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OFFICIAL RECORDS

REQUESTED BY

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PLACER CO RECORDER

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SECOND AMENDED DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS

The attached "Second Amended Declaration of Covenants, Conditions and Restrictions" reflects an amendment to the original "Declaration of Covenants, Conditions and Restrictions" recorded in Official Records of Placer County, California, on July 26, 1979, Book 2150, pages 45-57, and amended by the "First Amended Declaration of Covenants, Conditions and Restrictions" recorded in Official Records of Placer County, California, on September 20, 1979, Book 2172, pages 227-241.

The Declaration as previously recorded remains exactly the same except for the following two changes:

1) Page 4, Article III, Section 3(a) formerly read:

For the year commencing with the first day of the month following the conveyance of the first lot of the subdivision, the maximum annual assessment shall be \$            per Lot.

Page 4, Article III, Section 3(a) now reads:

Commencing October 1, 1980, the maximum assessment per lot will be \$19.34 per unimproved lot and \$28.40 per improved lot. A lot will be considered improved when a notice of completion of a structural improvement on the lot is recorded or 120 days after the issuance of a building permit for a structural improvement on the lot, whichever first occurs.

2) Page 5, Article III, Section 6, formerly read:

Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis.

Page 5, Article III, Sect on 6 now reads:

Annual assessments will be fixed separately for unimproved and improved lots (as defined in Section 3(a) above), and special assessments will be fixed at a uniform rate for all lots. All assessments may be collected on a monthly basis.

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Dated December 8, 1980

SADDLEBACK LIMITED PARTNERSHIP,  
Owner of More than 2/3 of all lots.

By *Daniel Lahey*  
Daniel Lahey, General Partner

STATE OF CALIFORNIA  
COUNTY OF Sacramento } SS.

On December 8, 1980

before me, the undersigned, a Notary Public in and for said County and State, personally appeared Daniel Lahey known to me to be one of the partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

Signature *Mickie M. Ishizuka*



I certify that the above amendments were approved by the Class A and Class B membership of the Saddleback Homeowners Association.

*Gordon Light*  
Gordon Light, President,  
Homeowners Association

STATE OF CALIFORNIA  
COUNTY OF Placer } SS.

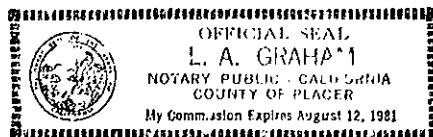
On December 29, 1980 before me the undersigned, a Notary Public in and for said County and State, personally appeared Gordon Light known to me to be the President, and

Secretary, of the corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

Signature *L. A. Graham*  
L. A. Graham



FOR NOTARY SEAL OR STAMP



SECOND AMENDED DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS

The attached "First Amended Declaration of Covenants, Conditions and Restrictions" reflects an amendment to the original "Declaration of Covenants, Conditions and Restrictions" recorded in Official Records of Placer County, California, on July 26, 1979, Book 2150, pages 45-57.

The only amendment to the original document is on Page 5, Section 9. In all other respects, the "Declaration" as originally recorded remains unchanged.

Page 5, Section 9, formerly read:

"Section 9. The lien of the assessments provided for herein shall be subordinate to the lien of any prior mortgage or deed of trust, in favor of any bank, savings and loan association or other institutional lender, which prior mortgage or deed of trust may secure any additional advances, as well as the initial advances made thereunder. Sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to foreclosure of such mortgage or deed of trust or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer, but only if the purchaser at such foreclosure or trustee's sale is other than the defaulting mortgage or trustor, his heirs or assigns. Such Lot shall be subject to liability for assessments, and to the lien therefor, becoming due after such sale or transfer, whether the purchaser or transferee is an institutional lender or otherwise."

Page 5, Section 9, as amended, now reads:

"Section 9. The lien of the assessments provided for herein shall be subordinate to the lien of any prior mortgage or deed of trust, which prior mortgage or deed of trust may secure any additional advances, as well as the initial advances made thereunder. Sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to foreclosure of such mortgage or deed of trust or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer, but only if the purchaser at such foreclosure or trustee's sale is other than the defaulting mortgage or trustor, his heirs or assigns. Such Lot shall be subject to liability for assessments, and to the lien therefor, becoming due after such sale or transfer, whether the purchaser or transferee is an institutional lender or otherwise."

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Dated: September 19, 1979.

Lynn Harris  
Lynn Harris

Cynthia L. Uhler  
Cynthia L. Uhler

Manuel Perry, Jr.  
Manuel Perry, Jr.

Hugh Harris  
Hugh Harris

Lewis K. Uhler  
Lewis K. Uhler

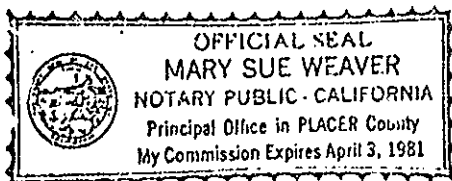
William H. Beck  
William H. Beck

Daniel Lahey  
Daniel Lahey

STATE OF CALIFORNIA )  
COUNTY OF PLACER ) ss.

On September 19, 1979, before the undersigned Notary Public in and for said County and State, personally appeared Hugh Harris, Lynn Harris, Lewis K. Uhler, Cynthia L. Uhler and William H. Beck, known to me to be the persons described in and whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the date and place above written.

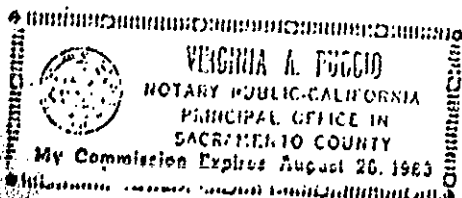


Mary Sue Weaver  
Notary Public

STATE OF CALIFORNIA )  
COUNTY OF SACRAMENTO ) ss.

On September 19, 1979, before the undersigned Notary Public in and for said County and State, personally appeared Manuel Perry, Jr., and Daniel Lahey, known to me to be the persons described in and whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the date and place above written.



Virginia A. Fuccio  
Notary Public

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SECOND AMENDED DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS

This Declaration made on the date hereinafter set forth by Hugh Harris and Lynn Harris, husband and wife, Lewis K. Uhler and Cynthia L. Uhler, husband and wife, William H. Beck, Manuel Perry, Jr., and Daniel Lahey, hereinafter jointly referred to as "Declarant."

WITNESSETH:

Whereas, Declarant is the owner of certain property in the County of Placer, State of California, more particularly described as "Saddleback Subdivision" as recorded in the Records of the County of Placer:

(See legal description attached hereto as "Exhibit A".)

Now, therefore, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I  
DEFINITIONS

Section 1. "Association" shall mean and refer to Saddleback Homeowners Association, a California non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

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Section 4. "Common Maintenance Area" shall mean all real property (including the improvements thereto) which are maintained by the Association for the common use and enjoyment of the Owners. The Common Maintenance Area shall include, but not be limited to, the fire pond, roadways, sewage system and meandering drainage easements.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, with the exception of the Common Maintenance Area.

Section 6. "Declarant" shall mean and refer to any successors and assigns of Declarant as hereinabove set forth if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 7. "County" shall mean the County of Placer, California.

## ARTICLE II MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. Class B member(s) shall be the Declarant (as defined in the Declaration) and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall be suspended and converted to Class A membership upon the earliest occurrence of any of the following events: (a) the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or (b) two (2) years from the date of the original issuance of the public report by the California Department of Real Estate affecting any portion of the real property described above; or (c) December 31, 1982.

Until such time as the number of Class A members shall be insufficient to elect one of their members as a Director through the cumulating of all of their votes, the Class A members shall vote amongst themselves and by majority vote shall elect one member of the Board of Directors of the Association.

Section 3. Unless the entire Board of Directors is removed from office by the vote of Association members, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a dividend equal to one plus the authorized number of members on the Board of Directors.

Section 4. During the period that the two-class voting structure is still in effect in the Association, this Declaration may not be amended without the vote or written assent of a majority of each class of membership; this section shall be deemed an additional requirement in satisfying the provisions of Article VIII, Section 4 herein.

Section 5. After all of the Class B memberships have been suspended and converted to Class A memberships as above provided, the provisions for amending the governing instruments may be enacted by the vote or written assent of members representing both a majority of the total voting power of the Association, and within that majority a majority of the votes of members other than Declarant.

### ARTICLE III COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (a) annual assessments or charges, and (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. The assessments levied by the Association shall be used exclusively for the improvement and maintenance of the Common Maintenance Area, as the Common Maintenance Area now exists or may exist in the future, including, but not limited to, the maintenance of landscaping, storm drains, fencing, roads and easements.

Section 3. (a) Commencing October 1, 1980, the maximum assessment per lot will be \$19.34 per unimproved lot and \$28.40 per improved lot. A lot will be considered improved when a notice of completion of a structural improvement on the lot is recorded or 120 days after the issuance of a building permit for a structural improvement on the lot, whichever first occurs.

(b) For each subsequent year, the maximum annual assessment may be increased in excess of seven percent (7%) over the previous maximum annual assessment only upon a vote of not less than two-thirds of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. In addition to the annual assessments authorized above, the Association (a) may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the cost of any emergency or extraordinary repairs or replacement upon the Common Maintenance Area, provided that any such assessment shall have the assent of two-thirds of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose; and (b) shall assess equally each Lot on which there is a pump incorporated into the septic/sewage system; the total of said assessments shall equal the cost of a full maintenance and replacement contract with a licensed and bonded private sewage maintenance organization acceptable to the County of Placer; such contract shall include full service, maintenance and replacement with regard to pumps and lines on individual Lots, as well as the balance of the low-pressure sewage system which remains undedicated to a public entity, and beyond said assessment shall not require further payment or contribution from the Lots so serviced. Said private sewage maintenance organization will submit to the County of Placer an annual report outlining the inspections and maintenance performed, along with observations and recommendations for preventive maintenance. The Board shall further assess each Lot in the subdivision equally in an amount necessary to pay for a septic tank maintenance program wherein a licensed and bonded sewage maintenance organization acceptable to the County of Placer shall agree to inspect, maintain and pump, as required, individual septic tanks on each Lot without further cost to the individual Lot Owners. The County of Placer is herewith given standing to sue to enforce the provisions of this section or, in the alternative, to perform, or cause to be performed, the maintenance, inspection, etc., herein required and to impose the cost of same upon the Association or the individual Lots in the subdivision, as a lien thereon.

Section 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At such meeting, the presence of members or of proxies entitled to cast more than fifty percent (50%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice and quorum requirements.



Section 6. Annual assessments will be fixed separately for unimproved and improved lots (as defined in Section 3(a) above), and special assessments will be fixed at a uniform rate for all lots. All assessments may be collected on a monthly basis.

Section 7. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the first lot in the Subdivision. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Maintenance Area or abandonment of his Lot.

Section 9. The lien of the assessments provided for herein shall be subordinate to the lien of any prior mortgage or deed of trust, which prior mortgage or deed of trust may secure any additional advances, as well as the initial advances made thereunder. Sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to foreclosure of such mortgage or deed of trust or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer, but only if the purchaser at such foreclosure or trustee's sale is other than the defaulting mortgage or trustor, his heirs or assigns. Such Lot shall be subject to liability for assessments, and to the lien therefor, becoming due after such sale or transfer, whether the purchaser or transferee is an institutional lender or otherwise.

#### ARTICLE IV ENFORCEMENT OF BONDED OBLIGATIONS

Section 1. The Board of Directors of the Association shall consider and vote on the question of action by the Association to enforce the obligations of Declarant under Declarant's bond with respect to any improvement for which a notice of completion has not been filed within sixty (60) days after the com-

pletion date specified for that improvement in the Planned Construction Statement appended to the bond. If the Association has given an extension in writing for the completion of any Common Maintenance Area improvements, the Board of Directors shall consider and vote on the aforesaid question if a notice of completion has not been filed within thirty (30) days after the expiration of the extension.

Section 2. If the Board of Directors decides not to enforce the obligations under the bond or otherwise fails to consider and vote on the question, a special meeting of the Association shall be called to consider overriding the decision of the Board. Said meeting shall be held not less than fifteen (15) days nor more than thirty (30) days after receipt by the Board of a petition for such a meeting, which petition is signed by members representing not less than five percent (5%) nor more than ten percent (10%) of the total voting power of the Association.

Section 3. All members of the Association other than Declarant shall be qualified to vote at such a special meeting.

Section 4. If a majority of the Association members, other than Declarant, votes to enforce the obligations under the bond, such vote shall be deemed to be the decision of the Association, and the Board of Directors shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

#### ARTICLE V ARCHITECTURAL CONTROL

Section 1. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Committee composed of not less than three (3) nor more than five (5) members appointed by the Board. In the event said Board, or its designated Committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 2. Declarant shall appoint all of the original members of the Committee and all replacements until the first anniversary of the issuance of the public report for the subdivision. Thereafter, Declarant retains the authority to appoint a majority of the members of the Committee, and the Board of Directors has the authority to appoint at least one (1) of the members of said Committee, until ninety percent (90%) of all of the subdivision interests, including property annexed thereto, has been sold or until the fifth anniversary date of the issuance of the final public report for the first phase of the subdivision, whichever first occurs. Thereafter, the Board of Directors of the Association shall have the power to appoint all of the members of the Architectural Committee. Members appointed

by Declarant need not be members of the Association.

Section 3. Owners in the preparation of plans and specifications and the Architectural Committee in the exercise of its discretion and judgment shall seek to apply standards which (a) limit the height of buildings and other structures to two (2) full stories; (b) require a minimum of 1700 square feet for the living area of a single-story house (exclusive of garage) and a minimum of 1400 square feet for the ground floor living area of a two-story house (exclusive of garage); (c) require a garage or carport of sufficient size to accommodate a minimum of two (2) automobiles; (d) permit buildings and structures only within the prescribed setbacks unless rock outcroppings, significant trees or the nature of the improvement itself dictates otherwise; (e) emphasize exteriors of wood, stone or stucco; (f) require, to the extent visible, roof of wood shakes or tile; (g) emphasize colors commonly referred to as "earthy" tones with complimentary accent colors; and (h) to the extent reasonably possible, maintain existing natural vegetation, rock outcroppings and topography.

#### ARTICLE VI USE RESTRICTIONS

Section 1. Each lot may be used only for single-family residential purposes. All buildings and structures must be situated within setback lines established by the recorded subdivision map. Each lot shall maintain at all times four (4) off-street parking spaces, two (2) of which are fully enclosed.

Section 2. No improvements shall be erected, constructed, altered, placed or permitted to remain in violation of any ordinance of Placer County, California, as the same may, from time to time, provide.

Section 3. No structures of a temporary character, basement, shack, tent, mobile home, garage or other outbuilding shall be used for residential purposes, either temporarily or permanently.

Section 4. No trucks, three-quarter (3/4) ton or larger, trailers, boats, campers, motor homes or other equipment shall be permitted to remain parked on any Lot unless the same be within a garage or other enclosure, or unless otherwise shielded from view from the roadway, except temporarily and solely for the purpose of loading or unloading. There shall be no rebuilding of automobiles, motorcycles or other vehicles in the driveway or otherwise in view from the roadway. No wrecked, abandoned or dismantled vehicle or vehicles or other equipment not in use shall be stored or kept on the premises.

Section 5. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 6. No more than two (2) dogs and two (2) cats may be kept on any Lot at any one time.

Section 7. No lot may be divided for purposes of sale, lease or financing.

Section 8. No gas or oil drilling, refining or development operations, and no quarrying or mining operations of any kind, shall be permitted on any Lot, nor shall any wells, tanks, tunnels or mineral excavations or shafts be permitted. No derrick or other structure designated for use in boring, water, oil or natural gas shall be erected, maintained or permitted, except that water wells may be drilled in accordance with conditions imposed by the Architectural Committee, local and State statutes and regulations.

Section 9. No portion of any Lot may be devoted to commercial purposes.

Section 10. Any residence or other building in said subdivision the construction of which has been commenced shall be completed without delay, except when such delay is caused by acts of God or strikes. The maximum time for completion of construction shall be one (1) year or earlier from the date a building permit is granted.

Section 11. No billboards, contractor or sub-contractor signs or other advertising devices shall be erected or placed upon any Lot or plot in said tract, except that one sign not larger than eighteen (18) inches by twenty-four (24) inches may be displayed to indicate the property for sale, lease or rent, and contractors or subcontractors may place their business name adjoining any residence under construction.

Section 12. All residences constructed in the subdivision, whether on lots existing on the date of this Declaration or by future subdivision, shall utilize a septic tank system that will be connected to the subdivision sewage system. The Association shall establish specifications and controls with regard to the construction, maintenance and operation of the individual home septic/sewer systems, including, but not limited to, septic tanks, capacity and design, holding tanks, pumps, alarm systems, etc., which shall be subject to the approval of appropriate officials of the County of Placer. The septic/sewer system on each Lot shall be constructed in accordance therewith. A copy of such specifications and controls shall be attached to this Declaration and shall be provided to the individual Lot purchasers.

Section 13. All trash, garbage or storage areas shall be completely screened from exterior view.

Section 14. All Lots shall be maintained clean and clear of trash, weeds and debris in conformity with applicable County and State fire and other regulations.

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Section 15. All electric power lines which service individual residences and other improvements on the Lots shall be run underground from the appropriate power poles so as to avoid overhead power lines to the maximum feasible extent.

Section 16. In the event that an adequate water well cannot be developed on an individual Lot, and to assure that well water is available to each individual Lot, a well may be developed on an adjacent or contiguous Lot to provide such water. No individual Lot in the subdivision may be burdened by more than three such wells other than the well serving said Lot. Such wells and lines shall be located, to the maximum feasible extent, at or close to Lot lines so as not to interfere with construction of a residence on the servient Lot and to minimize interference with the quiet enjoyment of the servient Lot by the Owner thereof. Nothing herein shall cause a single well to be used or shared by more than one Lot.

Section 17. No Lots may be further divided other than Lots 79, 96 and 97. There shall be no grading or removal of trees and only limited removal of vegetation within fifty (50) feet of Dry Creek, and no large livestock animals are allowed on Lots 18, 19, 68, 75, 76, 77 and 78 within 100 feet uphill from the canal.

#### ARTICLE VII INSPECTION OF HOMEOWNERS ASSOCIATION'S BOOKS AND RECORDS

Section 1. The membership register, books of account and minutes of meetings of the members of the Board of Directors and of Committees of the Association shall be made available for inspection and copying by any member of the Association or his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the subdivision as the Board of Directors shall prescribe.

The Board of Directors shall establish reasonable rules with respect to notice to be given to the custodian of the records by the member desiring to make the inspection.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

#### ARTICLE VIII GENERAL PROVISIONS

Section 1. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants,

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reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. In addition to the powers and duties of the Board of Directors as hereinabove set forth and as delineated in the By-Laws of the Association, the Board shall enforce all applicable provisions of these restrictions, the By-Laws and other instruments for the management and control of Saddleback; shall pay taxes and assessments which are or could become a lien on the Common Maintenance Area or some portion thereof; shall contract for materials or services for the Common Maintenance Area or the Association, which contract shall not have a duration in excess of one (1) year, except with the approval of a majority of each class of members of the Association; shall contract for fire, casualty, liability and other insurance on behalf of the Association; may enter upon any privately-owned lot or unit where necessary in connection with construction, maintenance or repair for the benefit of the Common Maintenance Area or the Owners in common; and shall prepare balance sheets and operating statements for the Association as required in the By-Laws.

Section 3. The Board of Directors shall be prohibited from taking any of the following actions except with the vote or written assent of a majority of the voting power of the Association residing in members other than the Declarant:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Maintenance Area or the Association for a term longer than one (1) year, with the following exceptions: (1) a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration; (2) a contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission, provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; (3) prepaid casualty and/or liability insurance policies of not to exceed three (3) years' duration, provided that the policy permits for short-rate cancellation by the insured.

(b) Incurring aggregate expenditures for capital improvements to the Common Maintenance Area (except for improvements necessary for completion of the subdivision for which Declarant has filed letters of credit) in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(d) Paying compensation to members of the Board of Directors for services performed in the conduct of the Association's business, provided, however, that the Board of Directors may cause a member of the Association or a Director to be reimbursed for expenses incurred in carrying on the business of the Association.

Section 4.               Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 5.               The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

                          This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than two-thirds (2/3) of the Lot Owners and thereafter by an instrument signed by not less than two-thirds (2/3) of the Lot Owners. Any amendment must be recorded. No amendment relating to the Common Maintenance Area may be made without the express written consent of the County. No amendment may be made to the provisions of Article III, Section 4, without the express written consent of the County.

Section 6.               All restrictions, conditions, covenants and agreements contained herein are made for the direct, mutual and reciprocal benefit of each and every part and parcel of said property; shall create mutual, equitable servitudes upon each parcel in favor of every other parcel; shall create reciprocal rights and obligations between the respective owners of all parcels and privity of contract and estate between all grantees of said parcels, their heirs, successors and assigns, operate as covenants running with the land, for the benefit of all other parcels.

Section 7.               Every person who now or hereafter owns or acquires any right, title or interest in or to any portion of the Properties is and shall be conclusively deemed to have consented and agreed to every covenant, condition and restriction and other provisions of this Declaration.

Section 8.               Any and all of the rights, powers and reservations of Declarant herein contained may be assigned to any person, corporation or association which will assume the duties of Declarant pertaining to the particular rights, powers and reservations assigned; and upon any such person, corporation or association's evidencing its consent in writing to accept such assignment and assume such duties, he or it shall, to the extent of such assignment, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. The term "Declarant" as used herein includes all such assignees and their heirs, successors and assigns.

Section 9. In the event of the receipt by the Association of Insurance proceeds related to the damage or destruction of interests of the Association or proceeds from the condemnation thereof, such funds shall be retained by the Association and may be used for repairs, replacement, as an offset to members' dues as otherwise payable or for such other purposes as the Association Directors deem appropriate.

Section 10. The County shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration with respect to the Common Maintenance Areas. Failure by the County to enforce any covenant or restriction herein contained shall, in no event, be deemed a waiver of the right to do so thereafter.

IN WITNESS WHEREOF, the undersigned, being Declarant herein, have hereunto set their hands this 19th day of September, 1979.

Manuel Perry, Jr.  
Manuel Perry, Jr.  
Daniel Lahey  
Daniel Lahey

Hugh Harris  
Hugh Harris  
Lynn Harris  
Lynn Harris  
Lewis K. Uhler  
Lewis K. Uhler  
Cynthia L. Uhler  
Cynthia L. Uhler  
William H. Beck  
William H. Beck



STATE OF CALIFORNIA )  
COUNTY OF PLACER ) ss.

On September 19, 1979, before the undersigned Notary Public in and for said County and State, personally appeared Hugh Harris, Lynn Harris, Lewis K. Uhler, Cynthia L. Uhler and William H. Beck known to me to be the persons described in and whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the date and place above written.

Mary Sue Weaver  
Notary Public

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STATE OF CALIFORNIA

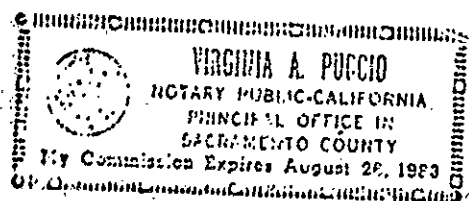
COUNTY OF Sacramento

)  
ss.  
)

(On September 19, 1979, before the undersigned Notary Public and for said County and State, personally appeared Manuel Perry, Jr., and Daniel Lahey, known to me to be the persons described in and whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the date and place above written.

Virginia A. Puccio  
Notary Public



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