitled "Martis Camp Unit No. 6" filed in Book_BB of Maps at Page 98, Official Records of Placer County.

Private streets entitled "Benvenuto Court", "Copelands Lane", "Filoli Drive", Schroeder Court", Schroeder Way" and "Wellscroft Court" as shown on that certain Map entitled "Martis Camp Unit No. 6", which map was filed for Record in Book BB of Maps at Page 98, Official Records of Placer County.

State of California)
) ss
County of Nevada)

On 5·23, 2008, before me, Emily Anne Ingardia, Notary Public,
[here insert ~~name~~ and ~~title~~ of the officer]

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

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

WITNESS my hand and official seal.

EMILY ANNE INGARDIA
COMM. # 1739082
NOTARY PUBLIC - CALIFORNIA
NEVADA COUNTY
MY COMM. EXP. APR. 15, 2011

Signature _____(Seal)

7

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE

RECORDING REQUESTED BY, AND WHEN RECORDED, MAIL TO:

SPROUL TROST, LLP
3721 Douglas Blvd., Suite 300
Roseville, CA 95661
Attention: Curtis C. Sproul, Esq.

PLACER, County Recorder
JIM MCCAULEY
DOC- 2008-0056896-00
Acct 8-FIDELITY TITLE
Monday, JUL 14, 2008 13:36:42
MIC $3.00 AUT $8.00 SBS $7.00
ERD $1.00 RED $1.00 REC $10.00
Ttl Pd $30.00 Rcpt # 0001814403
ST2/CC/1-8

(Space Above For Recorder's Use)

DECLARATION OF ANNEXATION

AND SUPPLEMENTAL DECLARATION

FOR MARTIS CAMP, UNIT 4A, TRACT NO. 985 (PHASE 6)

DECLARATION OF ANNEXATION
AND SUPPLEMENTAL DECLARATION
FOR MARTIS CAMP, UNIT 4A, TRACT NO. 985
(PHASE 6)

This Declaration of Annexation and Supplemental Declaration for Martis Camp, Unit 4A, Tract 985 (Phase 6) (the "Declaration of Annexation") is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, more particularly described in Exhibit "A" (the "Annexed Property").

B. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Homesites in the Martis Camp development. Under Article IV of the Declaration, the Association has the power and authority to assess its Members in order to provide a source of funding for its operations.

C. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed.

D. Section 15.06 of the Declaration authorizes and empowers the Declarant to record a Supplemental Declaration, applicable to a particular Phase of the Development, in order to address use restrictions, improvement standards, Design Guidelines, or other use, development or improvement matters that may be unique to the Phase in question. Pursuant to that authority, Supplemental Restrictions are being imposed on the Annexed Property as set forth in Section 2, below.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation of the Annexed Property.

1.01. Annexation of the Annexed Property. The Declarant declares that the Annexed Property is hereby annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation (including, without limitation, the Supplemental Declaration set forth in Paragraph 2, below). The Subdivision Map for the Annexed Property which is more particularly described in Exhibit "A" (the map entitled "Martis Camp Unit No. 4A, Tract No. 985") also includes lettered Lots I, P, S and J-2 which are not subject to this Declaration of Annexation since those Lots will become part of the Martis Camp Club property as defined in the Declaration.

1.02. Phases. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.03. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association shall commence with respect to all Homesites within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Homesite in the Annexed Property to a third party purchaser pursuant to a Public Report issued by the Department of Real Estate. As part of the Declarant's plan of development for the Lots in this Phase, it is anticipated that several Lots in the Annexed Property may be conveyed by the Declarant to a principal or member of DMB/Highlands Group, LLC for construction financing purposes, with the intent to subsequently convey those Lots, as improved with cottage residences, to third parties pursuant to a Public Report. Such conveyances to principals of the Declarant for financing purposes shall not result in commencement of assessment obligations for Lots in the Annexed Property. In addition, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.04. Equitable Servitudes. The covenants, conditions and restrictions set forth in this Declaration of Annexation and the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Homesite or Common Area located therein, as a servient tenement for the benefit of each and every other Homesite or Common Area located in the Development, as the dominant tenement.

1.05. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of,

and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the Annexed Property.

1.06. Membership in the Association. Each Owner of one or more residential Homesites within the Annexed Property shall automatically be a Member of the Association with a separate membership being appurtenant to each Homesite owned.

1.07. Voting Rights. The voting rights of the Owners of Homesites in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Regular Assessments as provided in Section 1.03, above.

1.08. Notice of Amphitheatre. As provided in Section 19.03 of the Declaration, Owners of Homesites are hereby notified that an amphitheatre may be constructed by the Martis Camp Club and therefore, Owners may be subject to certain annoyances and inconveniences associated with the operation of the amphitheatre. Such annoyances are likely to be limited to times when the amphitheatre is in use and may include such matters as noise, vibrations, and traffic associated with ingress and egress of amphitheatre patrons.

2. Supplemental Declaration. Pursuant to the authority reserved to the Declarant pursuant to Section 15.06 of the Declaration, and in addition to the Minimum Improvement Standards set forth in Article VI of the Declaration, the following additional requirements and restrictions shall apply to any residences constructed on Homesites within the Annexed Property:

2.01. Maximum Height of Residences. The maximum height of Residences constructed on Homesites within the Annexed Property shall be limited to twenty-eight (28) feet (computed in accordance with the Design Review Guidelines). However, the height may be extended to a maximum of thirty-two (32) feet when tastefully incorporated as a feature element of exemplary design, as determined by the Design Review Committee.

2.02. Square Footage of Residences. Exclusive of covered porches and garages, Residences constructed on Homesites within the Annexed Property shall not exceed the maximum square footages for each Homesite as identified on the Development Notebook sheet for the Homesite in question, but in no event shall any Residence have more than thirty-two hundred fifty (3250) square feet of enclosed, heated interior space.

2.03. Setbacks. The structural setbacks identified in Condition of Approval No. 122 shall not apply to the Cottages constructed on Homesites 304, 305, 306 and 307.

2.04. Parking Spaces for Homesites. In accordance with Condition of Approval No. 128, Cottages on Homesites 304, 305, 306 and 307 shall be improved so as to provide for two (2) on-site parking spaces for each Homesite and two (2) off-site parking spaces for each Homesite.

2.05. Design Guidelines Handbook. Section 15.06(b)(iii) of the Declaration authorizes the adoption, as part of a Supplemental Declaration applicable to a specific Phase of the Development or specific Homesites within a Phase, of separate or supplemental Design Guidelines applicable to Improvement projects within all or any portion of the Phase in question. Acting pursuant to that authority, the Declarant has added Chapter 7 to the Martis Camp Design Guidelines handbook. That Chapter, which is entitled 'Cabin Communities" presents unique design criteria and architectural requirements and restrictions that must be observed in the construction of cabin residences on Homesites within the Annexed Property and other portions of the Martis Camp development that are or may subsequently be designated for development as cabin communities. There will be greater uniformity allowed in exterior design and appearance within this cabin community than is permitted by the Design Guidelines that are applicable to other Phases of the Martis Camp development.

2.06. Short-Term Leasing of Residences. In accordance with Section 2.06 of the Declaration, Homesites 304 through 307 shall allow short-term leasing of Residences for less than thirty (30) days. Residences on other Homesites in the Annexed Property shall remain subject to the thirty (30) day minimum lease/rental term stated in Section 2.06(a) of the Declaration.

3. Reservation of Easements.

3.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

3.02. Other Easements. Each Homesite or Common Area within the Annexed Property and its Owner is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property.

4. Incorporation by Reference. The provisions of the Declaration are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Homesite or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

5. Effective Date. This Declaration of Annexation and Supplemental Declaration has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

{Balance of Page Left Blank Intentionally}

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation and Supplemental Declaration on JUNE 13, 2008.

DECLARANT

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.,**
a Colorado limited partnership, Its Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____

Title: SENIOR VICE PRESIDENT

{Notary Acknowledgment Attached}

State of California)
) ss
County of Nevada)

On June 13, 2008, before me, Emily Anne Ingardia, Notary Public,
[here insert name and title of the officer]
personally appeared Ronald Parr, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

EMILY ANNE INGARDIA
COMM. # 1739062
NOTARY PUBLIC - CALIFORNIA
NEVADA COUNTY
My Comm. Exp. Apr. 15, 2011

Signature _____ (Seal)

EXHIBIT "A"
Legal Description of the Annexed Property

The land described herein is situated in the unincorporated area of the County of Placer, State of California, and described as follows:

Homesites 270 through 281, inclusive, and 293 through 307, inclusive, as shown on that certain Map entitled "Martis Camp Unit No. 4A, Tract No. 985", which Map was filed for record in the Office of the Placer County Recorder on JULY 14, 2008, in Book CC of Maps at Page 001, Placer County Records.

Private streets entitled "Dutton Court", "Kaweah Circle" and "Kaweah Court" as shown on that certain Map entitled "Martis Camp Unit No. 4A, Tract No. 985", which map was filed for record in the Office of the Placer County Recorder JULY 14, 2008, in Book CC of Maps, at Page 001, Placer County Records.

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE

PLACER, County Recorder
JIM MCCAULEY
DOC- 2008-0088116-00
Acct 6-FIDELITY TITLE
Wednesday, NOV 12, 2008 08:57:21
MIC $3.00 AUT $9.00 SBS $8.00
ERD $1.00 RED $1.00 REC $11.00
Ttl Pd $33.00 Rcpt # 0001854587
ST2/CC/1-9

RECORDING REQUESTED BY, AND WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
3721 Douglas Blvd., Suite 300
Roseville, CA 95661

Attention: Curtis C. Sproul, Esq.

(Space Above For Recorder's Use)

DECLARATION OF ANNEXATION AND SUPPLEMENTAL DECLARATION FOR PHASE 7 OF MARTIS CAMP (Unit 9A & 9B)

DECLARATION OF ANNEXATION
AND SUPPLEMENTAL DECLARATION
FOR PHASE 7
OF
MARTIS CAMP
(Unit 9A & 9B)

This Declaration of Annexation and Supplemental Declaration ("Declaration of Annexation") for Phase 7 of Martis Camp (Unit 9A & 9B) is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, that is more particularly described in Exhibit "A" (the "Annexed Property").

B. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Lots within the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations

C. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed to the Development by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed. The Annexed Property is part of the real property described in Exhibit "B" of the Declaration.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation.

1.01. Annexation of the Annexed Property. The Declarant hereby declares that the Annexed Property is annexed to and made a part of the Martis Camp common interest

development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation. The Subdivision Map that is more particularly identified in Exhibit "A" also includes lettered Lots "Q" and "UU" which are designated on the Map as Restricted Open Space Lots for the protection of wetlands and wildlife movement corridors, and to provide landscape screening and recreation facilities for the Development. Lots "Q" and "UU" are not part of the Annexed Property and are not subject to this Declaration of Annexation or the Declaration. It is anticipated that Lots "Q" and "UU" will be deeded to the Martis Camp Club.

1.02. Phases. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.03. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association shall commence with respect to all Lots within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.04. Equitable Servitudes. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Lot or Common Area located therein, as a servient tenement for the benefit of each and every other Lot or Common Area located in the Development, as the dominant tenement.

1.05. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the Annexed Property.

1.06. Membership in the Association. Each Owner of one or more residential Lots within the Annexed Property shall automatically be a Member of the Association, with a separate membership being appurtenant to each Lot owned, commencing with the obligation to pay assessments to the Association pursuant to Section 1.03, above.

1.07. Voting Rights. The voting rights of the Owners of Lots in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Regular Assessments as provided in Section 1.03, above.

1.08. Common Area. Common Areas within the Annexed Property consist of private streets as shown on the Subdivision Map for the Annexed Property and designated in Exhibit "A".

2. Reservation of Easements.

2.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

2.02. Other Easements. Each Lot or Common Area within the Annexed Property and its Owner is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property, including, but not limited to, roadway easements, snow easements (for the storage of snow), trail easements and ski trail easements affecting certain Lots. Reference is also made to (i) that certain Grant of Easement (Skier Easement) (the "Skier Easement") that is being recorded in the Official Records of Placer County, California concurrently with this Declaration of Annexation; and (ii) to that certain Grant of Easement (Trail Easement) (the "Trail Easement) that is being recorded in the Official Records of Placer County, California concurrently with this Declaration of Annexation. The Skier Easement and the Trail Easement both contain provisions and restrictions concerning the access, use and enjoyment of the Skier Easement Areas (as defined in the Skier Easement) and the Trail Easement Areas (as defined in the Trail Easement). The Skier Easement affects the Lots listed in Section 3.01, below, and the Trail Easement affects Lots 590 and 591, as shown on the Subdivision Map attached hereto as Exhibit "A".

3. Supplemental Declaration. Pursuant to the authority reserved to the Declarant in Section 15.06(a) of the Declaration, the following restrictions are imposed and disclosures are made with respect to the Annexed Property:

3.01. Ski Trail Easements. Lots 579, 580, 582, 583, 584, 585, 586, 587, 590, 591, 592, 593, 594, 595, 598, 599, 600, 601 603, 604, 605, 606, and 608, all as shown on the Subdivision Map for the Annexed Property (the "Skier Easement Lots") are subject to ski trail easements that are shown on said Subdivision Map and which are more particularly described in the Skier Easement that is referenced in Section 2.02, above. These Skier Easement Areas are not maintained by the Association, Martis Camp Club or by the Declarant and shall be used solely in accordance with the restrictions imposed by the Skier Easement which, among other things, restricts access, use and enjoyment of the Skier Easement Areas (i) for skiing, snowboarding, or snowshoe passage (ii) at times during daylight hours when snow cover in and along the Skier Easement Areas is continuous at depths sufficient to allow safe use and passage without contacting underlying vegetation. The Skier Easement also prohibits users from making any unnecessary noise while traveling within the Skier Easement Areas. In the event of any conflict between the description of the nature and scope of the Skier Easement, and the restrictions thereon, as set forth in this Declaration of Annexation and the Skier Easement, the Skier Easement shall control. Persons using the ski trail easements do so at their own risk. Nothing in

the Skier Easement or in this Declaration of Annexation is intended to constitute an express invitation by any Owner to any person to use the Skier Easements or to waive or modify the benefits and protections that the Owners of the Ski Easement Lots otherwise enjoy or possess pursuant to Civil Code section 846.

3.02. Ski Lift Operations, Snow Making, and Snow Grooming. Located adjacent to the southern and western boundaries of the Annexed Property are lands that are owned by CNL Income Northstar, LLC., a Delaware limited liability company (the "Resort Owner") and which are operated as a four season destination resort under the name Northstar-at-Tahoe™ (the "Northstar Resort"). Principal components of the Northstar Resort include ski lifts, snow making equipment and trails that are used for skiing, snowboarding, and other winter sports activities. A ski lift terminal for several of the Northstar Resort ski trails will be located in the vicinity of Lots 582, 587, 596, 606, 607, 608, 620 and 621, within the Martis Camp development and ski trails within the Development will connect with trails located on the Northstar Resort property. The ski operations within the Development will be conducted within an easement area encompassing the ski lift and the developed ski trails as defined in an agreement executed by and among the Declarant, the Martis Camp Club and the Resort Owner which is commonly referred to as the Ski Services Agreement as well as an easement agreement between the Declarant and the Resort Owner that will delineate the areas in which ski activities that transition and transport skiers and the other permitted users described in Section 3.01, above, between the Northstar Resort and the Development will be permitted.

The Northstar Resort and the Resort operations are not part of the Martis Camp development and are not subject to the Declaration. The Resort Operator and its agents and contractors have the right to engage in snow making and snow grooming activities at such times and with such frequency as they deem appropriate in order to maintain a high quality snow surface on ski runs and trails during the ski season. Snow making and snow grooming activities involve the use of snowmaking guns, snow plows, snow cats, snowmobiles, and other equipment that create noise, light and other disturbances that can be considered an annoyance or nuisance to some persons. Nevertheless those noises and activities are common and essential to the successful operation of the Northstar Resort.

3.03. Errant Skiers, Snowboarders, and Other Resort Users. Owning property that is adjacent to, or in the vicinity of, the Northstar Resort creates inherent risks of damage or injury that could be caused or result from the conduct of errant skiers, snowboarders, and other persons engaged in winter recreational activities at the Northstar Resort. Although only Owners of Lots in the Martis Camp development and their guests will have a legal right to exit the Northstar Ski Easement area and enter other portions of the Development, it is also possible that patrons of the Northstar Resort who are not Owners of Lots or guests of Owners could stray into Martis Camp and on to Lots in the Development resulting in annoyance to Owners and other residents.

3.04. Pesticides and Fertilizers. Pesticides, fertilizers and other chemicals may be utilized in connection with the operation of the Northstar Resort and the maintenance of ski trails, related landscaping, and revegetation. Owners acknowledge, accept and assume the risks associated with the use of pesticides, fertilizers and other chemicals in the ordinary and routine course of the operations of the Northstar Resort.

3.05. Restricted Access to Northstar Resort. Each Owner, by accepting a deed to his or her Lot acknowledges that the Resort Owner has not consented to direct access to any portion of the Northstar Resort from all points along the boundary between the Development and the Northstar Resort. Such access will only be permitted through the extension of Schaffer Mill Road, public trail connections points, via the ski lift that is within the Northstar Ski Easement area by persons holding bona fide ski lift tickets, and such other entry points as the Resort Owner may from time to time specifically designate, which additional points, if any, may be closed from time to time in the sole discretion of the Resort Owner. Accordingly, each Owner agrees not to access the Northstar Resort property directly from the Development except as expressly permitted by the Resort Owner, and agrees not to permit any of his or her guests, invitees, or lessees to do so.

3.06. Notice of Snowmaking Machines and Noise Attenuation. Residences constructed on Lots within the Annexed Property that are located adjacent to, or near, areas where snow making equipment may be used are required by Condition of Approval No. 88 to have increased insulation so as to limit interior noise in Residences to levels that do not exceed 45 dB Ldn (35 dB Leg in bedrooms). Further, certain Lots may be subject to some of the annoyances or inconveniences associated with proximity to the four season resort activities conducted on the lands comprising the Northstar Resort, such as the noise of snowmaking machines and grooming machines.

4. Incorporation by Reference. The provisions of the Declaration, as supplemented by this Declaration of Annexation, are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Lot or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

[The balance of this page has been left blank intentionally]

5. Effective Date. This Declaration of Annexation and Supplemental Declaration has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation and Supplemental Declaration on 10-30, 2008.

DECLARANT:

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colorado limited partnership, Its Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____
RONALD PARR

Title: EXEC VICE-PRESIDENT

{Notary Acknowledgment Attached}

EXHIBIT "A"
Legal Description of the Annexed Property

The land described herein is situated in the County of Placer, State of California, and described as follows:

Lots 576 through and including Lot 621, and private streets named "Ahwahnee Place", "Wawona Court", "Fallen Leaf Way", "Campobello Court", and "Clermont Court" as shown on the plat entitled "Martis Camp Unit No.9A & 9B" filed in Book CC of Maps at Page 005, Official Records of Placer County.

State of California)
) ss
County of Placer)

On October 30, 2008, before me, L. Collins, Notary Public,
[here insert name and title of the officer]

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

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

WITNESS my hand and official seal.

L. COLLINS
COMM. # 1603545
NOTARY PUBLIC - CALIFORNIA
SACRAMENTO COUNTY
COMM. EXPIRES SEPT. 28, 2009

Signature _____(Seal)

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
3721 Douglas Blvd., Suite 300
Roseville, CA 95661

Attention: Curtis C. Sproul, Esq.

PLACER, County Recorder
JIM MCCAULEY
DOC- 2008-0088112-00
Acct 6-FIDELITY TITLE
Wednesday, NOV 12, 2008 08:53:22
MIC $3.00|AUT $7.00|SBS $6.00
ERD $1.00|RED $1.00|REC $9.00
Ttl Pd $27.00 Rcpt # 0001854582
ST2/CC/1-7

(Space Above For Recorder's Use)

DECLARATION OF ANNEXATION

FOR PHASE 8

OF

MARTIS CAMP
(Unit 7A)

DECLARATION OF ANNEXATION
FOR PHASE 8
OF
MARTIS CAMP
(Unit 7A)

This Declaration of Annexation for Phase 8 of Martis Camp (Unit 7A) ("Declaration of Annexation") is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, that is more particularly described in Exhibit "A" (the "Annexed Property").

B. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Homesites and Lots in the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations

C. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed to the Development by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation.

1.01. Annexation of the Annexed Property. The Declarant hereby declares that the Annexed Property is annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as

described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation.

1.02. Annexed Property Constitutes a Phase of Development. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.03. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association shall commence with respect to all Lots within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.04. Equitable Servitudes. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Lot or Common Area located therein, as a servient tenement for the benefit of each and every other Lot or Common Area located in the Development, as the dominant tenement.

1.05. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the Annexed Property.

1.06. Membership in the Association. Each Owner of one or more residential Lots within the Annexed Property shall automatically be a Member of the Association, with a separate membership being appurtenant to each Lot owned, commencing with the obligation to pay assessments to the Association pursuant to Section 1.03, above.

1.07. Voting Rights. The voting rights of the Owners of Lots in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Regular Assessments as provided in Section 1.03, above.

1.08. Common Area. Common Areas consist of private streets as shown on the Subdivision Map for the Annexed Property and designated in Exhibit "A". In addition, any portion of the Annexed Property which is owned, controlled or maintained by the Association for the common use and enjoyment of the Owners of the Development shall be Common Area.

2. Reservation of Easements.

2.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

2.02. Other Easements. Each Lot or Common Area within the Annexed Property and its Owner is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property, including, but not limited to, Snow Easements.

2.03. Fuel Modification Zone Easements. Lots 409 through 415 within the Annexed Property are subject to a Fuel Modification Zone Easement. Said easement is granted to the Martis Camp Community Association in order to perform the Association's maintenance obligations of said Fuel Modification Zone easement in accordance with the Vegetative Fuel Modification Plan, as approved by the California Department of Forestry, and as further defined in Section 7.01(d) of the Declaration. The Fuel Modification Zone Easement shall consist of a meandering 100 foot wide fuel reduction zone located within the 225 foot building setback line for each Lot, as further described in each Lot's Development Notebook. The requirements imposed by this Section 2.03 and by the Fuel Modification Zone easement may not be modified or rescinded without the prior written consent of the County of Placer.

3. Incorporation by Reference. The provisions of the Declaration are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Lot or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

4. Effective Date. This Declaration of Annexation has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

{Signature Page to Follow}

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation on 10-30, 2008.

DECLARANT:

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colorado limited partnership, Its Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____
Ronald Parr

Title: Exec Vice President

{Notary Acknowledgment Attached}

EXHIBIT "A"
Legal Description of the Annexed Property

The land described herein is situated in the County of Placer, State of California, and described as follows:

Lots 406 through and including Lot 434 as shown on the plat entitled "Martis Camp Unit No.7A" filed in Book ___ of Maps at Page ___, Official Records of Placer County.

Private streets entitled "Schaffer Mill Road", "Fallen Leaf Way", "Dunsmuir Way", "Hunter House Drive", and "Newhall Drive" as shown on that certain Map entitled "Martis Camp Unit No. 7A", which map was filed for Record in Book CC of Maps at Page 004, Official Records of Placer County.

State of California)
) ss
County of Placer)

On October 30, 2008, before me, L. Collins, Notary Public,
[here insert name and title of the officer]

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

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

WITNESS my hand and official seal.

L. COLLINS
COMM. # 1603545
NOTARY PUBLIC - CALIFORNIA
SACRAMENTO COUNTY
COMM. EXPIRES SEPT. 28, 2009

Signature _____(Seal)

RECORDING REQUESTED BY:
FIDELITY NATIONAL TITLE CO.

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
3721 Douglas Blvd., Suite 300
Roseville, CA 95661

Attention: Curtis C. Sproul, Esq.

PLACER, County Recorder
JIM MCCAULEY
DOC- 2011-0035325-00
FIDELITY TITLE
THURSDAY, MAY 5, 2011 14:52:50

MIC	$6.00	AUT	$10.00	SBS	$8.00
ERD	$2.00	RED	$2.00	REC	$26.00
ADD	$0.00				

Ttl Pd $54.00 Rcpt # 02119874
clk9bh58j1/CC/2-9

(Space Above For Recorder's Use)

DECLARATION OF ANNEXATION AND SUPPLEMENTAL DECLARATION FOR PHASE 9 OF MARTIS CAMP (Unit 8A)

2

SM

DECLARATION OF ANNEXATION AND SUPPLEMENTAL DECLARATION FOR PHASE 9 OF MARTIS CAMP
(Unit 8A)

This Declaration of Annexation and Supplemental Declaration ("Declaration of Annexation") for Phase 9 of Martis Camp (Unit 8A) is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, that is more particularly described in Exhibit "A" (the "Annexed Property").

B. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Lots within the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations

C. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed to the Development by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed. The Annexed Property is part of the real property described in Exhibit "B" of the Declaration.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation.

1.01. Annexation of the Annexed Property. The Declarant hereby declares that the

Annexed Property is annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation.

1.02. Exclusion of Lots BB and DD. The Subdivision Map that is more particularly identified in Exhibit "A" also includes lettered Lots "BB" and "DD" which are designated on the Map as Restricted Open Space Lots to (i) protect existing wetlands; (ii) provide private recreational facilities for the Development's residents; (iii) provide landscape screening, utilizing native drought-tolerant plant species; (iv) protect local wildlife movement corridors; and (v) protect environmentally sensitive areas. In the future, Lots BB and DD will be conveyed either to the Martis Camp Club or to the Association and shall be maintained by the owner of those Lots. Lots "BB" and "DD" are not part of the Annexed Property and are not subject to this Declaration of Annexation or the Declaration.

1.03. Phases. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.04. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association shall commence with respect to all Lots within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.05. Equitable Servitudes. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Lot or Common Area located therein, as a servient tenement for the benefit of each and every other Lot or Common Area located in the Development, as the dominant tenement.

1.06. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the Annexed Property.

1.07. Membership in the Association. Each Owner of one or more residential Lots within the Annexed Property shall automatically be a Member of the Association, with a separate membership being appurtenant to each Lot owned, commencing with the obligation to pay assessments to the Association pursuant to Section 1.04, above.

1.08. Voting Rights. The voting rights of the Owners of Lots in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Regular Assessments as provided in Section 1.03, above.

1.09. Common Area. Common Areas within the Annexed Property consist of private streets as shown on the Subdivision Map for the Annexed Property and designated in Exhibit "A". Those streets are designated on the Subdivision Map as Villandry Drive, Ehrman Drive and Birchmont Court.

2. Reservation of Easements.

2.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

2.02. Other Easements. Each Lot or Common Area within the Annexed Property and its Owner is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property, including, but not limited to, roadway easements, snow easements (for the storage of snow), and ski trail easements affecting certain Lots in the Annexed Property. Reference is also made to that certain Grant of Easement (Skier Easement) (the "Skier Easement") that is being recorded in the Official Records of Placer County, California concurrently with this Declaration of Annexation. The Skier Easement contains provisions and restrictions concerning the access, use and enjoyment of the Skier Easement Areas (as defined in Exhibit "A" of the Skier Easement). The Skier Easement affects the Lots listed in Section 3.01, below.

3. Supplemental Declaration. Pursuant to the authority reserved to the Declarant in Section 15.06(a) of the Declaration, the following restrictions are imposed and disclosures are made with respect to the Annexed Property:

3.01. Ski Trail Easements. Lots 494, 501, 502, 506, 507, 513, 514, 519, 520, 525, 526, 530, and 532 through 535, all as shown on the Subdivision Map for the Annexed Property (the "Skier Easement Lots") are subject to ski trail easements that are shown on said Subdivision Map and which are more particularly described in the Skier Easement that is referenced in Section 2.02, above. These Skier Easement Areas are not maintained by the Association, Martis Camp Club or by the Declarant and shall be used solely in accordance with the restrictions imposed by the Skier Easement which, among other things, restricts access, use and enjoyment of the Skier Easement Areas (i) for skiing, snowboarding, or snowshoe passage (without, however, the use of any motive power other than gravity and the bodily exertion of the skier, snowboarder or snowshoe user) (ii) at times during daylight hours when snow cover in and along the Skier Easement Areas is continuous at depths sufficient to allow safe use and passage without contacting underlying vegetation. The Skier Easement also prohibits users from making any unnecessary noise while traveling within the Skier Easement Areas. In the event of any

conflict between the description of the nature and scope of the Skier Easement, and the restrictions thereon, as set forth in this Declaration of Annexation and the Skier Easement, the Skier Easement shall control. Persons using the ski trail easements do so at their own risk. Nothing in the Skier Easement or in this Declaration of Annexation is intended to constitute an express invitation by any Owner to any person to use the Skier Easements or to waive or modify the benefits and protections that the Owners of the Ski Easement Lots otherwise enjoy or possess pursuant to Civil Code section 846.

3.02. Ski Lift Operations, Snow Making, and Snow Grooming. Located adjacent to the southern and western boundaries of the Annexed Property are lands that are owned by CNL Income Northstar, LLC., a Delaware limited liability company (the "Resort Owner") and which are operated as a four season destination resort under the name Northstar-at-Tahoe™ (the "Northstar Resort"). Principal components of the Northstar Resort include ski lifts, snow making equipment and trails that are used for skiing, snowboarding, and other winter sports activities.

The Northstar Resort and the Resort operations are not part of the Martis Camp development and are not subject to the Declaration. The Resort Operator and its agents and contractors have the right to engage in snow making and snow grooming activities at such times and with such frequency as they deem appropriate in order to maintain a high quality snow surface on ski runs and trails during the ski season. Snow making and snow grooming activities involve the use of snowmaking guns, snow plows, snow cats, snowmobiles, and other equipment that create noise, light and other disturbances that can be considered an annoyance or nuisance to some persons. Nevertheless those noises and activities are common and essential to the successful operation of the Northstar Resort.

3.03. Errant Skiers, Snowboarders, and Other Resort Users. Owning property that is adjacent to, or in the vicinity of, the Northstar Resort creates inherent risks of damage or injury that could be caused or result from the conduct of errant skiers, snowboarders, and other persons engaged in winter recreational activities at the Northstar Resort. Although only Owners of Lots in the Martis Camp development and their guests will have a legal right to exit the Northstar Ski Easement area and enter other portions of the Development, it is also possible that patrons of the Northstar Resort who are not Owners of Lots or guests of Owners could stray into Martis Camp and on to Lots in the Development resulting in annoyance to Owners and other residents.

3.04. Pesticides and Fertilizers. Pesticides, fertilizers and other chemicals may be utilized in connection with the operation of the Northstar Resort and the maintenance of ski trails, related landscaping, and revegetation. Owners acknowledge, accept and assume the risks associated with the use of pesticides, fertilizers and other chemicals in the ordinary and routine course of the operations of the Northstar Resort.

3.05. Restricted Access to Northstar Resort. Each Owner, by accepting a deed to his or her Lot acknowledges that the Resort Owner has not consented to direct access to any portion of the Northstar Resort from all points along the boundary between the Development and the Northstar Resort. Such access will only be permitted through the extension of Schaffer Mill Road, public trail connections points, via the ski lift that is within the Northstar Ski Easement area by persons holding bona fide ski lift tickets, and such other entry points as the Resort Owner

may from time to time specifically designate, which additional points, if any, may be closed from time to time in the sole discretion of the Resort Owner. Accordingly, each Owner agrees not to access the Northstar Resort property directly from the Development except as expressly permitted by the Resort Owner, and agrees not to permit any of his or her guests, invitees, or lessees to do so.

3.06. Notice of Snowmaking Machines and Noise Attenuation. Residences constructed on Lots within the Annexed Property that are located adjacent to, or near, areas where snow making equipment may be used are required by Condition of Approval No. 88 to have increased insulation so as to limit interior noise in Residences to levels that do not exceed 45 dB Ldn (35 dB Leg in bedrooms). Further, certain Lots may be subject to some of the annoyances or inconveniences associated with proximity to the four season resort activities conducted on the lands comprising the Northstar Resort, such as the noise of snowmaking machines and grooming machines.

3.07. Disclosures Concerning Zones of Benefit Affecting the Annexed Property. The Lots within the Annexed Property area included in the following Zones of Benefit within County Service Area No. 28:

(a) Zone of Benefit No. 199 which has been created to fund the monitoring of water quality Best Management Practices features. This Zone of Benefit is established pursuant to the document recorded in the Official Records of Placer County as Document No. 2006-0071613.

(b) Zoe of Benefit No. 194, which has been created to fund the maintenance of public recreational facilities. This Zone of Benefit is established pursuant to the document recorded in the Official Records of Placer County as Document No.2006-0071612.

(c) Zone of Benefit No. 200, which was created to fund the Martis Valley Transit Program. This Zone of Benefit is established pursuant to the document recorded in the Official Records of Placer County as Document No.2007-0041047.

4. Incorporation by Reference. The provisions of the Declaration, as supplemented by this Declaration of Annexation, are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Lot or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

[The balance of this page has been left blank intentionally]

5. Effective Date. This Declaration of Annexation and Supplemental Declaration has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation and Supplemental Declaration on May 5, , 2011.

DECLARANT:

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **HIGHLANDS INVESTMENT GROUP XV, LTD.,**
a Colorado limited partnership, Its Managing Member

By: **MARTIS CREEK CORPORATION,**
a Colorado corporation,
Its General Partner

By: _____
Ronald J. Parr, its Executive Vice-president

ACKNOWLEDGMENT

State of California)
) ss
County of Placer)

On March 22, 2011, before me, Stephanie G. Murphy, Notary Public, personally appeared **Ronald J. Parr**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature Stephanie G. Murphy (Seal)

STEPHANIE G. MURPHY
Commission # 1845245
Notary Public - California
Nevada County
My Comm. Expires Apr 23, 2013

CONSENT AND SUBORDINATION BY LENDER
(Declaration of Annexation for Martis Camp Unit 8A)

FIRSTBANK, f/k/a FIRSTBANK OF LAKEWOOD, a Colorado banking corporation as Beneficiary ("Beneficiary") under: (i) that certain Deed of Trust made by DMB/Highlands Group, LLC, an Arizona limited liability company as Trustor, recorded in the Official Records of Placer County, California, on July 15, 2008, as Instrument No. 2008-0057397, as modified; and (ii) that certain Deed of Trust made by Trustor, recorded in the Official Records of Placer County, California, on January 13, 2011, as Instrument No. 2011-0004677, both of which affect the real property that is identified as the "Annexed Property" in the attached instrument entitled "Declaration of Annexation and Supplemental Declaration for Phase 9 of Martis Camp (Unit 8A)" (the "Unit 8A Declaration of Annexation") does hereby subordinate and subject all right, title, beneficial interest, estate, and lien which said Beneficiary now has in and to the Annexed Property to the attached Unit 8A Declaration of Annexation and to the Martis Camp Declaration that is more particularly identified in Recital "B" of the Unit 8A Declaration of Annexation, to the same extent and with like force and effect as if and as though said Unit 8A Declaration of Annexation and the Martis Camp Declaration had been made, executed and recorded prior the execution of the two Deeds of Trust identified herein.

BENEFICIARY:

FIRSTBANK, a Colorado banking corporation

By: _____ Dated: 03-18-, 2011
E.F. Douglass, its President

ACKNOWLEDGEMENT

STATE OF COLORADO)
) ss.
COUNTY OF Jefferson)

The foregoing Consent and Subordination was acknowledged before me this 18th day of March, 2011 by E. F. Douglass as President of FirstBank, a Colorado banking corporation.

WITNESS MY HAND AND OFFICIAL SEAL.

My Commission expires: 09/06/2012

[SEAL]

JOYCE L. WHITE
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires 09/06/2012

_____
Notary Public, State of Colorado

EXHIBIT "A"

LEGAL DESCRIPTION OF THE ANNEXED PROPERTY

The land described herein is situated in the County of Placer, State of California, and described as follows:

All that land area depicted as Lots 477 through 520, inclusive, and Lots 524 through 535, inclusive, and Lots 570 through 575, inclusive, and the private roads designated as Villandry Drive, Ehrman Drive and Birchmont Court, all as shown on the Map of "Tract No 996 - Martis Camp Unit No. 8A" filed May 5, , 2011 in Book CC of Maps, Page 23, Placer County Records.

GOVERNMENT CODE 27361.7

I certify under penalty of perjury that the notary seal on the document to which this statement is attached reads as follows:

Name of Notary Joyce L. White

Date Commission Expires 9.16.12 Commission # .

County of Commission Mfg. I.D. #

State of Commission Colorado

5.4.11

Date and Place Signature (Firm name, if any)

RECORDING REQUESTED BY:
FIDELITY NATIONAL TITLE CO.

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
3200 Douglas Blvd., Suite 300
Roseville, CA 95661

Attention: Curtis C. Sproul, Esq.

PLACER, County Recorder
JIM MCCAULEY
DOC- 2012-0047448-00
FIDELITY TITLE
TUESDAY, MAY 29, 2012 13:27:33

MIC	$6.00	AUT	$10.00	SBS	$8.00
ERD	$2.00	RED	$2.00	REC	$26.00
ADD	$0.00				

Ttl Pd $54.00 Rcpt # 02197292
clkd1mlfj1/SM/2-9

(Space Above For Recorder's Use)

DECLARATION OF ANNEXATION AND SUPPLEMENTAL DECLARATION FOR PHASE 10 OF MARTIS CAMP (Unit 4B)

DECLARATION OF ANNEXATION AND SUPPLEMENTAL DECLARATION FOR PHASE 10 OF MARTIS CAMP (Unit 4B)

This Declaration of Annexation and Supplemental Declaration ("Declaration of Annexation") for Phase 10 of Martis Camp (Unit 4B) is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, that is more particularly described in Exhibit "A" (the "Annexed Property").

B. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration formed of the Martis Camp Community Association as a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Lots within the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations

C. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed to the Development by the Declarant without the consent of the Owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed. The Annexed Property is part of the real property described in Exhibit "B" of the Declaration.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation.

1.01. Annexation of the Annexed Property. The Declarant hereby declares that the Annexed Property is annexed to and made a part of the Martis Camp common interest

development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation.

1.02. Exclusion of Lots II, JJ, KK, LL and MM. The Subdivision Map that is more particularly identified in Exhibit "A" also includes lettered Lots "II", "JJ", "KK", "LL", and "MM" which are designated on the Map as Restricted Open Space Lots to (i) protect existing wetlands; (ii) provide private recreational facilities for the Development's residents; (iii) provide landscape screening, utilizing native drought-tolerant plant species; (iv) protect local wildlife movement corridors; and (v) protect environmentally sensitive areas. In the future, Lots "II", "JJ", "KK", "LL", and "MM" will be conveyed either to the Martis Camp Club or to the Association and shall be maintained by the owner of those Lots. Lots "II", "JJ", "KK", "LL", and "MM" are not part of the Annexed Property and are not subject to this Declaration of Annexation or the Declaration.

1.03. Phases. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes Phase 10 of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.04. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association shall commence with respect to all Lots within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.05. Equitable Servitudes. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Lot or Common Area located therein, as a servient tenement for the benefit of each and every other Lot or Common Area located in the Development, as the dominant tenement.

1.06. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the Annexed Property.

1.07. Membership in the Association. Each Owner of one or more residential Lots within the Annexed Property shall automatically be a Member of the Association, with a separate membership being appurtenant to each Lot owned, commencing with the obligation to pay assessments to the Association pursuant to Section 1.04, above.

1.08. Voting Rights. The voting rights of the Owners of Lots in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Regular Assessments as provided in Section 1.03, above.

1.09. Common Area. Common Areas within the Annexed Property consist of private streets as shown on the Subdivision Map for the Annexed Property and designated in Exhibit "A". Those streets are designated on the Subdivision Map as Glenbrook Court, Thunderbird Circle, Thunderbird Court, Bright Angel Drive, and El Tovar Lane.

2. Reservation of Easements.

2.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

2.02. Other Easements. Each Lot or Common Area within the Annexed Property and its Owner is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property, including, but not limited to, roadway easements and snow easements (for the storage of snow).

3. Supplemental Declaration. Pursuant to the authority reserved to the Declarant in Section 15.06(a) of the Declaration, the following restrictions are imposed and disclosures are made with respect to the Annexed Property:

3.01. Maximum Height of Residences. The maximum height of Residences constructed on Homesites within the Annexed Property shall be limited to twenty-eight (28) feet (computed in accordance with the Design Review Guidelines). However, the height may be extended to a maximum of thirty-two (32) feet when tastefully incorporated as a feature element of exemplary design, as determined by the Design Review Committee.

3.02. Square Footage of Residences. Exclusive of covered porches and garages, Residences constructed on Homesites within the Annexed Property shall not exceed the maximum square footages for each Homesite as identified on the Development Notebook sheet for the Homesite in question, but in no event shall any Residence have more than thirty-two hundred fifty (3250) square feet of enclosed, heated interior space.

3.03. Design Guidelines Handbook. Section 15.06(b)(iii) of the Declaration authorizes the adoption, as part of a Supplemental Declaration applicable to a specific Phase of the Development or specific Homesites within a Phase, of separate or supplemental Design Guidelines applicable to Improvement projects within all or any portion of the Phase in question. Acting pursuant to that authority, the Declarant has added Chapter 7 to the Martis Camp Design Guidelines handbook. That Chapter, which is entitled 'Cabin Communities," presents unique design criteria and architectural requirements and restrictions that must be observed in the construction of cabin residences on Homesites. The Chapter shall apply to cabin residences constructed within the Annexed Property except that the setback requirements for Homesites within the Annexed property shall be as follows: the front setback distance shall be thirty (30) feet and the side and rear setbacks shall be twenty (20) feet. There will be greater uniformity allowed in exterior design and appearance within this cabin community than is permitted by the Design Guidelines that are applicable to other Phases of the Martis Camp development.

3.04. Disclosures Concerning Zones of Benefit Affecting the Annexed Property. The Lots within the Annexed Property area included in the following Zones of Benefit within County Service Area No. 28:

(a) Zone of Benefit No. 199 which has been created to fund the monitoring of water quality Best Management Practices features. This Zone of Benefit is established pursuant to the document recorded in the Official Records of Placer County as Document No. 2006-0071613.

(b) Zone of Benefit No. 194, which has been created to fund the maintenance of public recreational facilities. This Zone of Benefit is established pursuant to the document recorded in the Official Records of Placer County as Document No.2006-0071612.

(c) Zone of Benefit No. 200, which was created to fund the Martis Valley Transit Program. This Zone of Benefit is established pursuant to the document recorded in the Official Records of Placer County as Document No.2007-0041047.

3.05. Notice of Amphitheatre. As provided in Section 19.03 of the Declaration, Owners of Homesites are hereby notified that an amphitheatre may be constructed by the Martis Camp Club and therefore, Owners may be subject to certain annoyances and inconveniences associated with the operation of the amphitheatre. Such annoyances are likely to be limited to times when the amphitheatre is in use and may include such matters as noise, vibrations, and traffic associated with ingress and egress of amphitheatre patrons.

4. Incorporation by Reference. The provisions of the Declaration, as supplemented by this Declaration of Annexation, are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each Owner of a Lot or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

5. Effective Date. This Declaration of Annexation and Supplemental Declaration has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation and Supplemental Declaration on _____, 2012.

DECLARANT:

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **HIGHLANDS INVESTMENT GROUP XV, LTD.,**
a Colorado limited partnership, Its Managing Member

By: **MARTIS CREEK CORPORATION,**
a Colorado corporation,
Its General Partner

By: _____
Ronald J. Parr, its Executive Vice-president

ACKNOWLEDGMENT

State of California)
) ss
County of Placer)

On May 23, 2012, before me, Stephanie G. Murphy, Notary Public, personally appeared **Ronald J. Parr**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature Stephanie G. Murphy (Seal)

STEPHANIE G. MURPHY
Commission # 1845245
Notary Public - California
Nevada County
My Comm. Expires Apr 23, 2013

CONSENT AND SUBORDINATION BY LENDER
(Declaration of Annexation for Martis Camp Unit 4B)

FIRSTBANK, formerly known as FIRSTBANK OF LAKEWOOD, a Colorado banking corporation as Beneficiary ("Beneficiary") under: (i) that certain Deed of Trust made by DMB/Highlands Group, LLC, an Arizona limited liability company as Trustor, recorded in the Official Records of Placer County, California, on July 15, 2008, as Instrument No. 2008-0057397 , and (ii) that certain Deed of Trust made by Trustor, recorded in the Official Records of Placer County, California, on January 13, 2011, as Instrument No. 2011-0004677, both of which affect the real property that is identified as the "Annexed Property" in the attached instrument entitled "Declaration of Annexation and Supplemental Declaration for Phase 10 of Martis Camp (Unit 4B)" (the "Unit 4B Declaration of Annexation") does hereby subordinate and subject all right, title, beneficial interest, estate, and lien which said Beneficiary now has in and to the Annexed Property to the attached Unit 4B Declaration of Annexation and to the Martis Camp Declaration that is more particularly identified in Recital "B" of the Unit 4B Declaration of Annexation, to the same extent and with like force and effect as if and as though said Unit 4B Declaration of Annexation and the Martis Camp Declaration had been made, executed and recorded prior the execution of the two Deeds of Trust identified herein.

BENEFICIARY:

FIRSTBANK, a Colorado banking corporation

By: Buddy Douglass Dated: April 26, 2012
Buddy Douglass, its President

ACKNOWLEDGEMENT

State of Colorado)
) ss.
County of Jefferson)

On April 26, ___, 2012, before me, Joyce L. White, Notary Public, personally appeared **Buddy Douglass**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature Joyce L. White (Seal)

JOYCE L. WHITE
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 09/06/2012

EXHIBIT "A"

LEGAL DESCRIPTION OF THE ANNEXED PROPERTY

The land described herein is situated in the County of Placer, State of California, and described as follows:

All that land area depicted as Lots 308 through 365, inclusive, and the private roads designated as Glenbrook Court, Thunderbird Circle, Thunderbird Court, Bright Angel Drive, and El Tovar Lane, all as shown on the Map of "Tract No 1000 - Martis Camp Unit No. 4B" filed May 29, , 2012 in Book CC of Maps, Page 30, Placer County Records.

RECORDING REQUESTED BY:
FIDELITY NATIONAL TITLE CO.

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
3721 Douglas Blvd., Suite 300
Roseville, CA 95661
Attention: Curtis C. Sproul, Esq.

Subordination

PLACER, County Recorder
JIM MCCAULEY
DOC- 2012-0063635-00
FIDELITY TITLE
TUESDAY, JUL 17, 2012 11:47:46

MIC	$6.00	AUT	$13.00	SBS	$11.00
ERD	$2.00	RED	$2.00	REC	$29.00
ADD	$0.00				

Ttl Pd $63.00 Rcpt # 02208294
clk46mlfj1/SM/2-12

(Space Above For Recorder's Use)

DECLARATION OF ANNEXATION AND SUPPLEMENTAL DECLARATION FOR PHASE 11 OF MARTIS CAMP (Unit 8B)

DECLARATION OF ANNEXATION AND SUPPLEMENTAL DECLARATION FOR PHASE 11 OF MARTIS CAMP (Unit 8B)

This Declaration of Annexation and Supplemental Declaration ("Declaration of Annexation") for Phase 11 of Martis Camp (Unit 8B) is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, that is more particularly described in Exhibit "A" (the "Annexed Property").

B. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Lots within the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations

C. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed to the Development by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed. The Annexed Property is part of the real property described in Exhibit "B" of the Declaration.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation.

1.01. Annexation of the Annexed Property. The Declarant hereby declares that the Annexed Property is annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation.

1.02. Exclusion of Lettered Lots From The Annexed Property. The Subdivision Map that is more particularly identified in Exhibit "A" also includes lettered Lots "OO", "PP", "NN" and "QQ" which are designated on the Map either open space lots or as sites for recreational facilities. In the future, those four lettered Lots will be conveyed either to the Martis Camp Club or to the Association and shall be maintained by the owner of those Lots. Lots "OO", "PP", "NN", and "QQ" are not part of the Annexed Property and are not subject to this Declaration of Annexation or the Declaration, although they may be subjected to the Declaration at some future time by action of the Declarant.

1.03. Phases. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.04. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association shall commence with respect to all Lots within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.05. Equitable Servitudes. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Lot or Common Area located therein, as a servient tenement for the benefit of each and every other Lot or Common Area located in the Development, as the dominant tenement.

1.06. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the

Annexed Property.

1.07. Membership in the Association. Each Owner of one or more residential Lots within the Annexed Property shall automatically be a Member of the Association, with a separate membership being appurtenant to each Lot owned, commencing with the obligation to pay assessments to the Association pursuant to Section 1.04, above.

1.08. Voting Rights. The voting rights of the Owners of Lots in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Regular Assessments as provided in Section 1.04, above.

1.09. Common Area. Common Areas within the Annexed Property consist of private streets as shown on the Subdivision Map for the Annexed Property and designated in Exhibit "A". Those streets are designated on the Subdivision Map as Villandry Drive, Fallen Leaf Way, Cloudcroft Court and Thistleton Court.

2. Reservation of Easements.

2.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

2.02. Other Easements. Each Lot or Common Area within the Annexed Property and its Owner is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property, including, but not limited to, roadway easements, snow easements (for the storage of snow), and ski trail easements affecting certain Lots in the Annexed Property. Reference is also made to that certain Grant of Easement (Skier Easement, Martis Camp Unit 8B) (the "Skier Easement") that is being recorded in the Official Records of Placer County, California concurrently with this Declaration of Annexation. The Skier Easement contains provisions and restrictions concerning the access, use and enjoyment of the Skier Easement Areas (as depicted on the Subdivision Map for the Annexed Property and as defined in Exhibit "A" of the Skier Easement). The Skier Easement affects the Lots listed in Section 3.01, below.

3. Supplemental Declaration. Pursuant to the authority reserved to the Declarant in Section 15.06(a) of the Declaration, the following restrictions are imposed and disclosures are made with respect to the Annexed Property:

3.01. Ski Trail Easements. Lots 495, 521, 522, 536-539, 541- 545, 551, 552, 554, 555, 558, 559, 566 and 567 all as shown on the Subdivision Map for the Annexed Property (the "Skier Easement Lots") are subject to ski trail easements that are shown on said Subdivision Map and which are more particularly described in the Skier Easement that is referenced in Section 2.02, above. These Skier Easement Areas are not maintained by the Association, Martis Camp Club or by the Declarant and shall be used solely in accordance with the restrictions imposed by the Skier Easement which, among other things, restricts access, use and enjoyment

of the Skier Easement Areas (i) for skiing, snowboarding, or snowshoe passage (without, however, the use of any motive power other than gravity and the bodily exertion of the skier, snowboarder or snowshoe user) (ii) at times during daylight hours when snow cover in and along the Skier Easement Areas is continuous at depths sufficient to allow safe use and passage without contacting underlying vegetation. The Skier Easement also prohibits users from making any unnecessary noise while traveling within the Skier Easement Areas.

In the event of any conflict between the description of the nature and scope of the Skier Easement, and the restrictions thereon, as set forth in this Declaration of Annexation and the Skier Easement, the Skier Easement shall control. Persons using the ski trail easements do so at their own risk. Nothing in the Skier Easement or in this Declaration of Annexation is intended to constitute an express invitation by any Owner to any person to use the Skier Easements or to waive or modify the benefits and protections that the Owners of the Ski Easement Lots otherwise enjoy or possess pursuant to Civil Code section 846.

3.02. Ski Lift Operations, Snow Making, and Snow Grooming. Located adjacent to the southern boundary of the Annexed Property are lands that are owned by CNL Income Northstar, LLC., a Delaware limited liability company (the "Resort Owner") and which are operated as a four season destination resort under the name Northstar California™ (the "Northstar Resort"). Principal components of the Northstar Resort include ski lifts, snow making equipment and trails that are used for skiing, snowboarding, and other winter sports activities. A ski lift terminal for several of the Northstar Resort ski trails will be located in the vicinity of Lots 536-547 and 564-569 (of the Annexed Property) and ski trails within the Development will connect with trails located on the Northstar Resort property. The ski lift operations within the Development will be conducted within an easement area (the "Northstar Ski Easement") that is more particularly defined in that certain document entitled "Easement Agreement (Ski Improvements)" which is recorded in the Official Records of Placer County as Document No. 2008-0098741 encompassing the ski lift and the developed ski trails as defined in an unrecorded agreement executed by and among the Declarant, the Martis Camp Club and the Resort Owner which is commonly referred to as the Ski Services Agreement. An additional easement agreement may, in the future, be reached between the Declarant and the Resort Owner that will delineate additional areas in which ski activities are authorized in order to permit the transition and transport Martis Camp skiers and the other permitted users between the Northstar Resort and the Development.

The Northstar Resort and the Resort operations are not part of the Martis Camp development and are not subject to the Declaration. The Resort Operator and its agents and contractors have the right to engage in snow making and snow grooming activities at such times and with such frequency as they deem appropriate within the Northstar Resort and the Northstar Ski Easement areas in order to maintain a high quality snow surface on ski runs and trails during the ski season. Snow making and snow grooming activities involve the use of snowmaking guns, snow plows, snow cats, snowmobiles, and other equipment that create noise, light and other disturbances that can be considered an annoyance or nuisance to some persons. Nevertheless those noises and activities are common and essential to the successful operation of the Northstar Resort.

Ski trails may, at some future time, also be established within open space or conservation

parcels within Development that are owned the Declarant, the Association or the Martis Camp Club. In the event ski trails are subsequently established, they may connect to the Annexable Property and other portions of Martis Camp as well as to the Skier Easement Areas on portions of the Lots identified in Section 3.01, above. In the event ski trails are established within the open space or conservation area parcels, those ski trails may be groomed from time to time by the parcel owner for the convenience of residents of Martis Camp, their guests and invitees. Any easements that are recorded to establish ski trails over any portion of the open space or conservation area parcels will contain substantially the following provisions (which are also included in the Skier Easements referenced in Section 3.01, above) and which are included herein:

> The Skier Easement Areas are limited to the uses and purposes set forth above and shall not be construed as a general pedestrian right of way for non-skiing, non-snowboarding or non-snowshoe passage. The Ski easements shall only be utilized when snow cover is continuous within the Skier Easement Areas within the Burdened Parcels [meaning Lots and parcels identified as such in the easement] and when snow depths are sufficient to allow safe skiing without contacting the underlying vegetation. The Skier Easement Areas shall only be utilized when adequate daylight is available to allow safe skiing, and no skier shall utilize portable lighting to illuminate any portion of the Skier Easement Areas. Grantees and their family members and guests shall not make any unnecessary noise nor utilize any sound amplification equipment other than earphones while within any of the Skier Easement Areas.
>
> By the act of exercising any right granted in this document, each Grantee agrees that such Grantee and its, successors and assigns shall defend, indemnify and hold Grantor and its successors and assigns and the Burdened Parcels and their owners harmless from all costs, losses, damages, claims, charges, fines and/or civil penalties which may be assessed as a result of any action of Grantee or its licensees or invitees upon, within or affecting the lands within and about the said Easement Areas.
>
> By the act of exercising any right granted in this easement, each Grantee acknowledges that skiing and snowboarding and snowshoeing are inherently dangerous and that serious injury or death can occur as a result of natural conditions and acknowledges that the Skier Easement Areas will not be devegetated, groomed, maintained or delineated for safety by signage or otherwise by Grantor or its successors, by the Martis Camp Club, by the Martis Camp Community Association, or by the owners of the Burdened Parcels and that all use of the easements granted herein shall be at the sole risk of the user.
>
> By the act of exercising any right granted in this easement document, each such Grantee and user acknowledges and agrees that this easement does not constitute an invitation by any owner of the Burdened Property to any Grantee or any other person to make use of the easements granted herein and that any payment made by or on behalf of any such user to the Resort Owner or any other operator of the Northstar Resort ski lift facilities referenced above shall not be

deemed to be consideration paid to any owner of any Burdened Parcel and that the existence and recordation of this easement document and the contents hereof shall not in any way be construed to waive the benefits, protections and immunities conferred upon the Burdened Parcels and their owners by virtue of the provisions of Section 846 of the California Civil Code and all similar statutes.

3.03. Errant Skiers, Snowboarders, and Other Resort Users. Owning property that is adjacent to, or in the vicinity of, the Northstar Resort creates inherent risks of damage or injury that could be caused or result from the conduct of errant skiers, snowboarders, and other persons engaged in winter recreational activities at the Northstar Resort. Although only Owners of Lots in the Martis Camp development and their guests will have a legal right to exit the Northstar Ski Easement area and enter other portions of the Development, it is also possible that patrons of the Northstar Resort who are not Owners of Lots or guests of Owners could stray into Martis Camp and on to Lots in the Development resulting in annoyance to Owners and other residents.

3.04. Pesticides and Fertilizers. Pesticides, fertilizers and other chemicals may be utilized in connection with the operation of the Northstar Resort and the maintenance of ski trails, related landscaping, and revegetation. Owners acknowledge, accept and assume the risks associated with the use of pesticides, fertilizers and other chemicals in the ordinary and routine course of the operations of the Northstar Resort.

3.05. Restricted Access to Northstar Resort. Each Owner, by accepting a deed to his or her Lot acknowledges that the Resort Owner has not consented to direct access to any portion of the Northstar Resort from all points along the boundary between the Development and the Northstar Resort. Instead, such access will only be permitted: (i) through the extension of Schaffer Mill Road, subject to restrictions on use which may be imposed by the Declarant at the time the most easterly segment of Schaffer Mill Road is formally conveyed to the Association, (ii) along public trail connection points, (iii) access via the ski lift that is within the Northstar Ski Easement area by persons holding bona fide ski lift tickets, (iv) access via established and designated Ski Trail Easements, if any, over open space or conservation parcels within Martis Camp and (v) such other entry points as the Resort Owner may from time to time specifically designate, which additional points, if any, may be closed from time to time in the sole discretion of the Resort Owner. Accordingly, each Owner agrees not to access the Northstar Resort property directly from the Development except as expressly permitted by the Resort Owner, and agrees not to permit any of his or her guests, invitees, or lessees to do so.

3.06. Notice of Snowmaking Machines and Noise Attenuation. Residences constructed on Lots within the Annexed Property that are located adjacent to, or near, areas where snow making equipment may be used are required by Condition of Approval No. 88 to have increased insulation so as to limit interior noise in Residences to levels that do not exceed 45 dB Ldn (35 dB Leg in bedrooms). Further, certain Lots may be subject to some of the annoyances or inconveniences associated with proximity to the four season resort activities conducted on the lands comprising the Northstar Resort, such as the noise of snowmaking machines and grooming machines.

3.07. Disclosures Concerning Zones of Benefit Affecting the Annexed Property. The

Lots within the Annexed Property area included in the following Zones of Benefit within County Service Area No. 28:

(a) Zone of Benefit No. 199 which has been created to fund the monitoring of water quality Best Management Practices features. This Zone of Benefit is established pursuant to the document recorded in the Official Records of Placer County as Document No. 2006-0071613.

(b) Zone of Benefit No. 194, which has been created to fund the maintenance of public recreational facilities. This Zone of Benefit is established pursuant to the document recorded in the Official Records of Placer County as Document No.2006-0071612.

(c) Zone of Benefit No. 200, which was created to fund the Martis Valley Transit Program. This Zone of Benefit is established pursuant to the document recorded in the Official Records of Placer County as Document No.2007-0041047.

3.08. Disclosure Regarding Airspace Easement. The Annexable Property is subject to an airspace easement in favor of the County of Placer it its operation of the Truckee-Tahoe Airport so as to permit, above the Annexable Property, aircraft noise and other inconveniences that are generally associated with the operation of an airport. The airspace easement was recorded on May 1, 1978 in Book 1969, Page 125.

4. Incorporation by Reference. The provisions of the Declaration, as supplemented by this Declaration of Annexation, are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Lot or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

5. Effective Date. This Declaration of Annexation and Supplemental Declaration has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

[Balance of this page left blank intentionally]

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation and Supplemental Declaration on June 1, 2012.

DECLARANT:

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **HIGHLANDS INVESTMENT GROUP XV, LTD.,**
a Colorado limited partnership, Its Managing Member

By: **MARTIS CREEK CORPORATION,**
a Colorado corporation,
Its General Partner

By: _____
Ronald J. Parr, its Executive Vice-president

ACKNOWLEDGMENT

State of California)
) ss
County of Placer)

On June 1, 2012, before me, Stephanie G. Murphy, Notary Public, personally appeared **Ronald J. Parr**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

STEPHANIE G. MURPHY
Commission # 1845245
Notary Public - California
Nevada County
My Comm. Expires Apr 23, 2013

Signature Stephanie G. Murphy (Seal)

CONSENT AND SUBORDINATION BY LENDER
(Declaration of Annexation for Martis Camp Unit 8B)

FIRSTBANK, formerly known as FIRSTBANK OF LAKEWOOD, a Colorado banking corporation as Beneficiary ("Beneficiary") under: (i) that certain Deed of Trust made by DMB/Highlands Group, LLC, an Arizona limited liability company as Trustor, recorded in the Official Records of Placer County, California, on July 15, 2008, as Instrument No. 2008-0057397 , and (ii) that certain Deed of Trust made by Trustor, recorded in the Official Records of Placer County, California, on January 13, 2011, as Instrument No. 2011-0004677, both of which affect the real property that is identified as the "Annexed Property" in the attached instrument entitled "Declaration of Annexation and Supplemental Declaration for Phase 9 of Martis Camp (Unit 8B)" (the "Unit 8B Declaration of Annexation") does hereby subordinate and subject all right, title, beneficial interest, estate, and lien which said Beneficiary now has in and to the Annexed Property to the attached Unit 8B Declaration of Annexation and to the Martis Camp Declaration that is more particularly identified in Recital "B" of the Unit 8B Declaration of Annexation, to the same extent and with like force and effect as if and as though said Unit 8B Declaration of Annexation and the Martis Camp Declaration had been made, executed and recorded prior the execution of the two Deeds of Trust identified herein.

BENEFICIARY:

FIRSTBANK, a Colorado banking corporation

By: E. F. Douglass, Jr.
aka Buddy Douglass

By: Buddy Douglass Dated: 05-31-, 2012
Buddy Douglass, its President

ACKNOWLEDGEMENT

State of Colorado)
) ss.
County of Jefferson)

On May 31, , 2012, before me, Joyce L. White, Notary Public, aka E. F. Douglass, Jr., personally appeared **Buddy Douglass**, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature Joyce L. White (Seal)

JOYCE L. WHITE
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires 09/06/2012

EXHIBIT "A"

LEGAL DESCRIPTION OF THE ANNEXED PROPERTY

The land described herein is situated in the County of Placer, State of California, and described as follows:

All that land area depicted as Lots 495 through 497, inclusive, Lots 521 through 523, inclusive, Lots 536 through 569, inclusive, and the private roads designated as Villandry Drive, Fallen Leaf Way, Cloudcroft Court, and Thistleton Court, all as shown on the Map of "Tract No 1001 - Martis Camp Unit No. 8B" filed July 17, 2012 in Book CC of Maps, Page 31, Placer County Records.

RECORDING REQUESTED BY:
FIDELITY NATIONAL TITLE CO.

PLACER, County Recorder
JIM MCCAULEY
DOC- 2013-0053140-00
FIDELITY TITLE
THURSDAY, MAY 30, 2013 14:32:28
MIC $6.00 | AUT $12.00 | SBS $10.00
ERD $2.00 | RED $2.00 | REC $28.00
ADD $0.00

Ttl Pd $60.00 Rcpt # 02282748
clk46mlfj1/SM/2-11

RECORDING REQUESTED BY, AND WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
3200 Douglas Blvd., Suite 300
Roseville, CA 95661

Attention: Curtis C. Sproul, Esq. Subordination

(Space Above For Recorder's Use)

DECLARATION OF ANNEXATION

FOR PHASE 12

OF

MARTIS CAMP
(Unit 7B)

SM
SV

DECLARATION OF ANNEXATION
AND SUPPLEMENTAL DECLARATION
FOR PHASE 12
OF
MARTIS CAMP
(Unit 7B)

This Declaration of Annexation and Supplemental Declaration for Phase 12 of Martis Camp (Unit 7B) ("Declaration of Annexation") is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, that is more particularly described in Exhibit "A" (the "Annexed Property"). The Annexed Property is comprised of the numbered residential Homesites (lots) and the streets and courts that are shown on the Unit 7B Subdivision Map identified in Exhibit A. The Annexed Property covered and encumbered by this Declaration of Annexation does not include the lettered lots that are also created by, and shown on, the Unit 7B Subdivision Map that is identified in Exhibit "A", although the Declarant retains its rights pursuant to Section 15.02 of the Declaration described in Recital "B" below to annex some or all of those lettered lots at some future time.

B. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Homesites in the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations

C. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed to the Development by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation.

1.01. Annexation of the Annexed Property. The Declarant hereby declares that the Annexed Property is annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation.

1.02. Annexed Property Constitutes a Phase of Development. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Homesites within the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.03. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association in accordance with Article IV of the Declaration shall commence with respect to all Homesites within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Homesite in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.04. Equitable Servitudes. In accordance with California Civil Code sections 1354(a) and 1468, the covenants, conditions and restrictions of this Declaration of Annexation and those set forth in the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Homesite or Common Area located therein, as a servient tenement for the benefit of each and every other Homesite or Common Area located in the Development, as the dominant tenement.

1.05. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the Annexed Property.

1.06. Membership in the Association. Each Owner of one or more of the residential Homesites within the Annexed Property shall automatically be a Member of the Association, with a separate membership being appurtenant to each Homesite owned, commencing with the Owner's obligation to pay assessments to the Association pursuant to Section 1.03, above, and Article IV of the Declaration.

1.07. Voting Rights. The voting rights of the Owners of Homesites in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Owner's obligation to pay Regular Assessments to the Association as provided in Section 1.03, above.

1.08. Common Area. The Common Areas parcels in the Annexed Property consist of the following private streets within Unit 7B: Newhall Drive, Newhall Court, Dunsmuir Way, Kenarden Drive, Elsinore Court, and Chatwood Court, all as shown on the Subdivision Map for the Annexed Property.

2. Reservation of Easements.

2.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

2.02. Snow Storage Easements. All Homesites within the Annexed property (Homesites 435-476) have areas, adjacent to roads that are subject to an easement for the storage of snow in the winter months (as shown on the Subdivision Map).

2.03. Visibility Preservation Easements. The following Homesites and Open Space Lots within the Annexed Property are subject to a Visibility Preservation Easement, as shown on the Subdivision Map, for the purpose of keeping the designated area of the Homesite free of signs, hedges, fences, trees, structures, natural growth or other obstructions to the view that are higher than three feet (3') above the nearest road pavement surface: Homesites 439, 462, 469, 474, 475, and 476.

2.04. Easements Affecting Homesites 444, 445, 446, and 447. Homesites 444 through 447, inclusive, are subject to a Deed of Easement that is being recorded in the Official Records of Placer County concurrently with the recordation of this Declaration of Annexation (the "Deed of Easement"). The Deed of Easement identifies certain areas on those four Homesites as either "Building Restriction Areas" or "Fuel Management Easement Areas" and grants to the Association certain limited rights of entry into those Building Restriction and Fuel Management Easement Areas to perform tasks that are described in the Deed of Easement. Persons who are considering the purchase of any or all of Homesites 444 through 447, inclusive, are urged to read the Deed of Easement.

2.05. Other Easements. Each Homesite or Common Area street or court within the Annexed Property and its Owner (including the Association as to the common area parcels) is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property.

3. Supplemental Declaration. Pursuant to the authority reserved to the Declarant in Section 15.06(a) of the Declaration, the following restrictions are imposed and disclosures are made with respect to the Annexed Property:

3.01. Restrictions Pertaining to Homesites Adjacent to Open Space Parcels. Condition of Approval No. 114 and Sections 7.04 and 8.04 of the Declaration impose restrictions on access and use of Open Space parcels, as designated on the Subdivision Map for any Unit within Martis Camp. Among other things, those restrictions prohibit the Owners of Homesite that are located adjacent to an Open Space parcel from placing any fill materials, lawn clippings, oil, chemicals, or trash of any kind within the Open Space areas, or undertaking any grading, vegetation removal, or other alternations including domestic landscaping and/or fencing in the Open Space areas of Martis Camp. The Homesites in Unit 7B that are subject to these restrictions are: Homesites 435 through 437, inclusive, 439 through 445, inclusive, and 447 through 473.

3.02. The Spring Homesites.

(a) Identification of the Spring Homesites. The following Homesites in Martis Camp Unit 7B are hereby designated as the "Spring Homesites" which is a term that is intended to designate Homesites that can be combined with a neighboring Spring Homesite so as to create a single residential Homesite, subject to (i) approval of the Spring Homesite combination by the Martis Camp Design Review Committee and (ii) receipt of all necessary governmental approvals for the Spring Homesite combination. The following are Spring Homesites: 435-444; 452-456; 458, 459, 463, 464, 467, 468, 470, 471, 473-476.

(b) Maximum Permissible Size of Residences and Other Building Improvements. Prior to any such Spring Homesite combination the maximum square footage for residences on Spring Homesites 452 through 456, inclusive, 458, 459, 463, 464, 467, 468, 470, 471, and Homesites 473 through 476, inclusive shall be 4500 square feet and on Spring Homesites 435 through 444, inclusive, the maximum square footage shall be 5000 square feet. If two Spring Homesites are combined, the maximum square footage for a residence constructed on the combined Homesite shall be 6000 square feet. Determination of the maximum allowable square footage of building improvements on Spring Homesites is calculated on the basis of two criteria, namely (i) the aggregate conditioned floor area, including accessory structures such as guest houses, meaning enclosed living space, exclusive of open porches, garages, patios, exterior stairways and walkways and (ii) all site specific building limitations that have been imposed on the Spring Homesite(s) by Placer County and included on the Development Notebook Sheet for the Homesite. Owners of Spring Homesites and their architects are encouraged to examine the Development Notebook Sheet for the Owner's Spring Homesite(s) carefully as well as Sections 2.1 and 2.2 of the Martis Camp Design Guidelines.

(c) Revised Set-Back Requirements for Combined Spring Homesites. When two Spring Homesites are combined the following minimum set-backs shall pertain to the combined Spring Homesite: (i) the front set-back shall be a minimum of forty feet (40'); (ii) the side set-backs shall be a minimum of fifty feet (50'); and (iii) the rear set-back shall be thirty feet (30') for any rear property line that abuts an open space parcel, a park or a roadway and forty feet (40') if the rear property line abuts a neighboring Homesite.

3.03. Restrictions on Other Homesite Combinations. Other Homesites in the Annexed Property may be combined with an adjacent Homesite or with a Spring Homesite; provided, however, that if such a combination(s) occurs, the maximum allowable square footage for residence improvements on the combined Homesite (calculated as stated in Section 3.03(b), above, shall remain limited to the maximum permitted for the larger of the two combined Homesites and if the combination involves a Spring Homesite, the modified set-back requirements for the combined Homesite that are stated in Section 3.03(c), above, shall be applicable.

3.04. Maximum Size of Residences in Martis Camp Unit 7B. The total allowable square footage of residence improvements constructed on Homesites within the Annexed Property (calculated as stated in Section 3.03(b), above) shall not exceed the number of square feet set forth below:

(i)	Homesites 445, 446 and 457:	6000 square feet
(ii)	Homesites 447, .451, 460, 461, 462, 466, 469, and 472:	9000 square feet
(iii)	Homesites 448, 449, 450, and 465:	7500 square feet

In no event shall any Residence (including both the principal Residence and a guest cottage) be constructed on a Homesite within the Annexed Property that exceeds 9000 square feet in size (calculated as stated in Section 3.03(b), above).

4. Incorporation by Reference. The provisions of the Declaration are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Homesite or Common Area therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

5. Effective Date. This Declaration of Annexation has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

[The balance of this page has been left blank intentionally.]

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation on May 7, 2013.

DECLARANT:

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colorado limited partnership, Its Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____
RONALD J. PARR, EXECUTIVE VICE-PRESIDENT

EXHIBIT "A"
LEGAL DESCRIPTION OF THE ANNEXED PROPERTY
WITHIN MARTIS CAMP UNIT NO. 7B

The land described herein is situated in the County of Placer, State of California, and described as follows:

Residential Homesites 435 through and including Homesite 476, and the private streets entitled "Newhall Drive," "Newhall Court", "Dunsmuir Way", "Kenarden," "Elsinore Court," and "Chatwood Court," all as shown on that certain Map entitled "Martis Camp Unit No. 7B", which map was filed for Record in Book CC of Maps at Page 46, Official Records of Placer County.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California
County of Placer

On May 7, 2013 (Date) before me, Stephanie G. Murphy NSDNP, (Here Insert Name and Title of the Officer)

personally appeared Ronald J. Parr (Name(s) of Signer(s))

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

STEPHANIE G. MURPHY
Commission # 2020110
Notary Public - California
Placer County
My Comm. Expires Apr 23, 2017

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

WITNESS my hand and official seal.

Signature: Stephanie G. Murphy (Signature of Notary Public)

Place Notary Seal Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer — Title(s): _____	☐ Corporate Officer — Title(s): _____
☐ Individual	☐ Individual
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact	☐ Attorney in Fact
☐ Trustee	☐ Trustee
☐ Guardian or Conservator	☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer Is Representing: _____	Signer Is Representing: _____

CONSENT AND SUBORDINATION BY LENDER
(Declaration of Annexation for Martis Camp Unit 7B)

FIRSTBANK, formerly known as FIRSTBANK OF LAKEWOOD, a Colorado banking corporation as Beneficiary ("Beneficiary") under: (i) that certain Deed of Trust made by DMB/Highlands Group, LLC, an Arizona limited liability company as Trustor, recorded in the Official Records of Placer County, California, on July 15, 2008, as Instrument No. 2008-0057397, and (ii) that certain Deed of Trust made by Trustor, recorded in the Official Records of Placer County, California, on January 28, 2013, as Instrument No. 2013-0008647, both of which affect the real property that is identified as the "Annexed Property" in the attached instrument entitled "Declaration of Annexation and Supplemental Declaration for Phase 12 of Martis Camp (Unit 7B)" (the "Unit 7B Declaration of Annexation") does hereby subordinate and subject all right, title beneficial interest, estate, and lien which said Beneficiary now has in and to the Annexed Property to the attached Unit 7B Declaration of Annexation and to the Martis Camp Declaration that is more particularly identified in Recital B of the Unit 8B Declaration of Annexation, to the same extent and with like force and effect as if and as though said Unit 7B Declaration of Annexation and the Martis Camp Declaration had been made, executed and recorded prior to the execution of the two Deeds of Trust identified herein.

BENEFICIARY:

FIRSTBANK, a Colorado banking corporation

By: _____ Dated: 5/2, 2013

ACKNOWLEDGEMENT

State of Colorado)
) ss.
County of Jefferson)

On May 2, 2013, before me Elizabeth Beegle-Kepaa, Notary Public, personally appeared Thomas Wright who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

ELIZABETH BEEGLE-KEPAA
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 8/29/2014

RECORDERS MEMO
LEGIBLE COPY ATTACHED HERETO

I declare under penalty of perjury that this is a true and correct copy of the original attached document.

5-29-13 Auburn, CA

CONSENT AND SUBORDINATION BY LENDER
(Declaration of Annexation for Martis Camp Unit 7B)

FIRSTBANK, formerly known as FIRSTBANK OF LAKEWOOD, a Colorado banking corporation as Beneficiary ("Beneficiary") under: (i) that certain Deed of Trust made by DMB/Highlands Group, LLC, an Arizona limited liability company as Trustor, recorded in the Official Records of Placer County, California, on July 15, 2008, as Instrument No. 2008-0057397, and (ii) that certain Deed of Trust made by Trustor, recorded in the Official Records of Placer County, California, on January 28, 2013, as Instrument No. 2013-0008647, both of which affect the real property that is identified as the "Annexed Property" in the attached instrument entitled "Declaration of Annexation and Supplemental Declaration for Phase 12 of Martis Camp (Unit 7B)" (the "Unit 7B Declaration of Annexation") does hereby subordinate and subject all right, title beneficial interest, estate, and lien which said Beneficiary now has in and to the Annexed Property to the attached Unit 7B Declaration of Annexation and to the Martis Camp Declaration that is more particularly identified in Recital B of the Unit 7B Declaration of Annexation, to the same extent and with like force and effect as if and as though said Unit 7B Declaration of Annexation and the Martis Camp Declaration had been made, executed and recorded prior to the execution of the two Deeds of Trust identified herein.

BENEFICIARY:

FIRSTBANK,
a Colorado banking corporation

By:_____ Dated: _____, 2013

ACKNOWLEDGEMENT

State of Colorado)
) ss.
County of _____)

On _____, 2013, before me _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

11

RECORDING REQUESTED BY:
FIDELITY NATIONAL TITLE CO.

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
3200 Douglas Blvd., Suite 300
Roseville, CA 95661

Attention: Curtis C. Sproul, Esq.

PLACER, County Recorder
JIM MCCAULEY
DOC- 2013-0085027-00
FIDELITY TITLE
WEDNESDAY, AUG 28, 2013 11:20:09
MIC $6.00 | AUT $12.00 | SBS $10.00
ERD $2.00 | RED $2.00 | REC $28.00
ADD $0.00

Ttl Pd $60.00 Rcpt # 02304986
clk46mlfj1/SM/2-11

Subdivision

(Space Above For Recorder's Use)

DECLARATION OF ANNEXATION

FOR PHASE 13

OF

MARTIS CAMP
(Unit 7C)

DECLARATION OF ANNEXATION
AND SUPPLEMENTAL DECLARATION
FOR PHASE 13
OF
MARTIS CAMP
(Unit 7C)

This Declaration of Annexation and Supplemental Declaration for Phase 13 of Martis Camp (Unit 7C) ("Declaration of Annexation") is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, that is more particularly described in Exhibit "A" (the "Annexed Property"). The Annexed Property is comprised of the numbered residential Homesites (lots) and the streets and courts that are shown on the Unit 7C Subdivision Map identified in Exhibit A. The Annexed Property covered and encumbered by this Declaration of Annexation does not include the lettered lots that are also created by, and shown on, the Unit 7C Subdivision Map that is identified in Exhibit "A", although the Declarant retains its rights pursuant to Section 15.02 of the Declaration described in Recital "B" below to annex some or all of those lettered lots at some future time.

B. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Homesites in the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations

C. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed to the Development by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation.

1.01. Annexation of the Annexed Property. The Declarant hereby declares that the Annexed Property is annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation.

1.02. Annexed Property Constitutes a Phase of Development. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Homesites within the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.03. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association in accordance with Article IV of the Declaration shall commence with respect to all Homesites within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Homesite in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area shall be exempt from the obligation to pay Assessments.

1.04. Equitable Servitudes. In accordance with California Civil Code sections 1354(a) and 1468, the covenants, conditions and restrictions of this Declaration of Annexation and those set forth in the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Homesite or Common Area located therein, as a servient tenement for the benefit of each and every other Homesite or Common Area located in the Development, as the dominant tenement.

1.05. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the Annexed Property.

1.06. Membership in the Association. Each Owner of one or more of the residential Homesites within the Annexed Property shall automatically be a Member of the Association, with a separate membership being appurtenant to each Homesite owned, commencing with the Owner's obligation to pay assessments to the Association pursuant to Section 1.03, above, and Article IV of the Declaration.

1.07. Voting Rights. The voting rights of the Owners of Homesites in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Owner's obligation to pay Regular Assessments to the Association as provided in Section 1.03, above.

1.08. Common Area. There are no Common Area parcels within the Annexed Property,

2. Reservation of Easements.

2.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

2.02. Snow Storage Easements. All Homesites within the Annexed property have areas, adjacent to roads, that are subject to an easement for the storage of snow in the winter months (as shown on the Subdivision Map).

2.03. Visibility Preservation Easements. Homesites 670 and 671 within the Annexed Property are subject to a Visibility Preservation Easement, as shown on the Subdivision Map, for the purpose of keeping the designated area of the Homesite free of signs, hedges, fences, trees, structures, natural growth or other obstructions to the view that are higher than three feet (3') above the nearest road pavement surface.

2.04. Other Easements. Each Homesite or Common Area street or court within the Annexed Property and its Owner (including the Association as to the common area parcels) is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property.

3. Supplemental Declaration. Pursuant to the authority reserved to the Declarant in Section 15.06(a) of the Declaration, the following restrictions are imposed and disclosures are made with respect to the Annexed Property:

3.01. Restrictions Pertaining to Homesites Adjacent to Open Space Parcels. Condition of Approval No. 114 and Sections 7.04 and 8.04 of the Declaration impose restrictions on access and use of Open Space parcels, as designated on the Subdivision Map for any Unit within Martis Camp. Among other things, those restrictions prohibit the Owners of Homesite that are located adjacent to an Open Space parcel from placing any fill materials, lawn clippings, oil, chemicals, or trash of any kind within the Open Space areas, or undertaking any grading, vegetation removal, or other alternations including domestic landscaping and/or fencing in the Open Space areas of Martis Camp. The Homesites in Unit 7C that are subject to these restrictions are: Homesites 664 through 669.

3.02. The Spring Homesites.

(a) Identification of the Spring Homesites. The following Homesites in Martis Camp

Unit 7C are hereby designated as the "Spring Homesites" which is a term that is intended to designate Homesites that can be combined with a neighboring Spring Homesite so as to create a single residential Homesite, subject to (i) approval of the Spring Homesite combination by the Martis Camp Design Review Committee and (ii) receipt of all necessary governmental approvals for the Spring Homesite combination. The following are Spring Homesites: 670 through 673.

(b) Maximum Permissible Size of Residences and Other Building Improvements. Prior to any such Spring Homesite combination the maximum square footage for residences on Spring Homesites shall be 4500 square. If two Spring Homesites are combined, the maximum square footage for a residence constructed on the combined Homesite shall be 6000 square feet. Determination of the maximum allowable square footage of building improvements on Spring Homesites is calculated on the basis of two criteria, namely (i) the aggregate conditioned floor area, including accessory structures such as guest houses, meaning enclosed living space, exclusive of open porches, garages, patios, exterior stairways and walkways and (ii) all site specific building limitations that have been imposed on the Spring Homesite(s) by Placer County and included on the Development Notebook Sheet for the Homesite. Owners of Spring Homesites and their architects are encouraged to examine the Development Notebook Sheet for the Owner's Spring Homesite(s) carefully as well as Sections 2.1 and 2.2 of the Martis Camp Design Guidelines.

(c) Revised Set-Back Requirements for Combined Spring Homesites. When two Spring Homesites are combined the following minimum set-backs shall pertain to the combined Spring Homesite: (i) the front set-back shall be a minimum of forty feet (40'); (ii) the side set-backs shall be a minimum of fifty feet (50'); and (iii) the rear set-back shall be thirty feet (30') for any rear property line that abuts an open space parcel, a park or a roadway and forty feet (40') if the rear property line abuts a neighboring Homesite.

3.03. Restrictions on Other Homesite Combinations. Other Homesites in the Annexed Property may be combined with an adjacent Homesite or with a Spring Homesite; provided, however, that if such a combination(s) occurs, the maximum allowable square footage for residence improvements on the combined Homesite (calculated as stated in Section 3.03(b), above, shall remain limited to the maximum permitted for the larger of the two combined Homesites and if the combination involves a Spring Homesite, the modified set-back requirements for the combined Homesite that are stated in Section 3.03(c), above, shall be applicable.

3.04. Maximum Size of Residences in Martis Camp Unit 7C. Except as otherwise provided in Section 3.02(b), above, in no event shall any Residence (including both the principal Residence and a guest cottage) be constructed on a Homesite within the Annexed Property that exceeds 9000 square feet in size calculated on the basis of the aggregate conditioned floor area, including accessory structures such as guest houses, meaning enclosed living space, exclusive of open porches, garages, patios, exterior stairways and walkways and (ii) all site specific building limitations that have been imposed on the Homesite by Placer County and included on the Development Notebook Sheet for the Homesite.

4. Incorporation by Reference. The provisions of the Declaration are incorporated herein by

this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Homesite therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

5. Effective Date. This Declaration of Annexation has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation on August 13, 2013.

DECLARANT:

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colorado limited partnership, Its Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____
Ronald J. Parr
Executive Vice President

EXHIBIT "A"
LEGAL DESCRIPTION OF THE ANNEXED PROPERTY
WITHIN MARTIS CAMP UNIT NO. 7C

The land described herein is situated in the County of Placer, State of California, and described as follows:

Residential Homesites 664 through and including Homesite 673, all as shown on that certain Map entitled "Martis Camp Unit No. 7C", which map was filed for Record in Book CC of Maps at Page 55, Official Records of Placer County.

State of California)
) ss
County of Placer-)

On August 14, 2013, before me, Stephanie G. Murphy, Notary Public,
[here insert name and title of the officer]

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

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

WITNESS my hand and official seal.

STEPHANIE G. MURPHY
Commission # 2020110
Notary Public - California
Placer County
My Comm. Expires Apr 23, 2017

Signature Stephanie G. Murphy (Seal)

CONSENT AND SUBORDINATION BY LENDER
(Declaration of Annexation for Martis Camp Unit 7C)

FIRSTBANK, formerly known as FIRSTBANK OF LAKEWOOD, a Colorado banking corporation as Beneficiary ("Beneficiary") under: (i) that certain Deed of Trust made by DMB/Highlands Group, LLC, an Arizona limited liability company as Trustor, recorded in the Official Records of Placer County, California, on July 15, 2008, as Instrument No. 2008-0057397, and (ii) that certain Deed of Trust made by Trustor, recorded in the Official Records of Placer County, California, on January 28, 2013, as Instrument No. 2013-0008647, both of which affect the real property that is identified as the "Annexed Property" in the attached instrument entitled "Declaration of Annexation and Supplemental Declaration for Phase 13 of Martis Camp (Unit 7C)" (the "Unit 7C Declaration of Annexation") does hereby subordinate and subject all right, title beneficial interest, estate, and lien which said Beneficiary now has in and to the Annexed Property to the attached Unit 7C Declaration of Annexation and to the Martis Camp Declaration that is more particularly identified in Recital B of the Unit 7C Declaration of Annexation, to the same extent and with like force and effect as if and as though said Unit 7C Declaration of Annexation and the Martis Camp Declaration had been made, executed and recorded prior to the execution of the two Deeds of Trust identified herein.

BENEFICIARY:

FIRSTBANK,
a Colorado banking corporation

By: _____ Dated: August 13, 2013

ACKNOWLEDGEMENT

State of Colorado)
) ss.
County of Placer)

On August 13, 2013, before me Stephanie G. Murphy, Notary Public, personally appeared Thomas Wright who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature_____ (Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of Placer

On August 13, 2013 (Date) before me, Stephanie G Murphy Notary Public (Here Insert Name and Title of the Officer),

personally appeared Thomas Wright (Name(s) of Signer(s))

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

STEPHANIE G. MURPHY
Commission # 2020110
Notary Public - California
Placer County
My Comm. Expires Apr 23, 2017

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

WITNESS my hand and official seal.

Signature: Stephanie G. Murphy (Signature of Notary Public)

Place Notary Seal Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document: Consent and Subordination by Lender

Document Date: N/A Number of Pages: 2

Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name:	Signer's Name:
☐ Corporate Officer — Title(s):	☐ Corporate Officer — Title(s):
☐ Individual	☐ Individual
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact	☐ Attorney in Fact
☐ Trustee	☐ Trustee
☐ Guardian or Conservator	☐ Guardian or Conservator
☐ Other:	☐ Other:
Signer Is Representing:	Signer Is Representing:

 Item #5907

11

RECORDING REQUESTED BY:
FIDELITY NATIONAL TITLE CO.

RECORDING REQUESTED BY, AND WHEN RECORDED, MAIL TO:

SPROUL TROST LLP
3200 Douglas Blvd., Suite 300
Roseville, CA 95661

Attention: Curtis C. Sproul, Esq.

Subordination

PLACER, County Recorder
JIM MCCAULEY
DOC- 2013-0105830-00
FIDELITY TITLE
FRIDAY, NOV 8, 2013 10:29:45

MIC	$6.00	AUT	$9.00	SBS	$7.00
ERD	$2.00	RED	$2.00	REC	$25.00
ADD	$0.00				

Ttl Pd $51.00 Rcpt # 02320343
CLK46MLFJ1/SM/2-8

(Space Above For Recorder's Use)

DECLARATION OF ANNEXATION

FOR PHASE 14

OF

MARTIS CAMP
(Unit 10)

DECLARATION OF ANNEXATION
AND SUPPLEMENTAL DECLARATION
FOR PHASE 14
OF
MARTIS CAMP
(Unit 10)

This Declaration of Annexation and Supplemental Declaration for Phase 14 of Martis Camp (Unit 10) ("Declaration of Annexation") is made by DMB/Highlands Group, LLC, an Arizona limited liability company (the "Declarant"), in reference to the following facts:

RECITALS

A. The Declarant is the Owner of record of that certain real property located in the County of Placer, State of California, that is more particularly described in Exhibit "A" (the "Annexed Property"). The Annexed Property is comprised of the numbered residential Homesites (Lots 622-663, inclusive), Open Space Lots, and the streets and courts that are shown on the Unit 10 Subdivision Map identified in Exhibit "A". The Annexed Property covered and encumbered by this Declaration of Annexation does not include the following lettered lots that are also created by, and shown on, the Unit 10 Subdivision Map: Lots AAAA, BBBB, DDDD, EEEE, FFFF or JJJ. Lot CCCC as shown on the Unit 10 Subdivision Map is being annexed pursuant to this Declaration of Annexation, but shall be retained in fee simple ownership by the Declarant which may, in its discretion, convey that lettered Lot to the Martis Camp Community Association at some future date as a Common Area parcel. The Declarant also retains its rights pursuant to Section 15.02 of the Declaration described in Recital "B" below to annex some or all of the lettered Lots shown on the Unit 10 Subdivision Map that are not being annexed pursuant to this Declaration of Annexation at some future time.

B. The Declarant, by execution of that certain Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 05, 2006, as Instrument No. 2006-0071614 and as amended by that First Amendment of Declaration of Covenants, Conditions and Restrictions for Martis Camp recorded in the Official Records of Placer County, California on July 25, 2006 as Instrument No. 2006-0078895 (collectively the "Declaration"), declared that certain properties described therein (the "Development") would be held, sold and conveyed subject to certain protective covenants, conditions, restrictions, easements and equitable servitudes which are also set forth in the Declaration. The Development is a common interest development as defined in California Civil Code section 1351 and therefore the Declaration provides for the formation of the Martis Camp Community Association, a California nonprofit mutual benefit corporation (the "Association") to own and maintain the Common Areas and Common Facilities of the Development and to perform other duties and obligations on behalf of its Members who are Owners of Homesites in the Martis Camp development. Under Article IV of the Declaration the Association has the power and authority to assess its Members in order to provide a source of funding for its operations

C. Section 15.02 of the Declaration provides that additional land within the area described in Exhibit "B" attached to the Declaration may be annexed to the Development by the Declarant without the consent of the owners of other land subject to the Declaration by recording a Declaration of Annexation describing the property that is being annexed.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation.

1.01. Annexation of the Annexed Property. The Declarant hereby declares that the Annexed Property is annexed to and made a part of the Martis Camp common interest development. This Declaration of Annexation constitutes a "Declaration of Annexation" as described in Section 15.05 of the Declaration. The Annexed Property, and each part thereof, shall be held, sold leased, transferred, occupied and conveyed subject to the terms, provisions, covenants, conditions, restrictions, easements and equitable servitudes of the Declaration and this Declaration of Annexation. The Annexed Property consists of residential Lots called "Homesites" and Common Areas consisting of the private streets and lettered parcels listed in Exhibit "A".

1.02. Annexed Property Constitutes a Phase of Development. For purposes of determining when Regular Assessment payments to the Association shall commence with respect to the Homesites within the Annexed Property in accordance with Section 4.02(d) of the Declaration, the Annexed Property constitutes a Phase of the Development, as the term "Phase" is defined in Section 1.41 of the Declaration.

1.03. Commencement of Assessment Obligations. The payment of Regular Assessments to the Association in accordance with Article IV of the Declaration shall commence with respect to all Homesites within the Annexed Property on the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Homesite in the Annexed Property to a person other than the Declarant. Notwithstanding the above, all real property within the Annexed Property that is Common Area and other lettered Lots that are subject to this Declaration of Annexation shall be exempt from the obligation to pay Assessments.

1.04. Equitable Servitudes. In accordance with California Civil Code sections 1354(a) and 1468, the covenants, conditions and restrictions of this Declaration of Annexation and those set forth in the Declaration are imposed as equitable servitudes upon the Annexed Property, and each Homesite, Common Area or other lettered Lot located therein, as a servient tenement for the benefit of each and every other Homesite or Common Area located in the Development, as the dominant tenement.

1.05. Covenants Appurtenant. The covenants, conditions and restrictions of this Declaration of Annexation and the Declaration shall run with, and shall inure to the benefit of, and shall be binding upon all of the Annexed Property, and shall be binding upon and inure to the benefit of all persons (and such persons' heirs, personal representatives, successors and assigns) having, or hereafter acquiring, any right, title or interest in all or any portion of the

Annexed Property.

1.06. Membership in the Association. Each Owner of one or more of the residential Homesites within the Annexed Property shall automatically be a Member of the Association, with a separate membership being appurtenant to each Homesite owned, commencing with the Owner's obligation to pay assessments to the Association pursuant to Section 1.03, above, and Article IV of the Declaration.

1.07. Voting Rights. The voting rights of the Owners of Homesites in the Annexed Property as Members of the Association shall be as set forth in the Declaration and in the Bylaws of the Association. Voting rights shall commence with respect to the Annexed Property upon commencement of Owner's obligation to pay Regular Assessments to the Association as provided in Section 1.03, above.

2. Reservation of Easements.

2.01. Easements in the Declaration. The Declarant hereby reserves easements over the Annexed Property, as appropriate, for the purposes set forth in Article IX of the Declaration.

2.02. Snow Storage Easements. All Homesites within the Annexed property have areas, adjacent to roads, that are subject to an easement for the storage of snow in the winter months (as shown on the Subdivision Map).

2.03. Visibility Preservation Easements. Homesites 628, 638, 642, 646, and 653 within the Annexed Property are subject to a Visibility Preservation Easement, as shown on the Subdivision Map, for the purpose of keeping the designated area of the Homesite free of signs, hedges, fences, trees, structures, natural growth or other obstructions to the view that are higher than three feet (3') above the nearest road pavement surface.

2.04. Other Easements. Each Homesite or Common Area street or court within the Annexed Property and its Owner (including the Association as to the common area parcels) is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Annexed Property as shown on the Subdivision Map for the Annexed Property.

3. Supplemental Declaration. Pursuant to the authority reserved to the Declarant in Section 15.06(a) of the Declaration, the following restrictions are imposed and disclosures are made with respect to the Annexed Property:

3.01. Restrictions Pertaining to Homesites Adjacent to Open Space Parcels. Condition of Approval No. 114 and Sections 7.04 and 8.04 of the Declaration impose restrictions on access and use of Open Space parcels, as designated on the Subdivision Map for any Unit within Martis Camp. Among other things, those restrictions prohibit the Owners of Homesite that are located adjacent to an Open Space parcel from placing any fill materials, lawn clippings, oil, chemicals, or trash of any kind within the Open Space areas, or undertaking any grading, vegetation removal, or other alternations including domestic landscaping and/or fencing in the Open Space

areas of Martis Camp.

3.02. Emergency Vehicle Access Route. Open Space Parcel HHH is designated on the Subdivision Map as an emergency vehicle access route or "EVA", however the Parcel will not be open for general vehicle ingress or egress.

4. Incorporation by Reference. The provisions of the Declaration are incorporated herein by this reference and are expressly declared to be applicable to the Annexed Property and to each owner of a Homesite therein, as if the Annexed Property was originally encumbered by the Declaration. Except as otherwise provided herein, all capitalized terms used in this Declaration of Annexation shall have the same meanings as set forth in the Declaration.

5. Effective Date. This Declaration of Annexation has been executed to be effective as of the date of its Recordation in the Official Records of Placer County, California.

IN WITNESS WHEREOF, DMB/Highlands Group, LLC, an Arizona limited liability company, in its capacity as the "Declarant" under the Declaration, hereby executes this Declaration of Annexation on October 28, 2013.

DECLARANT:

DMB/HIGHLANDS GROUP, LLC,
an Arizona limited liability company

By: **Highlands Investment Group XV, Ltd.**,
a Colorado limited partnership, Its Managing Member

By: Martis Creek Corporation,
a Colorado corporation, General Partner

By: _____
Ronald J. Parr, its Executive Vice President

EXHIBIT "A"
LEGAL DESCRIPTION OF THE ANNEXED PROPERTY
WITHIN MARTIS CAMP UNIT NO. 10

The land described herein is situated in the County of Placer, State of California, and described as follows:

Residential Homesites 622-663, inclusive, Open Space Lots, and private streets Villandry Circle, Villandry Drive, Lyndhurst Court and Hermitage Court, and lettered Lots HHH, GGG, KKK, FFF, all as shown on that certain Map entitled "Martis Camp Unit No. 10", which map was filed for Record on ~~October~~ ____, 2013, in Book CC of Maps at Page 70, Official Records of Placer County. November 8 2013

State of California)
) ss
County of Placer)

On October 28, 2013, before me, Stephanie G. Murphy, Notary Public,
[here insert name and title of the officer]

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

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

WITNESS my hand and official seal.

Signature Stephanie G. Murphy (Seal)

STEPHANIE G. MURPHY
Commission # 2020110
Notary Public - California
Placer County
My Comm. Expires Apr 23, 2017

CONSENT AND SUBORDINATION BY LENDER
(Declaration of Annexation for Martis Camp Unit 10)

FIRSTBANK, formerly known as FIRSTBANK OF LAKEWOOD, a Colorado banking corporation as Beneficiary ("Beneficiary") under: (i) that certain Deed of Trust made by DMB/Highlands Group, LLC, an Arizona limited liability company as Trustor, recorded in the Official Records of Placer County, California, on July 15, 2008, as Instrument No. 2008-0057397, and (ii) that certain Deed of Trust made by Trustor, recorded in the Official Records of Placer County, California, on January 28, 2013, as Instrument No. 2013-0008647, both of which affect the real property that is identified as the "Annexed Property" in the attached instrument entitled "Declaration of Annexation and Supplemental Declaration for Phase 14 of Martis Camp (Unit 10)" (the "Unit 10 Declaration of Annexation") does hereby subordinate and subject all right, title beneficial interest, estate, and lien which said Beneficiary now has in and to the Annexed Property to the attached Unit 10 Declaration of Annexation and to the Martis Camp Declaration that is more particularly identified in Recital B of the Unit 10 Declaration of Annexation, to the same extent and with like force and effect as if and as though said Unit 10 Declaration of Annexation and the Martis Camp Declaration had been made, executed and recorded prior to the execution of the two Deeds of Trust identified herein.

BENEFICIARY:

FIRSTBANK,
a Colorado banking corporation

By: Jennifer Vagher
Executive Vice President

Dated: October 28, 2013

ACKNOWLEDGEMENT

State of Colorado)
) ss.
County of Jefferson)

On Oct. 28, 2013, before me Elizabeth Beegle-Kepaa, Notary Public, personally appeared Jennifer Vagher who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS ~~my~~ hand and official seal.

Signature _____ (Seal)

ELIZABETH BEEGLE-KEPAA
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 8/29/2014