

Saddleback Homeowners Association

AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This Declaration made on the date hereinafter set forth by Elsie B. Vickery, President, Tom Brady, Vice-President, and Charles R. Miller, Secretary/Treasurer on behalf of Saddleback Homeowners Association, 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. "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.

Section 3. "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, meandering drainage easements, the front entrance, pump house, and the mailbox area. The fire pond, although part of the Common Maintenance Area, is specifically not for recreation or other general use by the Association or Owners.

Section 4. "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 5. "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 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. Members shall be all Owners, 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.

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/her term of office if the number of votes cast against his/her removal is greater than the total number of votes that may be cast by the Association members divided by the authorized number of members on the Board of Directors plus one.

Section 4. The provisions for amending the governing instruments may be enacted by the vote or written assent of members representing a majority of the total voting power of the Association.

ARTICLE III COVENANT FOR ASSESSMENTS

Section 1. 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/her successors in title unless expressly assumed by them.

Section 2. Annual assessments may be used to fulfill the responsibilities of the Association, as provided herein and in the Association By-Laws.

Special 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. The annual assessments are subject to the following limitations:

(a) Commencing October 1, 1980, the maximum assessment per lot will be \$19.34 per month per unimproved lot and \$28.40 per month 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 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 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/sewer 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 the Association 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 the Treasurer of the Association or his/her designee setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association, bearing the Association seal, 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 ten percent (10%) 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/her 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/her 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 completion 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. The Board of Directors of the Association shall have the power to appoint all of the members of the Architectural Committee.

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 maintain harmony with the rural character of the subdivision, and: (a) limit the height of buildings and other structures ; (b) require a minimum of 2400 square feet for all houses (main structure, exclusive of garage) and a minimum of 1700 square feet for the ground floor living area of any two-story house (exclusive of garage); (c) require a garage of sufficient size to accommodate a minimum of two (2) automobiles, plus off-street parking for at least two (2) additional vehicles; (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) specify acceptable materials and colors to be used on the exterior of all structures; (f) ensure a reasonable effort to reduce the visual impact of all ancillary structures; and (g) to the extent reasonably possible, maintain existing natural vegetation, rock outcroppings and topography.

Section 4. All Standards applied by the Architectural Committee must be approved in writing by a majority of the Association members, and shall not be made retroactive.

Section 5. Association members shall have the right to appeal any decision of the Architectural Committee to the Board of Directors. Such appeals must be submitted in writing to the Board within thirty (30) days of the Architectural Committee's action. Appellants shall have the right to appear in person before the Board. Failure of the Board to act on the appeal within thirty (30) days of submission shall constitute acceptance of the appeal and judgement in favor of the appellant.

Should the Board rule on an appeal or fail to act, any member may further appeal to the next regular meeting of the Association members, as may be provided in the By-Laws, wherein a majority of a quorum of the Association members may reverse any decision of the Board or make a decision in lieu of the Board. Such an appeal to the Association membership must be made in writing within three (3) days of either the Board's action or expiration of the thirty (30) day appeal time limit, and shall extend the deadline for action on the appeal for an additional sixty (60) days. Failure of a quorum of the Association membership to meet and vote on the appeal within the 60 day extension period shall constitute affirmation of the Board's decision.

All actions of the Architectural Committee, Board of Directors, or meetings of the Association members shall remain within the scope of the provisions and restrictions of this Declaration. The provisions and restrictions of this Declaration may not be modified in any way, except as provided in Article VIII, Section 5 herein.

Section 6. The Board of Directors shall have the authority to grant variances from the requirements of Articles V and VI of this Declaration and any associated Standards. Any variance granted must not be in conflict with State, County, or local ordinances. The Board shall prescribe requirements for each variance on a case-by-case basis. These requirements must include the following minimum requirements:

(a) A petition, signed by more than fifty percent (50%) of the Lot Owners in support of the proposed variance, must be submitted before the variance may be considered.

(b) Owners of adjoining Saddleback lots must be notified in writing, and must be provided an opportunity to comment to the Board before a decision is made.

(c) The variance may be granted only by a majority vote of the Board, at a hearing open to all Lot Owners.

(d) General notice must be given to all Lot Owners of the time, place, and nature of the variance hearing at least fifteen (15) days in advance of the hearing. It shall be sufficient to post such notice in a common area (such as an Association bulletin board near the mailboxes) that is frequented by a majority of Saddleback residents. Written notice must be given to non-resident lot owners.

(e) The variance may not apply to more than one Lot, unless said Lots are adjoining and owned in common by the same individual(s).

(f) The petitioner shall be responsible for all costs associated with the variance procedure, and all direct and consequential costs of the variance if granted.

Should the Board refuse to consider the variance, the variance is denied. Once all of the requirements established by the Board have been met, the decision of the Board regarding the variance shall be final and may not be appealed or overturned by a meeting of the Association members.

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. In addition, setbacks of the house and structures other than fences must be at least seventy-five (75) feet from the front property line or any property line bordering a Saddleback subdivision road, and at least fifty (50) feet from remaining property lines abutting Saddleback properties unless rock outcroppings, significant trees, or the nature of the improvement itself dictate otherwise. Paved driveways must be set back at least twenty-five (25) feet from the side property lines. Setback and fence provisions herein and in Section 6 shall apply only to lines within the subdivision. Property lines adjoining parcels outside of the subdivision shall be governed by applicable County or local government setback and fence restrictions. Each lot shall maintain at all times four (4) off-street parking spaces.

Section 2. No property use or 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, motor home, camper, vehicle, garage or other outbuilding shall be used for residential purposes, either temporarily or permanently, except as provided in Section 4 below.

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 purposes 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. Standards may be approved that restrict noise and odor emanating from any lot, exterior lighting, shooting of firearms, parking in the Common Maintenance Area and in other than designated parking areas as specified in Section 1 and Section 4 above, and other exterior activities that may disturb other Saddleback residents.

Section 6. No more than two (2) dogs, two (2) cats, and a limited number of animals of other species may be kept on any Lot at any one time. Standards may be approved that specify the quantity and species of animals other than dogs and cats permitted. All animals shall be kept in such a manner as to minimize noise, odor, health, safety and sanitation risks to other Association members. Animals shall be restrained so as not to threaten bicyclists, pedestrians, or equestrians within the Common Maintenance Area, and to prevent straying onto other Saddleback lots. Standards may be approved to specify minimum setbacks from the roadways and from property lines adjoining Saddleback lots for corrals, barns, and fenced areas for the purpose of containing animals.

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 well, 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, with the exception of a home office. Business activity, including signs and excessive vehicular or pedestrian traffic, shall not be apparent from the outside of the home.

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. The Board of Directors shall have the authority to extend the construction deadline on a case-by-case basis.

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 thirty-six (36) 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 sign on the property during 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. Gas tanks, water tanks, and pool pumps and equipment shall be screened from view with use of plants, or where practical, a shed or similar structure which is compatible with the architectural appearance of the associated home. Plans for such structures must be submitted for approval before they are built.

Section 14. All Lots shall be maintained clean and clear of dead trees, trash, weeds and debris in conformity with applicable County and State fire and other regulations. Reasonable effort should be exercised to upkeep property and grounds, including exterior paint and/or stain, landscaping, and overall general appearance of the property. Notwithstanding anything to the contrary contained in these CC&Rs, all Lot Owners shall be responsible for weed abatement beginning at the edge of any paved roads within the subdivision abutting their Lot(s). In addition, all Lot Owners shall meet the minimum roadside appearance standards as established by the Architectural Committee. The Association may, but is not required to, cut such weeds at the expense of such Lot Owners. If the Lot Owner fails to reimburse the Association for such expense, there shall be a lien against such Lot in favor of the Association for such expense. Such lien shall be subordinate to the lien of any prior

mortgage or deed of trust in the same manner as prescribed in Section 9 of Article III in regard to assessments. It is not the responsibility of the Homeowners Association to maintain the areas abutting the roads in a fire-safe condition.

Section 15. All electric power lines, telephone lines, CATV lines, and other utility lines which service individual residences and other improvements on the Lots shall be run underground from the appropriate utility poles so as to avoid overhead utility service 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 and 100. 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.

Section 18. No Lot Owner may grant any easement for use or traverse of his/her property, or for use of the Common Maintenance Area or facilities, or for any right-of-way, without written approval of the Board of Directors.

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/her duly appointed representative, at any reasonable time and for a purpose reasonably related to his/her 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, 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 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:

(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 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; (2) 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 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.

(e) Investment of Association funds in instruments or activities other than Federally-insured certificates of deposit or savings accounts, or United States government bonds, treasury bills, or other Federally-insured instruments.

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. 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 9. 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.

Section 10. In the case of any conflict between the Articles of Incorporation of the Saddleback Homeowners Association, hereinafter referred to as "Articles", and this Declaration, the Articles shall control; and in the case of any conflict between the By-Laws and this Declaration, this Declaration shall control; and in the case of any conflict between the Articles and the By-Laws, the Articles shall control.

Section 11. This revision of the Declaration shall supersede all prior revisions, amendments, and/or versions of the Declaration.

Section 12. Any amendments to, or revised versions of this Declaration, the Articles, the By-Laws, or Architectural Committee Standards shall be recorded in the Official Records of Placer County, California upon approval.

Saddleback Homeowners Association

Architectural Committee

STANDARDS

PLANS TO BE SUBMITTED

Plans for all buildings and structures must be submitted to the Architectural Committee as per Article V, Section 1 of the CC&Rs and will include but not be limited to:

- o Homes and detached garages;
- o Barns, sheds, and other buildings;
- o Pools, decks, patios and ponds;
- o Fences;
- o Exterior antennas and satellite dishes.

HOUSE PLANS

House plans for the Architectural Committee must contain the following for approval, in accordance with Article V, Section 3 of the CC&Rs:

- o Full detailed working drawings of all elevations and floor plans, including dimensions and pitch of roof;
- o Minimum of 2400 square feet for the living area of all houses, (main structure, exclusive of garage);
- o Minimum of 1700 square feet for the ground floor living area of a two-story house (exclusive of garage);
- o Homes are limited to a maximum of two full stories;
- o Type of roof covering -- tile, slate, and concrete shingles are recommended (submit samples);
- o Exterior colors are to be subdued and have complimentary trim colors (submit samples);
- o Plywood, T-1-11 or similar siding material is not acceptable on main structures;
- o Location and style of exterior lighting fixtures and other trim features;

- o A plot map must show location of driveways and walkways, well locations, and underground utility runs including electrical, gas, sewer, CATV, and telephone lines;
- o Driveways must be paved from the roadway to the garage. If using asphalt, there must be a wooden edge and 2" base rock (minimum);
- o Exterior antennas and satellite dishes shall be of subdued colors and located so as to reduce visual impact.

SETBACKS

Setbacks of the house and structures other than fences must be at least seventy-five (75) feet from the front property line or any property line bordering a Saddleback subdivision road, and at least fifty (50) feet from remaining property lines abutting Saddleback properties unless rock outcroppings, significant trees, or the nature of the improvement itself dictate otherwise. Paved driveways must be set back at least twenty-five (25) feet from the side property lines.

WATER AND GAS TANKS, POOL EQUIPMENT

Water and gas tanks, and pool equipment shall be screened from view with the use of plants (fast-growing type) or, where practical, a shed or similar structure which is compatible with the architectural appearance of the associated home.

FENCES**Front Fences/Walls along a Saddleback Roadway**

- o Acceptable materials are wood, stone, wrought iron, brick, stucco, and live plants. Front fence/wall material may be required along the side property lines, depending upon the layout and topography of the property.

Other Fences/Walls within Saddleback

- o Acceptable materials for other fences/walls are the same as fences/walls along the roadway, but including wire material. Wire material must be coated, covered, or painted in a subdued color. Chain link fences may not be used along any Saddleback property line.

Corrals and other Animal Fences

- o Corrals and other animal fences shall be setback a minimum of twenty (20) feet from all property lines.

EXTERNAL MAINTENANCE

Reasonable effort should be exercised to upkeep property and grounds, including exterior paint and/or stain, landscaping, and overall general appearance of the property.

MINIMUM ROADSIDE APPEARANCE STANDARDS

All Lot owners shall be responsible for minimum roadside appearance standards beginning at the edge of any paved roads abutting their Lot(s) and extending inward for a distance of no less than twenty (20) feet. During the period beginning May 1 and extending through September 30, weeds are to be cut to a height of no more than three (3) inches, and maintained at this height, or less.

ANIMALS

The following limitations apply to animals kept on the premises:

- o Two (2) dogs and two (2) cats as per Article VI, Section 6 of the CC&Rs.
- o No more than three (3) animals of other species may be kept outside of the residence(s).

Saddleback Homeowners Association

BY-LAWS

ARTICLE I NAME AND LOCATION

The name of the corporation is Saddleback Homeowners Association, hereinafter referred to as "Association." The mailing address of the corporation shall be P. O. Box 6691, Auburn, California 95604. Meetings of Members and Directors shall be held within the subdivision or as close thereto as practicable as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

Section 1. "Association" shall mean and refer to Saddleback Homeowners Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Maintenance Area" shall mean all real property, easements and rights of way maintained by the Association for the common use and enjoyment of the Owners.

Section 4. "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 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the 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 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Placer County Recorder, California.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III MEETING OF MEMBERS

Section 1. Bimonthly Association meetings shall be held in alternate months within the subdivision or at a meeting place

as close thereto as possible. Unless unusual conditions exist, meetings of Members shall not be held outside of Placer County.

Section 2. The final scheduled Association meeting of the calendar year shall be the regular "Annual Meeting" of the Members.

Section 3. A special meeting of the Members of the Association shall be called promptly by the Board of Directors when:

- a) the President so requests;
- b) a majority of a quorum of the Board of Directors so votes;
- c) the Board of Directors receives a written request therefor signed by Members representing not less than twenty-five percent (25%) of the total voting power of the Association.

Section 4. Written notice of regular and special meetings shall be given to Members by the Board of Directors by delivering or mailing such notice to each Member entitled to vote thereat, to the Member at the address last appearing on the books of the Association for him/her, at least ten (10) days in advance of such meeting, except in emergency situations. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the nature of the business to be undertaken.

Section 5. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, thirty-four percent (34%) of the votes of the total voting power of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, a majority of those present in person or by proxy may adjourn the meeting to another time but may not transact any other business.

Section 6. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his/her lot.

**ARTICLE IV
BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE**

Section 1. The affairs of this Association shall be managed by a Board of five (5) Directors.

Section 2. At the first annual meeting and at each annual meeting thereafter, the Members shall elect five (5)

Directors for a term of one (1) year. No Director shall serve more than three (3) consecutive terms.

Section 3. Any Director may be removed from the Board with or without cause by a majority vote of the Members of the Association, as provided in the Declaration.

Section 4. No Director shall receive compensation for any service he/she may render to the Association. However, any Director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

Section 5. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board if such vacancy occurs within the last quarter of the term of office. Otherwise, a special election, as specified in Article V herein, must be held within forty-five (45) days of the vacancy in order to choose a successor. The successor shall serve for the unexpired term of his/her predecessor.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made in writing by any Association Member. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve immediately thereafter, until replaced by the Board. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members. Nominations shall be closed at the Board of Directors meeting held in the month prior to the Annual Meeting.

Section 2. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, one vote per lot. The persons receiving the largest number of votes shall be elected.

A dual-envelope system shall be used to ensure ballot secrecy. Ballots shall be sealed in an inner unmarked envelope, which in turn shall be sealed in an outer envelope marked by an identification of the election, a lot number, and signature(s) of the person(s) casting that vote. Ballots shall be counted, in plain view of all Association Members wishing to observe such counting, by first qualifying the ballots using the marked outer envelopes; then removing the inner envelopes, separating them from the outer envelopes, and then mixing the inner envelopes; and finally removing and counting the

ballots. The ballots and the outer envelopes shall be retained by the Secretary in case further validation of the election results is necessary.

**ARTICLE VI
MEETINGS OF DIRECTORS**

Section 1. Regular bimonthly meetings of the Board of Directors shall be held in alternate months within the subdivision or at a meeting place as close thereto as possible. Unless unusual conditions exist, meetings shall not be held outside of Placer County. Regular Board of Directors meetings and Association meetings shall not be held in the same months.

Section 2. Notice of the time and place of such meeting shall be posted at a prominent place or places within the Common Area or mailed or delivered to the Members.

Section 3. A special meeting of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors; notice thereof shall specify the time and place of the meeting and the nature of any special business to be considered; and the notice shall be delivered to all Members of the Board and posted in a manner prescribed for notice of regular meetings not less than seventy-two (72) hours prior to the scheduled time of the special meeting.

Section 4. A majority of the number of Directors shall constitute a quorum for the transaction of business.

Section 5. Regular and special meetings of the Board of Directors shall be open to all Members of the Association. Association Members who are not on the Board of Directors may participate in any deliberation or discussion.

Section 6. The Board of Directors may, with the approval of the majority of a quorum of its Members, adjourn a meeting and reconvene an executive session to discuss and vote upon personnel matters and litigation in which the Association is or may become involved. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 7. An emergency meeting of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors; advanced notice thereof is not required. The emergency meeting may be conducted in person, by proxy, or by telephone. The results thereof shall be reported at the next regular meeting of the Board of Directors.

**ARTICLE VII
POWERS AND DUTIES OF THE
BOARD OF DIRECTORS**

Section 1. The Board of Directors shall have power to:

a) adopt and publish rules, regulations and fees, if any, governing the use of the Common Area;

b) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Declaration;

d) declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

e) employ an independent contractor or such other employees as they deem necessary, and to prescribe their duties.

Section 2. It shall be the duty of the Board of Directors to:

a) prepare a balance sheet and an income statement for the Association and to provide copies thereof to each Member of the Association within sixty (60) days of accounting dates as follows: a balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year.

The operating statement shall include a schedule of assessments received or receivable, itemized by Lot or unit number and by the name of the person or entity assessed.

b) supervise all Officers, agents and employees of this Association, and to see that their duties are properly performed;

c) as more fully provided in the Declaration, to: (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;

d) issue, or to cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

f) procure and maintain adequate personal liability insurance, as it may deem appropriate, on the activities of Directors, committee Members, and employees related to their conduct, in good faith, of business on behalf of the Association;

g) cause all Officers, Directors, or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

h) cause the Common Maintenance Area to be maintained.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. The Officers of this Association shall be a President and Vice-President, who shall at all times be Members of the Board of Directors, a Secretary and a Treasurer, and such other Officers as the Board may from time to time by resolution create.

Section 2. The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. The Officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he/she shall sooner resign or shall be removed or otherwise disqualified to serve.

Section 4. The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he/she replaces.

Section 7. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. The duties of the Officers are as follows:

a) President: The President shall preside at all meetings of the Board of Directors and the Association; shall see that orders and resolutions made in behalf of the Association are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

b) Vice President: The Vice President shall act in the place and stead of the President in the event of his/her absence, removal from office, or inability to act; and shall exercise and discharge such other duties as may be required of him/her by the Board.

c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing Members of the Association together with their addresses; shall edit and publish a bimonthly Association newsletter, which shall be distributed or mailed to the Members at least fifteen (15) days before each regularly scheduled Association meeting, and shall include the proposed agenda for that meeting; and he/she shall perform such other duties as required by the Board.

d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account in accordance with standard accounting practices; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX COMMITTEES

The Board of Directors may appoint an Architectural Committee, as provided in the Declaration, and shall appoint a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose. All committees shall be chaired by a Member of the Board of Directors.

ARTICLE X BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten (10) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his/her Lot.

ARTICLE XII CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Saddleback Homeowners Association.

ARTICLE XIII AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of the Association Members. This vote may be cast in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control. In the case of any conflict between the Articles and the Declaration, the Articles shall control.

**ARTICLE XIV
MISCELLANEOUS**

Section 1. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of each year.

Section 2. All votes requiring approval of the Association membership shall be conducted via secret ballot, using the dual-envelope system detailed in Article V, Section 2 herein.

Section 3. All Association meetings, Board of Directors meetings, and committee meetings shall be conducted in accordance with Robert's Rules of Order.

Section 4. This revision of the By-Laws shall supersede all prior revisions and/or versions of the By-Laws.

Saddleback Homeowners Association

ARTICLES OF INCORPORATION

ARTICLE I NAME

The name of the corporation is Saddleback Homeowners Association (hereinafter call the "Association.")

ARTICLE II PRINCIPAL OFFICE

The principal office of the Association for transaction of the business of the Association is located in Placer County, California.

ARTICLE III ORGANIZATION

This Association is organized pursuant to the General Nonprofit Corporation Law of the State of California.

ARTICLE IV PURPOSES AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residence lots and common maintenance area within that certain tract of property described as Saddleback Subdivision located in Placer County, California:

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

and to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions, hereinafter called the "Declaration," applicable to the property and recorded or to be recorded in the Office of the County recorder of Placer County, California, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association.

c) acquire by gift, purchase or otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

d) borrow money, and with the assent of two-thirds of each class of members, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

e) dedicate, sell 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 members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds of each class of members, agreeing to such dedication, sale or transfer;

f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds of each class of members;

g) have and to exercise any and all powers, rights and privileges which a corporation organized under the General Nonprofit Corporation Law of the State of California by law may now or hereafter have or exercise.

ARTICLE V MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

ARTICLE VI VOTING RIGHTS

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 as described in Article IV hereof; or

c) December 31, 1982.

Until such time as the number of Class A members shall be sufficient 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.

During the period that the two-class voting structure is still in effect, these Articles shall not be amended without the vote or written assent of a majority of the voting power of each class of membership.

After all of the Class B membership have been suspended and converted to Class A memberships, as above provided, the provisions for amending these Articles 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 VII BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of three directors. The number of Directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of Directors until the first annual meeting are:

Lewis K. Uhler
7330 Morningside Drive
Loomis, CA 95650

Hugh Harris
6847 Highland Road
Loomis, CA 95650

William H. Beck
8525 Hidden Lakes Drive
Roseville, CA 95678

At the first annual meeting and at each annual meeting thereafter, the members shall elect five (5) Directors for a term of (1) year.

ARTICLE VIII
DISTRIBUTION OF INCOME
AND PROHIBITED ACTIVITY

Notwithstanding any other provision in these Articles, the Association shall be subject to the following limitations and restrictions:

a) The Association shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1954.

b) The Association shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1954.

c) The Association shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1954.

d) The Association shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954.

f) No substantial part of the activities of the Association shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall the Association participate in or intervene in any political campaign on behalf of any candidate for public office.

ARTICLE X
_AMENDMENTS

Amendments of these Articles shall require the consent by vote or in writing of members representing 75 percent or more of the voting power until December 31, 1982; and thereafter, members representing 50 percent or more of the voting power.

IN WITNESS HEREOF, the undersigned, constituting the incorporators of this Association, for the purpose of forming this corporation under the laws of the State of California, have executed these Articles of Incorporation this 25th day of July, 1979.

Hugh Harris

Lewis K. Uhler

William H. Beck

STATE OF CALIFORNIA
COUNTY OF PLACER

On this 25th day of July, 1979, before the undersigned Notary Public, personally appeared Hugh Harris, Lewis K. Uhler and William H. Beck, known to me to be the persons mentioned, and acknowledged that they executed the foregoing Articles of Incorporation.

Notary Public