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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
MILTON ESTATES UNIT 2

This Master Declaration of Covenants, Conditions, and Restrictions for Milton Estates Unit 2 is made this 6th day of September, 1994, by the Milton Family 1992 Revocable Trust, being owner of certain real property in the County of El Dorado, State of California, more particularly described as Lots 1 through 35, inclusive, as shown on the Official Map of Milton Estates Unit 2 Subdivision recorded on the 27th day of SAAR, 1995, in the Office of the County Recorder of the County of El Dorado, State of California in Book 14 of Subdivisions at Page 96. Declarant does hereby declare for the purpose of establishing a general plan for the development of single-family residences, that all of the property described in the Map of Milton Estates Unit 2 Subdivision shall be held, occupied, sold, and conveyed subject to the following easements, restrictions, covenants, conditions, liens, and charges hereinafter set forth, all of which shall run with the real property described in the Map of Milton Estates Unit 2 Subdivision and shall be binding on all parties having any right, title, or interest therein or in any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof, and all of which are imposed upon the real property described in the Map of Milton Estates Unit 2 Subdivision and every part thereof as a servitude in favor of each and every parcel thereof as the dominant tenement or tenements and may be enforced by Declarant, his successors and assigns, including those through merger, consolidation, or re-organization of any Owner of any Lot in said Subdivision; provided no provision of this declaration shall limit, in any way, or be construed to limit or prevent, Declarant's development of and construction of improvements thereon, or Declarant's right to maintain model homes, construction, sales, or leasing offices or similar facilities on any real property owned by Declarant, or on any

real property in Milton Estates Unit 2 Subdivision owned by an Owner with the consent of such Owner, or Declarant's right to post signs incidental to construction, sales, or leasing.

ARTICLE 1

DEFINITIONS

The following words and phrases, when used in the restrictions, shall have the meanings hereinafter specified:

1.1 Architectural Committee shall mean the committee created pursuant to Article IV hereof, and the terms "architectural committee" and "architectural control committee" may be used interchangeably herein.

1.2 Architectural Committee Rules shall mean the rules which have been or shall be adopted by the architectural committee and amended from time to time.

1.2a Assessment shall refer to any or all of the assessments hereinafter defined:

(a) Regular Assessment shall mean a charge against each Lot Owner and his Lot representing that portion of the common expenses attributable to such Owner and his Lot, as provided for in this Declaration.

(b) Special Assessment shall mean a charge against a particular Owner and his Lot directly attributable to such owner for certain costs incurred by the Association or Declarant as provided in this Declaration.

1.3 Assessments shall mean assessments of the Association pursuant to Article VI hereof.

1.4 Association shall mean and refer to Milton Estates Unit 2 Homeowners' Association, its successors and assigns through merger, consolidation, or other re-organization, which has been or will be established under the laws of the State of California, for the purposes of exercising the powers and functions of the Association as hereinafter provided.

1.5 Board shall mean the Board of Directors of the Association.

1.6 Bylaws shall mean the Bylaws of the Association which have been or will be adopted by the Board, as such Bylaws may amended from time to time.

1.7 Declarant shall mean Milton Estates Unit 2, and its successors and assigns, including those persons, firms, or corporations designated in a written instrument to be the successor of Declarant herein.

1.8 Lot shall mean a legally described parcel of real property designated as a Lot on the recorded Subdivision tract map upon which there has been or will be constructed a single-family residential dwelling.

1.9 Said Property shall mean all that certain real property identified and described in the Map of Milton Estates Unit 2 Subdivision to this Declaration.

1.10 Restrictions shall mean this Declaration, together with any and all supplemental declarations, that may be recorded by Declarant pursuant to Article II hereof, as said supplemental declarations may be amended from time to time and the rules from time to time in effect.

1.11 Rules shall mean the rules adopted by the Board pursuant to Article II hereof, as they may be amended from time to time.

1.12 Member shall mean any person who is a member of the Association pursuant to the provisions of Article III hereof. The terms "member" and "regular member" may be used interchangeably herein.

1.13 Notice and hearing shall mean thirty (30) days prior written notice of a public hearing before the Board at which the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense.

1.14 Owner shall mean: (a) Declarant; or (b) any person or persons being either (i) the grantee or grantees, as the case may be, of the fee simple estate by conveyance in a Lot and their successors and assigns; or (ii) the purchasers under any executory contract of sale of a Lot within. Unless the context otherwise requires, the term "Owner" shall include the family, invitees, licensees, and lessees of any owner, but shall not include those having such interest merely as security for the performance of any obligation.

1.15 Person shall mean the natural individual or any other entity with the legal right to hold title to real property.

1.15a Property shall mean and refer to that certain real property described in Article II, Section 2.1 of this Declaration.

1.16 Record, Recorded, and Recordation shall mean, with respect to any document, the recordation of such document in the Office of the County Recorder of El Dorado County, California (which may also be referred to herein as "file" or "filed").

1.17 Subdivision shall mean a parcel of real property that has been divided or separated into lots shown on a recorded subdivision map. The term "tract" and "subdivision" may be used interchangeably herein.

1.18 Supplemental Declaration shall mean any declaration of covenants, conditions, and restrictions which may be recorded by Declarant pursuant to Article II hereof.

1.19 Unit shall mean and refer to any single-family residential dwelling located on a Lot and designed for occupation by not more than one family.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

2.1 Property. The real property which shall be held, used, leased, sold and conveyed, subject to this Declaration, is the property described as each and every lot, being Lots 1 through 35, inclusive, as shown on the Official Map of Milton Estates Unit 2, recorded on the 27th day of June, 1995, in the Office of the County Recorder of the County of El Dorado, State of California, in Book H of Maps at Page 96.

ARTICLE III

HOMEOWNERS' ASSOCIATION

3.1 Organization.

(a) The Association. The Association shall be an unincorporated association with the duties and invested with the powers proscribed by law and set forth in the Articles, Bylaws, and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

3.2 Membership.

(a) Qualifications. Each Owner (including the Declarant) of a lot in Milton Estates Unit 2 Subdivision shall be deemed a Member of the Association. Ownership of such lot shall be the sole qualification for membership.

(b) Transfer of Membership. The Association membership of each Owner (including Declarant) and the right to vote shall be appurtenant to said Lot and shall not be transferred, pledged, or alienated in any way except upon the conveyance or sale of a Lot and then only to the conveyee or purchaser of said Lot as the new owner thereof. Any attempt to make a prohibited transfer shall be void. Any transfer of said title to said Lot shall operate automatically to transfer said membership to the new Owner thereof.

3.3 Voting.

(a) Number of Votes. Only memberships shall have voting rights, and the Association shall have two (2) classes of membership as follows:

(1) Class A. Class A Members shall originally be all of the Owners, with the exception of Declarant, and shall be entitled to one (1) vote for each lot owned. The Owner of each lot may, by notice to the Association, designate a person (who need not be an Owner) to exercise the vote for such Lot. Said designation shall be revocable at any time by notice to the Association by the Owner. Such powers of designation and revocation may be exercised by the guardian of an Owner's estate, or by his conservator; or, in the case of a minor having no guardian, by the parent entitled to his custody, or during the administration of an Owner's estate, by his executor or administrator where the latter's interest in said property is subject to administration in his estate; or, in the case of a corporate owner, by the president or by any vice president thereof, or by any officer, or by any other person authorized by its board of directors.

(2) Class B. The Class B Member shall be Declarant. Declarant shall be entitled to three (3) votes for each lot owned by Declarant and located within Milton Estates Unit 2 Subdivision. As to said Subdivision, the Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(i) When the total votes outstanding in the Class A membership for this subdivision equal the total

votes outstanding in the Class B membership for this subdivision.

(ii) Three (3) years from the date of the issuance of the public report by the California Commissioner of Real Estate for this subdivision.

(b) Joint Owner Disputes. The vote for each such Lot shall, if at all, be cast as a single vote and fractional votes shall not be allowed. In the event that such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Lot.

(c) Meetings of Members. There shall be a meeting of the Members of the Association on the 27th of June of each and every year at 7:00 o'clock pm at such a place designated or within the County of El Dorado, State of California, at a place as close to said subdivision as possible, or at such other reasonable time (not more than thirty [30] days before or after such date) as may be designated by written notice of the Board, given to members neither less than ten (10) days nor more than sixty (60) days prior to the date fixed for said meeting, specifying the date, time, and place thereof. A special meeting of the Members of the Association shall be promptly called at any reasonable time and placed by written notice of the Board of the Association upon: (1) the vote for such meeting by a majority of a quorum of the Board of the Association; or (2) upon receipt of a written request therefor signed by Members representing not less than twenty-five percent (25%) of the total voting power of the Association or by Members representing not less than fifteen percent (15%) of the voting power residing in Members other than Declarant, and specifying the date, time, and place thereof, and the nature of the business to be undertaken.

A special meeting shall be held at which members of the Board of the Association shall be elected by a vote of the then Members of the Association when ten (10) lots have been sold. The presence at any meeting, in person or by proxy, of the Members entitled to vote at least seventy-five percent (75%) of the total votes shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time neither less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum

requirement shall be Members entitled to vote at least fifty percent (50%) of the total votes.

The President of the Association (or any Vice President in his absence) shall act as Chairman of all meetings of the Members and the Secretary for the Association (or an assistant Secretary thereof in his absence) shall act as Secretary of all such meetings.

Any major changes of the original Milton Estates Unit 2 Homeowners' Association Declaration of Covenants, Conditions, and Restrictions must require two-thirds (2/3rds) passage of the total voting membership.

At each annual meeting the Board shall present a written statement of assessment and common expenses, itemizing receipts and disbursements for the preceding calendar year. Within ten (10) days after the date set for each annual meeting, such statement shall be mailed to the Members not present at said meeting.

(d) Voting Rights. The voting rights of all the classes of memberships shall be subject to the restrictions and limitations provided in this Declaration and in the Articles and Bylaws.

3.4 Duties of the Association. The Association shall have the obligation, subject to and in accordance with the restrictions, to perform each of the following duties for the benefit of the Owners of each Lot within Milton Estates Unit 2 as follows:

(a) Road and Trail Easements. To manage, control, operate, regulate, and have control of all roadway and trail easements with the Subdivision as shown on the Map of Milton Estates Unit 2 Subdivision as herein described.

(b) Association Personal Property. To accept delivery of and exercise dominion over all personal property transferred and assigned to the Association by Declarant, free and clear of all liens and encumbrances, other than any personal property taxes not delinquent.

(c) Insurance. To obtain and maintain in force the following policies of insurance:

(1) To carry extended coverage insurance on the roadways and on any other personal property of the Association in amounts reasonably suited for the protection of

the Association and any other type of insurance which may be necessary by way of indemnity bonds or otherwise.

(d) Rule Making. To make, establish, promulgate, amend, and repeal the Association rules as provided in Section 3.6 hereof.

(e) Architectural Committee. To appoint and remove members of the Architectural Committee as provided in Article IV hereof, and to insure that at all reasonable times there is available a duly constituted and appointed Architectural Committee.

(f) Enforcement of Restrictions and Rules. To perform such other acts, whether or not expressly authorized by the restrictions, as may be reasonably necessary to enforce any of the provisions of the restrictions and the Architectural Committee rules.

(g) Maintenance and Repair. To maintain and repair the roads and trails and gate located on the road easement at the intersection of South Shingle Road and clear debris which may block drainage easements.

(h) Other. To carry out the duties of the Association as set forth in the Restrictions, Articles, and Bylaws.

(i) Contracts. During the period of time when Declarant and/or its representatives have a majority of the membership votes of the Association, neither Declarant nor any agent of Declarant shall enter into any contract which would bind the Association or the Board thereof for a period in excess of one (1) year, except with the approval of a majority of the Owners.

(j) Financial Statements. The Board shall cause financial statements for the Association to be prepared and copies shall be distributed to the Owners as follows:

(1) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year.

(2) A balance sheet (as of an accounting date which is the last day of the month closest in time to six [6] months from the date of closing of the first sale of a lot) and a statement of a schedule of assessments received and receivable, identified by lot and name, of entity assessed (for the period from said first closing date to said accounting date)

shall be distributed within sixty (60) days after said accounting date.

(3) A balance sheet as of the last day of the Association's fiscal year, and an operating statement for said fiscal year shall be distributed within ninety (90) days after the end of such fiscal year.

3.5 Association Powers:

(a) Regular Assessments. To levy regular assessments against Owners of Lots and, if necessary, to collect amounts so assessed against Owners of Lots, or any of them; further, to levy special assessments against Owners of Lots and to enforce payment of any such assessments against the Owners utilizing the procedures set forth in said Article VI.

(b) Special Assessments. To levy special assessments against Owners of Lots within Milton Estates Unit 2 Subdivision as provided for the Article VI hereof.

(c) Right of Entry and Enforcement.

(1) After twenty-four (24) hours written notice, to enter without being liable to any Owner upon any lot owned by any Owner (including Declarant) for the purpose of enforcing, by peaceful means, the restrictions.

(2) The Association shall also have the power and authority, from time to time, in its own name and on its own behalf or on the behalf of any Owner or Owner who consents thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the restrictions, and to enforce, by mandatory injunctions or otherwise, all of the provisions of the restrictions.

(3) The Association shall be entitled to immediate reimbursements by the Owners, who or which are in violation of any provisions of restrictions, to the full extent of any costs or expenses, including, but not limited to, reasonable attorney's fees incurred by the Association in enforcing said provision as provided for in this Section 3.5(c). In the alternative, the Association shall be entitled to levy assessments against defaulting Owners in advance of actually performing corrective work, which assessments shall be equal in amount to the anticipated cost of performing the collective work. The assessment and lien procedures provided for in Articles VI and VII hereof, shall be available to the Association for the purpose of collecting the amounts becoming due to it as contemplated under this section 3.5(c).

(d) Easements and Rights-of-Way. To grant and convey to the extent of its interest therein to any person, easements, or rights-of-way, over or under and Association roadways to trails for the purpose of constructing, erecting, operating, or maintaining thereon, therein, and thereunder:

(1) Roads, streets, walks, driveways, trails, accessways, parkways, and park areas.

(2) Underground lines, cables, wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, telephone, and other purposes.

(3) Sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating, and gas lines, or pipes.

(4) Any similar improvements or facilities.

(e) Repair and Maintenance of Roadways and Trails. To repair the private street areas, trails, and the entrance, and keep clear of obstructions the drainage easements.

(f) Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association, enforcement of the restrictions, or in performing any of the other duties or rights of the Association.

3.6 Rules. The Board may adopt such rules as it deems proper, for the use of the property. A copy of said rules, as they may, from time to time, be adopted or repealed, shall be mailed or otherwise delivered to each Owner and may, but need not be, recorded. Upon such mailing, delivery, or recordation, said rules shall have the same force and effect as if they were set forth in and were part of the restrictions. In addition, as to any Owner having actual knowledge of any given rules, such rules shall have the same force and effect and may be enforced against such Owner.

3.7 Liability of Board Members and Manager. No member of the Board, neither any agent, representative, nor employee of the Association shall be personally liable to any Owner or to any other party for any damage, prejudice suffered or claimed on account of any act or omission of the Association, the Board, or any other agents, representatives, or employees of the Association, or the architectural committee, provided that such Board member or other person has, upon the basis of such information as may be possessed by him, acted in good faith.

3.8 Amendment. The provisions of Sections 3.1, 3.2, 3.3, and this section 3.8 hereof shall not be amended without the vote or written consent of the Owners of not less than seventy-five percent (75%) of the combined number of Lots.

ARTICLE IV

ARCHITECTURAL CONTROL COMMITTEE

4.1 Architectural Approval. No building, fence, satellite dish, wall, sign, or other structure, or exterior addition to or change or alteration thereof (including painting or landscaping) shall be commenced, constructed, erected, placed, altered, maintained, or permitted to remain on a Lot until plans and specifications showing plot layout and all exterior elevations, with materials and colors therefor and structural design and landscaping, shall have been submitted to and approved in writing by an Architectural Committee composed of three (3) persons appointed by the Board of the Homeowners' Association.

4.2 Term of Architectural Committee Appointed by the Declarant. Architectural Committee members shall serve three (3) year terms. The first shall initially have one Architectural Committee member for a one (1) year term, one member for a two (2) year term, and one member for a three (3) year term. All terms thereafter shall be for three (3) years.

4.3 Failure to Approve or Disapprove Plans and Specifications. In the event the Architectural Committee, or its designated representative, fails to either approve or disapprove such plans and specifications within thirty (30) days after the same have been submitted to it, it shall be conclusively presumed that the Architectural Committee had approved such plans and specifications. All improvement work approved by the Architectural Committee shall be diligently completed.

4.4 No Liability. Neither Declarant, nor the Association, nor the Architectural Committee, nor the members thereof, shall be liable in damages to anyone submitting plans or specifications to them for approval, or to any Owner of property affected by these restrictions by reason of mistake in judgement, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications.

4.5 Notice of Noncompliance or Noncompletion. Notwithstanding anything to the contrary contained herein, after the expiration of one (1) year from the date of issuance of any building permit by municipal or other governmental authority,

any improvement shall, for the benefit of purchasers and encumbrances in good faith for value, be deemed to be in compliance with all provisions of this Article IV, unless actual notice of such noncompliance or noncompletion, executed by the Architectural Committee or its designated representatives shall appear of record in the Office of the County Recorder of El Dorado County, State of California, or unless legal proceedings shall have been instituted to enforce compliance of completion.

4.6 Rules and Regulations. The Architectural Committee may, from time to time, in its sole discretion, adopt, amend, and repeal rules and regulations interpreting and implementing the provisions hereof.

4.7 Variance. Where circumstances, such as topography, location of property lines, location of trees, or other matters require, the Architectural Committee, by the vote or written consent of a majority of the members thereof, may allow reasonable variances as to any of the covenants, conditions, or restrictions contained in this Declaration under the jurisdiction of such committee, on such terms and conditions as it shall require; provided however, that all such variances shall be in keeping with the general plan for the improvement and development of the property.

4.8 Meetings. The Architectural Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of any two (2) members shall constitute an act by the Committee unless the unanimous decision of its members is otherwise required by the Declaration. The Committee shall keep and maintain a record of all actions taken by it at such meeting or otherwise. The members of the Architectural Committee shall be entitled to reimbursement for reasonable expenses incurred by them in the performance of any Architectural Committee function.

4.9 Application for Approval of Improvements. Any Owner, proposing to perform work of any kind whatever which requires the prior approval of the Architectural Committee pursuant to Article VI, or any other Article of this Declaration, shall apply to such Committee for approval by notifying the Architectural Committee of the nature of the proposed work with such information as the Committee may require, including but not limited to: (1) a plot plan of the Lot showing the location of all existing and proposed improvements; (2) floor plans; (3) elevation drawings; (4) description of exterior materials and colors; and (5) the Owner's proposed construction schedule. The Architectural Committee may require that the application for approval in connection with any improvement to be constructed be accompanied by an inspection

fee in an amount not to exceed \$100.00 in the event that the Committee deems that outside consultants are necessary to review plans or otherwise inspect the proposed improvements.

4.10 Basis for Approval of Improvements. The Architectural Committee shall grant the requested approval only if:

(a) The Owner shall have strictly complied with the provisions of Section 4.1 above; and El Dorado County codes; and,

(b) The Architectural Committee shall find that the plans and specifications conform to the Declaration and to the Architectural Committee Rules in effect at the time such plans were submitted to the Committee; and,

(c) The members of the Architectural Committee in their sole discretion determine that the proposed improvements would be compatible with the standards of the Subdivision and the purposes of the Declaration as to quality of workmanship and materials, as to harmony of external design with existing structures, and as to location with respect to topography and finished grade elevations.

4.11 Form of Approval. All applications and approval of the Architectural Committee shall be in writing.

4.12 Proceeding with Work. Upon receipt of approval from the Architectural Committee pursuant to Section 4.11 above, the Owner shall, as soon as possible, satisfy all conditions thereof and diligently proceed with the commencement and completion of all construction, re-construction, refinishing, alterations, and excavations pursuant to said approval, said commencement to be, in all cases, within one (1) year from the date of such approval. If the Owner shall fail to comply with this paragraph, any approval given pursuant to Section 4.10 above, shall be deemed revoked unless the Architectural Committee, upon written request of the Owner made prior to the expiration of said one-year period, extends the time for such commencement. No such extension shall be granted except upon finding by the Architectural Committee that there has been no change in the circumstances upon which the original approval was granted.

4.13 Failure to Complete Work. The Owner shall, in any event, complete construction, re-construction, refinishing, or alteration of any such improvement within one (1) year after commencing construction thereof, except and for so long as such completion is rendered impossible or would result in great hard-

ship to the Owner due to strikes, fires, national emergencies, natural calamities, or other supervening forces beyond the control of the Owner or his agents. If Owner fails to comply with this paragraph, the Architectural Committee shall notify the Board of such failure, and the Board shall proceed in accordance with the provisions of Section 4.14 below as though the failure to complete the improvements were a noncompliance with approved plans.

4.14 Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

(a) Upon the completion of any construction or re-construction or the alteration or refinishing of the exterior of any improvements, or upon the completion of any other work for which approved plans are required under this Article, the Owner shall give written notice thereof to the Architectural Committee.

(b) Within sixty (60) days thereafter, the Architectural Committee, or its duly authorized representative, may inspect such improvement to determine whether it was constructed, re-constructed, altered, or refinished to substantial compliance with such plans. If the Architectural Committee finds that such construction, re-construction, alteration, or refinishing was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such sixty (60) day period, specifying particulars of noncompliance, and shall require the Owner to remedy such noncompliance.

(c) If upon the expiration of thirty (30) days from the date of such notification, the Owner shall have failed to remedy such noncompliance, the Architectural Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged noncompliance. The hearing date shall be neither more than thirty (30) days nor less than fifteen (15) days after notice of noncompliance is given to the Board by the Architectural Committee. Notice of the hearing date shall be given at least ten (10) days in advance thereof by the Board to the Owner, the Architectural Committee, and in the discretion of the Board, to any other interested party.

(d) At the hearing, the Owner, the Architectural Committee, and in the Board's discretion, any other interested person, may present information relevant to the question of the alleged noncompliance. After considering all such information, the Board shall determine whether there is a noncompliance and, if so, the nature thereof, and the estimated cost of correcting

or removing the same. If a noncompliance exists, the Board shall require the Owner to remedy or remove the same within a period of not more than forty-five (45) days from the date of the Board ruling. If the Owner does not comply with the Board ruling within such period as the Board, in its discretion, may grant, the Board, at its option, may either remove the non-complying improvement or remedy the noncompliance and the Owner shall reimburse the Association for all expenses incurred in connection therewith upon demand. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a reimbursement assessment against such Owner pursuant to Article VI of this Declaration.

(e) If for any reason the Architectural Committee fails to notify the Owner of any such noncompliance with sixty (60) days after receipt of said notice of completion from the Owner, the improvement shall be deemed to be in accordance with said approved plans.

4.15 Estoppel Certificate. Within thirty (30) days after written demand is delivered to the Architectural Committee by any Owner, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Association), the Architectural Committee shall record an estoppel certificate, executed by any two (2) of its members, certifying (with respect to any Lot of said Owner) that as of the date thereof either: (a) all improvements made and other work done upon or within said Lot comply with the Declaration; or (b) such improvements or work do not so comply in which event the certificate shall also identify the noncomplying improvements or work and set forth with particularity the basis of such noncompliance. Any purchaser from the Owner, or from anyone deriving any interest in said Lot through him, shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between the Association, Declarant, and all Owners and such persons deriving any interest through them.

ARTICLE V

USE RESTRICTIONS

Permitted Residential Uses and Restrictions. All Lots shall be for the exclusive use and enjoyment of the Owners thereof; subject, however, to all of the following restrictions:

5.1 Residential Use. Each Lot shall be improved and used exclusively for residential purposes, including non-commercial farming and raising of household pets on a non-commercial basis. No gainful occupation, profession, trade, or

other non-residential use shall be conducted on any Lot or in any building on any Lot. Nothing herein contained shall be deemed to prevent the leasing of any Lot from time to time by the Owner thereof subject to all of the provisions of this Declaration. Although an Owner shall be entitled to rent the residence situated on his or her Lot, any such rental or lease of a resident shall be subject, in addition to the provisions of this Declaration, to those rules established by the Board of Directors of the Association. Each tenant or lessee shall be provided with a copy of this Declaration by the Owner upon renting the property or leasing the same. The Owner shall at all times be responsible for his or her tenants or lessees compliance with all of the provisions of this Declaration pursuant to the occupancy and use of the residence.

5.2 Animals and Livestock. Only domestic livestock including goats, sheep, cattle, and horses shall be allowed on any Lot in the subdivision subject to this Declaration. No more than four (4) goats, or four (4) sheep, or three (3) cattle, or three (3) horses per five (5) acre parcel shall be permitted at any time. No other livestock shall be allowed unless approved in writing by the Board of the Association. No animals shall be permitted outside of the Lot owned by the animal's owner unless said animal is under control of a responsible person by means of a leash or other reasonable restraint. The owner of any such pet shall be responsible for restraining such pet from interfering with or otherwise affecting the animals of any other Owner. In the event any land is not fully fenced so as to restrain said animals, they shall be kept on a leash or in a more restricted fenced area. The Board of Directors of the Association shall specifically have the right to prohibit the maintenance of any such pet which, in the opinion of the Board, after notice and hearing, constitutes a nuisance to any other Owner. No structure for the care, housing, or confinement of any house or yard pet shall be constructed, built, or maintained so as to be visible from neighboring property unless approved by the Architectural Committee. Owners shall be held responsible for insuring that their animals do not create a nuisance or bother other Owners by loud or inappropriate noises.

5.3 Improvements, Alterations, and Repairs. No improvement, repair, excavation, or other work which in any way alters the appearance of any Lot or the improvement located thereon from its natural or improved state existing on the date such Lot was first conveyed in fee by Declarant to an Owner shall be made or done without prior approval of the Architectural Committee, except as specifically authorized herein. All repairs, maintenance, and care of the exterior surfaces of residences shall be undertaken by the Owner in

accordance with standards established by the Architectural Committee.

5.4 Temporary Buildings. No tent, shack, barn, garage, modular home, trailer, or basement of any incomplete building or temporary building or structure of any kind shall be used at any time as a residence, either temporary or permanent, on any Lot. Temporary buildings or structures used during the construction or improvement of a residence shall be expressly approved in writing by the Architectural Committee and shall be removed immediately after completion of construction of the residence on said Lot and in no event later than one (1) year from commencement of construction.

5.5 Trailers, Boats, and Motor Vehicles. The keeping of any boat, recreational motor home, or trailer of any kind on a Lot shall be subject to such rules as the Association may adopt. No dilapidated junk or salvage motor vehicles or permanent tent or similar structure shall be kept, placed, maintained, constructed, re-constructed, or repaired upon any subdivision road, neither on any Lot in such a manner as will be visible from neighboring property or adjacent roads; provided, however, that the provisions of this subsection shall not apply to emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any work or improvement approved by the Architectural Committee. No unlicensed persons shall operate any motorcycle or off-road vehicle or motor vehicle of any kind on any of the roads or trails in any Lots of said subdivision.

5.6 Nuisances. No rubbish or debris of any kind shall be allowed or permitted to accumulate on any Lot in the subdivision. No odors shall be permitted to arise from any Lot or to render any Lot or any portion thereof unsanitary, unsightly, harmful or detrimental to any of the property in the vicinity thereof, or to the occupants thereof. No nuisance, including continual, excessive noise audible from adjoining Lots shall be permitted to exist or operate upon any Lot so as to be harmful or detrimental to any property in the vicinity thereof or to its occupants. Without limiting any of the foregoing, no horns, whistles, bells, or other sound devices except security devices used exclusively for security purposes, shall be mounted, used, or placed on a Lot. Any exterior speakers used on the Lot shall be used in such a manner to avoid excessive volume of sound being transmitted to adjoining Lots.

5.7 Trash Containers and Collection. All garbage and trash shall be placed and kept in covered containers. In no

event shall such containers be maintained so as to be visible from neighboring properties.

5.8 Mining. No drilling, except for water, quarrying, or mining operations of any kind shall be permitted upon or in any Lot.

5.9 Diseases and Insects. No Owner shall permit any thing or condition to exist upon his Lot which shall unreasonably induce, breed, or harbor infectious plant diseases or noxious insects.

5.10 Further Subdividing. No Lot shall be further subdivided; neither shall less than all of any such Lot be conveyed by an Owner thereof. No easement or other interest in the Lot shall be given without prior written approval of the Architectural Committee. The Owner of two or more contiguous Lots may apply to the Architectural Committee for permission to use such Lots as the site for a single residence. Upon approval thereof by the Architectural Committee, which shall not be unreasonably withheld, a written consent to such use shall be executed by the Owner and by all members of the Architectural Committee in recordable form, and shall be recorded forthwith in the Office of the Recorder of the County of El Dorado and, thereafter, except for assessment purposes, said Lots shall be treated as a single Lot for all purposes and shall not be re-subdivided.

5.11 Signs. No sign whatsoever (including but without limitation, commercial, political, and similar signs) which are visible from neighboring properties shall be erected or maintained on any Lot except:

(a) Such signs as may be required by legal proceedings;

(b) Residential identification signs, subject to the approval of the Architectural Committee as to suitability;

(c) During the time of construction of any residence or other improvement by Declarant, job identification signs; and,

(d) Not more than one (1) "For Sale" or "For Rent" sign per Lot of reasonable dimensions, or as otherwise permitted by California Civil Code Section 713.

5.12 Construction and Alteration of Improvements. Absolutely no construction or alteration of improvement may be undertaken on a Lot without prior approval of the Architectural

Committee. The following standards and restrictions are applicable to the construction, re-construction, alteration, and refinishing of any and all improvements from time to time existing upon any Lot:

(a) Residence. No more than one (1) residence shall be constructed on any one Lot. No residence shall be less than two thousand (2,000) square feet in size, exclusive of garage. A guest suite or like facility, not in excess of twelve hundred (1,200) square feet in size and in accordance with El Dorado County Building Codes and Regulations shall be allowed on each lot in addition to the main residence.

(b) Setback and Height. All improvements shall be constructed in accordance with applicable building line, setback, and height provisions contained on the Subdivision Map and/or local ordinances.

(c) Materials. All materials, landscaping, and improvements shall be in conformity with the color scheme, type quality and other criteria established by the Architectural Committee. The design of all residences shall be effected in a manner to encourage the use of energy- and water-saving devices, designs, and facilities where opportunities exist for effecting their use at a reasonable cost, and such shall minimize visual observation from adjacent parcels or roads.

(d) Damages. Owner is solely responsible for damage to roads, trails, and/or adjoining properties due to construction on, or alterations of, their Lot and shall repair such damage to the satisfaction of the Architectural Committee.

(e) Parking. Each Lot shall contain parking space within the Lot for at least two (2) vehicles operated by the Owner or other residents (which may be part of the structure of the residence) and, additionally, at least two (2) guest automobiles. Driveways and parking areas shall be surfaced with at least 2" of compacted asphalt cement or approved materials.

(f) Tanks. Except residential propane tanks, all water tanks, or towers, or similar storage facilities shall either be constructed as an integral part of the main structure of the residence or shall be installed or constructed underground. Gasoline and diesel fuel tanks are prohibited.

(g) Sewage Disposal. All Lot Owners shall operate and maintain a septic sewage disposal system in good condition and repair in accordance with all applicable ordinances of the County of El Dorado.

(h) Utility Laterals and Extensions. All utility laterals and extensions from the main service line which service a residence or any other improvements on a particular Lot shall be placed underground except those Lots on which there are already existing above-ground utility lines or in the event of the existence of rock, shale, or similar impervious material which renders the placement of underground utilities economically unreasonable. In the event of a claim of economic unreasonableness, any person requesting power lines be placed overhead shall apply to the Architectural Committee for a waiver of this provision and said Committee shall not unreasonably withhold said waiver if it appears that rock or other materials would make the undergrounding of said utilities more expensive than is normal and average within the Subdivision.

(i) Preservation of Environmental Values. The Subdivision is a large-lot residential rural subdivision under which each Lot Owner will construct a residence and appurtenances pursuant to a design scheme and procedure which preserve the natural ambience, environment, and ecology of the area for the benefit of all Owners. The Architectural Committee is given substantial review and rule-making authority pursuant to this Declaration to effectuate the foregoing objectives. Except to the extent reasonably necessary for construction, reconstruction, or alteration of any improvement for which the Owner has obtained approved plans pursuant to Article VII, no excavation, fill, or change in the natural or existing drainage for surface or subsurface water shall be permitted.

(j) Driveway Accesses. There shall be no access by motor vehicle to any Lot on the perimeter of the Subdivision other than those shown on the recorded map of said Subdivision.

5.13 Exterior Maintenance of Residences. Each Owner shall be responsible for providing the exterior maintenance of his residence and all improvements located on his Lot. Such exterior maintenance shall include painting, repair, replacement, and care of exterior building surfaces, roof surfaces, gutters, downspouts, glass surfaces of the residence, and, in general, the maintenance of the exterior of such residence in good repair, condition, and appearance. All such work shall be identical in materials, color scheme, and workmanship to the work originally approved by the Architectural Committee, unless alteration thereof is approved in advance by the Architectural Committee in accordance with the provisions of Article VII of this Declaration.

5.14 Landscaping and Exterior Maintenance of Lots. The Owner of a Lot shall be solely responsible for landscaping and maintaining his Lot.

(a) Landscaped Areas. Lots may be left with natural vegetation, provided, however, that the Owner shall abate any weeds or underbrush thereon and any other fire hazards or nuisances on the Lot. Indigenous oak trees which exceed 6" in diameter measured chest high at the time the Owner acquires his Lot or which subsequently attain such size, shall not be removed without prior written approval of the Architectural Committee.

(b) Ditches and Swales. Each Owner shall keep and maintain natural drainage channels, ditches, and sub-drains from underground water sources and streams, swales, and other drainage facilities located on his Lot unobstructed, free of accumulation of debris, and in good condition and repair and shall provide for the installation of such additional culverts, ditches, or other drainage facilities upon his Lot as may be reasonably required for the property drainage thereon.

5.15 Repair and Re-Construction. If any improvement on a Lot is damaged or destroyed by fire or any other calamity, the Owner of said Lot shall rebuild, repair, or remove the damage. In the event such Owner does not commence such rebuilding, repair, or removal within a reasonable time, which in no event shall exceed one (1) year from the occurrence of such damage or destruction, the Association may bring suit for an injunction to compel the Owner to perform said rebuilding, repair, or removal.

5.16 Fences. All fences shall be constructed and maintained in accordance with the standards established by the Homeowners' Association.

5.17 Storage. No vehicle shall be stored upon the said premises except insofar as garages are available for placing the same; neither shall any form of equipment or any other motorized vehicles or trailers or any other type of moveable items be placed on any Lot except within structures built for the same as limited herein, except that such vehicles may be placed in the open provided such are not visible from the road or other properties.

5.18 Satellite Dishes. Satellite dishes, disks, and similar related items may be maintained provided they are fenced or masked in such a way as not to be visible by line of site from the roadway or any Lots in the Subdivision, but such installation shall be approved by the Architectural Committee.

5.19 Non-building Areas. There shall be a 100-foot non-building setback from all ponds located within said subdivision, and a 50-foot setback on each side of all intermittent streams. In addition, no materials, including landscape trimmings, shall be dumped within the aforesaid non-building setback areas. Lots affected by this restriction are 1, 2, 3, 7, 8, 14, 15, 16, 24, and 28.

ARTICLE VI

COVENANTS FOR ASSESSMENTS

6.1 Owner's Obligation of Assessments. Declarant hereby covenants for each Lot within the Subdivision, and each Owner of a Lot is hereby deemed covenant by acceptance of owner's deed for each Lot, whether or not it shall be so expressed in owner's deed, to pay to the Association:

(a) Regular or annual assessments or charges;
and

(b) Special assessments for major road or trail improvements and other capital improvements; and

(c) Special assessments against a particular Owner to reimburse the Association for costs incurred in bringing said Owner and owner's Lot into compliance with this Declaration and Rules of the Association.

Such assessments will be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be the personal obligation of the person or persons who owned the Lot at the time the assessment fell due. But such personal obligation shall not pass to the successors in title of such person or persons unless expressly assumed by them and shall not constitute a lien on any Lot.

6.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents of the Subdivision, for the improvement and maintenance of the roads and trails hereinbefore described. Annual assessments shall include, and the Association shall acquire and pay for out of the funds derived from the annual assessments, the following:

(a) Maintenance and repair of roads and trails;

(b) Liability insurance insuring the Association against any and all liability to the public, to any Owner, or to the invitees or tenants of any Owner arising out of their use of the roads and trails. The policy limits shall be set by the Association, and shall be reviewed at least annually and increased or decreased in the discretion of the Association.

(c) Maintenance of entry and landscaping located at the entrance intersection at South Shingle Road including the

irrigation system and maintenance of plants and fence along South Shingle Road.

(d) Clearing obstructions in drainage easements.

(e) Any other assessment approved by the Board.

6.3 Maximum Annual Assessment Rate.

(a) Until June 27, 1996, the annual assessment shall be that amount shown on the Association budget. Thereafter, the Board of Directors of the Association may fix the annual rate of assessment at an amount not in excess of 20% of the previous assessment. Any higher assessment requires approval of 51% vote of the Owners.

6.4 Special Assessments for Major Road Improvements and Other Capitalized Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or part, the cost of any construction, re-construction, or repair of roads, or other capital improvements. Any such assessment shall be approved by a vote or written assent of a majority of Owners where such assessment exceeds five percent (5%) of the budget gross expenses of the Association for that fiscal year.

6.5 Notice and Quorum for Action Authorized Under Sections 6.3 and 6.4. Written notice of any meeting called for the purpose of taking any action authorized by Section 6.3 and/or 6.4 shall be sent to all Owners neither less than twenty (20) nor more than ninety (90) days in advance of such meeting. In the event the proposed action is favored by a majority of the votes cast at such meeting, members who were not present in person or by proxy may give their assent in writing within seven (7) days after the date of such meeting.

6.6 Rate of Assessments. Both annual and special assessments must be fixed and levied on a equal basis for all Lots.

6.7 Commencement and Collection of Annual Assessments. The annual assessments provided for herein shall commence on the first day of the month following the date of closing the first sale of a Subdivision Lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least ten (10) days in advance of the due date thereof and shall fix the dates such amounts become due. Assessments shall be

paid annually. Notice of the annual assessments shall be sent to every Owner subject thereto. The Association shall, on demand and for a reasonable charge, furnish a certificate signed by an Officer of the Association, setting forth whether the assessments against a specific Lot have been paid.

6.8 Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within sixty (60) days after the due date shall be deemed in default and shall bear interest from the due date at the current legal rate per annum.

The Association may bring an action at law against the Owner personally obligated to pay the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of any of the roads or abandonment of his Lot. Where an action is brought against the Owner, there shall be added to the amount of such assessments the costs of preparing and filing the complaint in such action, and in the event a judgement is obtained, such judgement shall include interest on the assessments as above provided and reasonable attorney's fees, to be fixed by the Court, together with the costs of the action. The Association shall not have the power to levy a lien or cause a lien to be placed on any Lots of Owners for non-payment of assessments.

6.9 Dedication to Public Use: All property which is subject to this Declaration shall be exempted herefrom to the extent of any easement herein dedicated and accepted by any local public authority and devoted to public use, and also all properties exempted from taxation by the laws of the State of California.

6.10 Penalties. The Board of Directors of the Association shall have the power to assess monetary penalties against an Owner, and/or to suspend said Owner's voting rights for the period during which any assessment against said Owner's Lot remains unpaid; provided, however, the due process requirements set forth in Section 7341 of the California Corporations Code shall be followed with respect to the accused Owner before a decision to impose discipline is reached (to wit: the accused Owner shall be given fifteen [15] days prior notice sent by first class registered mail, and the notice shall specify the reasons for the proposed penalty or suspension and shall provide an opportunity for the Owner to be heard, orally or in writing, not less than five [5] days before such penalty or suspension is imposed by the Board of Directors).

6.11 Owner's Right to a Hearing. Any special assessment against a particular Owner pursuant to Section 6.1(c) hereof shall be done only after thirty (30) days' written notice

of intent to levy said assessment. The Owner of the Lot involved may, at any time more than five (5) days prior to the expiration of the said thirty (30) days, request a hearing before the Board of Directors. If requested, such hearing shall be held and the Owner requesting such shall be accorded a full and fair hearing of any objection to the assessment. The Board may then levy said assessment only by a vote of a majority of its Members after such a hearing. Said Lot Owner shall be afforded "due process rights" at said hearing.

In Witness Whereof the undersigned, being Declarant, has hereunto set his hand and seal this 6th day of September, 1994.

Milton Estates Unit 2

By: *Douglas C. Milton*
Douglas C. Milton, Trustor

Date: 9-6-94

By: *Peggy J. Milton*
Peggy J. Milton, Trustor

Date: 9-6-94

By: *Douglas C. Milton*
Douglas C. Milton, Trustee

Date: 9-6-94

By: *Peggy J. Milton*
Peggy J. Milton, Trustee

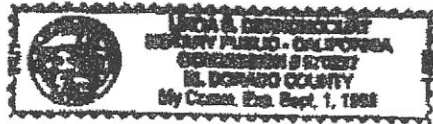
Date: 9-6-94

STATE OF CALIFORNIA)
) ss.
COUNTY OF EL DORADO)

On September 6, 1994, before me, Linda S. Derroncourt, a Notary Public in and for said State, personally appeared Douglas C. Milton and Peggy J. Milton

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

WITNESS my hand and official seal.



Signature *Linda S. Derroncourt*