

MORGAN RANCH DECLARATION OF RESTRICTIONS

March 10, 1989

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Ranch Development Associates, a California Limited Partnership, herein designated Declarant, is the Owner of a certain subdivision and tract of land situated in the County of Nevada, California, known generally and described as LOTS 1 through 69, inclusive, as shown on the Plat of "Morgan Ranch" Unit 1, according to the official records of the County Recorder of Nevada County, in Book 7 of Maps, Map No. 89, do hereby certify and declare that they have established and do hereby establish the following covenants, conditions and restrictions subject to which all Lots, parcels, and portions of said subdivision shall be held, used, leased, sold, conveyed, rented, transferred, encumbered, hypothecated, occupied and improved subject to the provisions of the Declaration each of which is for the benefit of said property and of each and every Lot and parcel thereof and shall apply to and bind the respective heirs, executors, administrators, successors in interest and assigns of the Declarant as follows:

ARTICLE ONE ... DEFINITIONS

Section 1.1. Architectural Control Committee (ACC). A committee appointed initially by the Declarant and authorized by Article 3 of its declaration to review proposals for the construction within the Subdivision and to consider other matters of importance to Owners in accordance with the provisions of these Covenants, Conditions and Restriction (C.C.&R.'s).

Section 1.2. Declarant. Shall refer to Ranch Development Associates, a California Limited Partnership, its successors and assigns, if such successors in interest should acquire or hold title to one or more than one undeveloped single family or one or more multi-family Lot within the Subdivision for development and/or resale.

Section 1.3. Declaration. Means this declaration of covenants, conditions and restrictions and as may from time to time be amended and supplemented.

Section 1.4. Lot. Means any parcel of property designated by a number on the Subdivision Map of the Project. When appropriate within the context of this Declaration, the term "Lot" shall also include the residence and other improvements constructed or to be constructed on a Lot.

Section 1.5. Morgan Ranch Specific Plan. Morgan Ranch Specific Plan shall mean the specific plan for the Morgan Ranch Project (Specific Plan 4) of the City of Grass Valley, adopted by Ordinance No. 369-N.S. and any amendments thereto.

Section 1.6. Mortgage. Means any security device encumbering all or any portion of the Project, including any deed of trust. "Mortgagee" shall refer to a beneficiary under a deed of trust, as well as to a mortgagee in the conventional sense.

Section 1.7. Owner of Record. Shall include an Owner and mean any person, firm, corporation or other entity in which title to a Lot is vested, as shown by the official records of the Office of the County Recorder. The term "Owner" shall include the Declarant for so long as the Declarant possesses any Lot within the Project, and except where the context otherwise requires, the family, guests, tenants and invitees of any owner.

Section 1.8. Project. Means the entire Morgan Ranch property as described in the Tentative Map for Morgan Ranch as approved on April 29, 1985, including all of its constituent phases and subsequent revisions, but excluding the property designated "RD-10" thereon.

Section 1.9. Subdivision. Means Lots 1 through 69 inclusive as shown on the Plat of "Morgan Ranch" Unit 1, recorded in the official records of the County Recorder of Nevada County, in Book 7 of Maps at Page 89, and any subsequent subdivision units annexed thereto.

ARTICLE TWO ... PROPERTY RIGHTS AND OBLIGATIONS OF OWNERS

Section 2.1. Declaration Regarding Properties.

- (a) The Lots in the Subdivision shall be held, transferred, sold, conveyed, divided, encumbered, hypothecated, leased, rented, used, occupied and improved only upon compliance with and subject to the provisions of this Declaration, which is hereby declared to: (1) be in furtherance of a plan for the subdivision of the Project and the sale of residential Lots within the Project, (2) be for the benefit and protection of the Project and to enhance the desirability, value and attractiveness of the Project, (3) be for the benefit of the Owners, (4) run with the land and be binding upon all parties having or acquiring any right, title or interest in the Project or any portion thereof, (5) inure to the benefit of every portion of the Project or any portion thereof, (6) inure to the benefit of and be binding upon each Owner, the Declarant and each successor in interest of the Declarant as long as the Declarant or any successor shall hold an interest in any Lot.
- (b) Each conveyance, transfer, sale, assignment, lease or sub-lease made by Declarant of the Common Area and of any Lot shall be deemed to incorporate by reference all of the provisions of this Declaration, including, but not limited to, the covenants, conditions, restrictions, and equitable servitudes provided for herein. All present and future Owners, comply with, each and every provision of the Declaration, as may be amended from time to time. The acceptance of a deed to any Lot, the execution of a lease, sublease or contract of sale with respect to any Lot or the entering into occupancy of any Residence shall make the provisions of this Declaration binding upon said persons and they shall thereafter observe and comply with all Governing Documents.
- (c) This Declaration shall be enforceable by Declarant and each successor in interest and assignee of Declarant and each Owner and also by the Architectural Control Committee.

Section 2.2. Annexation of Additional Property. Additional real property may be annexed to the Project and become subject to this Declaration as follows:

- (a) Annexation by Declarant. Declarant contemplates subdivision and development of additional real property within the area described in Exhibit "A" attached hereto known as the Morgan Ranch Planned Development, approved on April 29, 1985 by the City of Grass Valley. Declarant shall have the right to annex such additional real property or any portion or portions thereof and to bring such real property within the general plan and scheme of this Declaration without the approval of Owners other than the Declarant.
- (b) Declaration of Annexation. The additions authorized under (a) above shall be made by filing with the Office of the County Recorder a Declaration of Annexations, or other similar instrument, with respect to the additional real property which shall be executed by the Declarant or other owner of the subject property and shall extend the general plan and scheme of this Declaration to such real property. The filing of a Declaration of Annexation shall constitute and effectuate the annexation of the additional real property described therein, and thereupon said real property shall become subject to, and encompassed within, the general plan and scheme of this Declaration.
- (c) Modifications. The Declaration of Annexation may include such additions to, and modification of, the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, is any, of the added real property, or as the Declarant may deem appropriate in the

development of such real property, so long as the supplemental restrictions are consistent with the general plan and scheme of this Declaration and all applicable laws and governmental regulations. Any such modifications or additions shall hereafter be referred to as "Supplemental Restrictions". In no event, however, shall any Declaration of Annexation revoke, modify or add to the covenants, conditions or restrictions established by the Declaration as the same pertain to any portion of the Project already subject to the governing documents except as may be provided below.

Section 2.3. Supplemental Restrictions. Any supplemental restrictions shall be in addition to and consistent with the general plan and scheme of this Declaration. In no event shall such supplemental restrictions apply other than to those Lots or Lot specifically described in the Annexation Declaration, though such supplemental restrictions may be enforced by all property owners subject to this Declaration, unless otherwise provided therein.

ARTICLE 3 ... ARCHITECTURAL CONTROL COMMITTEE

Section 3.1. Establishment of Architectural Control Committee.

- (a) The Architectural Control Committee (ACC) shall consist of five (5) individuals appointed initially by Declarant. Appointees or elected members shall each serve for a maximum of five (5) years. If any member of the Committee resigns or is unable to act, the remaining members shall appoint a successor who shall be an Owner of Record. Pending such appointment, the remaining members shall discharge the functions of the committee.
- (b) Upon the sale of 100% of the Lots by Declarant and transfer of title or June 10, 1998, whichever occurs earlier, power to appoint members to the Committee shall pass from the Declarant to the Record Owners in the Subdivision. Power of appointment of the Committee shall be exercised by the Owners of Record upon compliance with the following appointment/election procedures:
 - (1) For the purposes of such transfer, "Record Owner" shall mean the individual, or individuals, or business entity or entities in which title to a Lot is vested as shown in the Official records of the County of Nevada.
 - (2) The existing members of the Committee shall post a notice for a minimum of seven (7) calendar days in a conspicuous location in the Project or distribute a notice via mail to each owner, announcing a vacancy on the Committee and soliciting nominations of Owners of Record to fill the vacancy.
 - (3) Should nominations not exceed the number of vacancies, the vacancy shall be filled by the remaining members who shall also discharge the functions of the Committee while the appointment is pending.
 - (4) Should nominations exceed the number of vacancies, the Committee shall post a Notice of Committee Election in a conspicuous location in the Project for a minimum of seven (7) calendar days which shall include the names of candidates and the place of balloting for the election. The Committee shall provide ballots, collect and count same and post the outcome of the election. The remaining members of the Committee shall discharge the functions of the Committee while the election is pending.
- (c) For purposes of election of Committee members there shall be one vote per Lot as determined by the Committee regardless of the number of joint Owners or occupants. A quorum for any such election shall be at least 15% of the record owners entitled to vote thereon. Those persons receiving the highest number of votes from among the nominees shall be elected Committee members.

Section 3.2. No Compensation No individual member of any Architectural Control Committee, however created, shall receive any compensation or make any charge for his/her service.

Section 3.3. Approval of Improvements. Prior to commencement of construction or installation of any improvement (as defined below) within the Subdivision, other than the initial construction of residences by the Declarant or its successors, the Owner planning such improvement must first submit to the Architectural Control Committee a written request for approval on a form provided by the Committee, prior to submission of such plans to any governmental entities for review/approval. The Owner's request shall include complete architectural working plans and specifications with a site plan showing all existing improvements and all proposed improvements including, but not limited to, floor plan, roof plan, and exterior elevations. Specifications shall include description of materials and colors proposed for all exterior features, wall surfaces, windows, doors, decks, fencing, and roofing. The term "improvement" as used herein includes, without limitation, the construction, installation, alteration or remodeling of buildings, walls, fences, grading, antennas, utility lines or any structure of any kind above or below ground level.

- (a) Approval of the Owner's request shall be based on a written finding by the Architectural Control Committee that the proposed improvement conforms with this Declaration, is in harmony with the external design of other structures and/or landscaping within the Subdivision, and will not interfere with the reasonable enjoyment of any other Owner of his or her property including, without limitation, the rights of other Owners to enjoy scenic and solar access free of unreasonable obstructions. The majority decision of the members of the Committee shall prevail with a quorum of the Committee being three or more members.
- (b) In the event that the Architectural Control Committee fails to act on any Owner's request within fifteen (15) days after plans and specifications have been submitted to it, the request shall be deemed approved. In approving a request for construction of an improvement, the Architectural Control Committee may condition approval upon the adoption of modification in the plans and specifications, or observance of restrictions as to locations, noise abatement, lighting or any other element of this Declaration.

Section 3.4. Architectural Control Committee's Other Duties.

- (a) The Architectural Control Committee may adopt reasonable rules relating to procedures and standards for architectural review, interpretation of the Declaration insofar as they pertain to matters within the jurisdiction of the Architectural Control Committee and the criteria and procedures for requesting variances from applicable property use restrictions. The Architectural Control Committee may charge a reasonable fee for review of plans to cover its costs of operation.
- (b) The Committee shall also be empowered to review any other issues relating to the use of parcels or public improvements in the Project and the compliance of Owners with the provisions of this Declaration. The Committee shall function in an advisory capacity to owners. Owners are encouraged to resolve issues directly prior to referral to the Committee. This section is intended to provide for a "Community Approach" for the resolution of issues prior to seeking recourse from governmental entities or courts of law.

Section 3.5. Variances. Except where superseded by City zoning regulations, the Architectural Control Committee may allow reasonable variances and adjustments on a case by case basis, of the property use restrictions provided for in Article 4 in order to overcome practical difficulties and to prevent unnecessary hardships in the application of the provisions contained herein; provided, however, that a variance shall be allowed if the Committee makes written findings that a variance, if approved, would:

- (a) be consistent with the general plan and scheme for the Project as set forth herein;
- (b) comply with all applicable laws and regulations; and
- (c) not be materially detrimental or injurious to other property or Owners in the neighborhood.

Section 3.6. Limitations on Actions. Any action to challenge a decision of the Architectural Control Committee shall be brought within thirty days of the decision, in a court or appropriate jurisdiction.

Section 3.7. Liability. Neither the Committee, nor any member thereof, shall be liable to any Owner of Record or any third party strangers for any injuries or damages arising out of any defect in the proposed design or plans of any construction of any improvements, the materials contained therein, or the performance of any work thereof, or for any

other actions of the Committee performed in accordance with this Declaration; it being the sole purpose and function of the Committee to pass only upon the environmental and aesthetic qualities of any proposed construction plan and the Committee's decisions or requirements for compliance with the provisions of this Declaration regarding other issues, such actions, decisions and requirements being taken for the benefit of each and every Lot and the Owner of Record thereof.

ARTICLE 4 ... SPECIFIC USE RESTRICTIONS

Section 4.1. Residential Use. The use of individual Lots in the Project is hereby restricted to residential use in conformance with the provisions of the Morgan Ranch Specific Plan provided; however, that Lots and residences owned by the Declarant or its successors and assigns may be used as models, sales offices, interior design center and construction offices for the purpose of selling the residences and Lots within the Project until all of the Lots owned by Declarant are sold. In no event shall a residence be occupied by more individuals than permitted by applicable zoning laws or governmental regulations. In no event shall any of the property subject to this Declaration be used as a boarding or lodging house, bed and breakfast, hospital, clinic, sanitarium, "half-way" house or the like, or for business or commercial purposes other than sale activities as stated above.

Section 4.2. No Temporary Dwellings; Completion of Structures. No trailer, garage or other out-building shall be used as a temporary or permanent residence, nor shall any residential structure be moved onto said subdivision. When the erection of any structure is once begun, the work thereon must be prosecuted diligently and said structure must be completed within a reasonable time and in any case not to exceed one (1) year.

Section 4.3. Roofs. Roofing shall be asphalt or fiberglass shingles of heavier "architectural grade" and rated Class "A" fire retardant, concrete, clay tile, or other material as may be approved by the Architectural Control Committee and shall, in the case of additions or outbuildings, match the roof of the residence as to color and material.

Section 4.4. Setbacks. No building shall be located on any Lot nearer to the front Lot line or nearer to the side street or side lot line than the minimum building setback lines as required by the City of Grass Valley and the Morgan Ranch Specific Plan, which is incorporated herein by reference and any amendments thereto. No building other than "zero Lot Line" designated on maps of the Project, shall be constructed nearer than five (5) feet to any Lot line. For purpose of this covenant, eaves, steps and chimneys shall not be considered as part of a building. Provided however, that this shall not be construed to permit any portion of a building, whether an eave, step or chimney, to encroach upon another Lot except in the case of "zero lot-line" lots.

Section 4.5. Site Development Standards. No building or structure shall be erected except in accordance with the site development standards set forth in Chapter 3 of the Morgan Ranch Specific Plan, (SP-4) of the City of Grass Valley and the terms of this Declaration or any amendments or supplements thereto.

Section 4.6. Architectural Standards. All new structures within the Subdivision shall comply with the architectural standards set forth in Chapter 3, Section 3.8 of the Morgan Ranch Specific Plan, unless more stringent standards are set forth in this Declaration or any amendment or supplement thereto and any regulations adopted by the ACC.

Section 4.7. Landscaping Standards. Landscaping on individual Lots shall comply with the concept and standards set forth in Chapter 3, Section 3.10 of the Morgan Ranch Specific Plan, unless more stringent standards are set forth in this Declaration or any amendment or supplement thereto. Any landscaping plan for front set-back areas, as defined in the Morgan Ranch Specific Plan, that includes the use of non-vegetative materials covering one hundred (100) square feet or more of ground area shall be submitted to the Architectural Control Committee for review and approval.

Section 4.8. Trees. No tree with a diameter greater than six (6) inches, measured four (4) feet above the ground, shall be destroyed, uprooted, cut down or removed unless and until such action has been approved in writing by the Architectural Control Committee. Declarant may remove trees as required to construct homes on lots.

Section 4.9. Restrictions on Grading and Drainage.

- (a) Certain lots contain drainage easements as shown on the Subdivision Map. OWNERS ARE RESPONSIBLE FOR MAINTAINING ALL SUCH EASEMENTS AND ALL FACILITIES THEREIN.
- (b) There shall be no cutting, filling, grading or contouring of any Lot in any manner which would cause flooding of, or erosion onto, any adjoining Lot or which would adversely affect or interfere with the general, natural drainage pattern through the Project or the drainage easements and facilities therein.

Section 4.10. Pets. Appropriate government regulations shall govern the maintenance of pets; additionally, no animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept provided that they are not kept, bred or maintained for any commercial purpose. No household pet shall be left chained or otherwise tethered in the front of a Lot. Pet owners shall be responsible for the prompt, proper disposal of animal wastes of their pets. Barking dogs shall be promptly quieted by their owners.

Section 4.11. Garbage and Refuse Disposal. No portion of the Project shall be used or maintained as a dumping ground for trash, debris or rubbish of any kind. Trash, garbage or other waste shall be kept in covered, sanitary, water-proof containers which shall be kept where they are not visible from the street except as required for collection. There shall be no exterior fires whatsoever except for barbecue fires contained within appropriate containers. No incinerators or burning of leaves shall be allowed.

Section 4.12. Diseases and Pests. No Owner shall knowingly permit any condition to exist upon his Lot which may cause or allow the breeding or harboring of infectious plant diseases, rodents or noxious insects.

Section 4.13. Prohibition of Noxious Activities. No illegal, noxious or offensive activities shall be carried out or conducted upon any Lot nor shall anything be done within the Subdivision which is or could become an unreasonable annoyance or nuisance to the neighborhood. Without limiting the foregoing, no Owner shall permit noise, including but not limited to the barking of dogs, radio or stereo systems, television systems, motor vehicles or power tools to emanate from any Owner's Lot which would disturb other Owner's reasonable enjoyment of their Property.

Section 4.14. Parking and Storage of Vehicles. No trailers, boats, trucks, recreational vehicles of any kind, commercial vehicles or inoperable vehicles of the owner, their guests or invitees shall be regularly parked or maintained on the street adjacent to any Lot, or on the driveway or anywhere on the property for a period of time exceeding forty-eight (48) hours, unless the portion of the property so used is located behind the front setback line as shown on the Specific Plan 4 for Morgan Ranch and screened from view. No vehicle of any kind shall be parked, kept, or permitted to remain on any driveway in such a manner as to encroach upon the public sidewalk.

Section 4.15. Storage. Storage of personal property shall be entirely within enclosed or fenced storage areas; not visible from the street or neighboring properties.

Section 4.16. Signs. No signs, banners or placards shall be installed or maintained anywhere on the exterior of a home or on a Lot or anywhere else within the Project, except:

- (1) One sign advertising the residence as being "For Sale" or "For Rent", or
- (2) An Owner-identification sign which has been approved by the Architectural Control Committee, or
- (3) Political advertisements only to the extent required by law to be permitted. All political signs shall be removed not later than forty-eight (48) hours following the applicable election.

Section 4.17. Antennas. No TV or radio antennas, or satellite dish or similar equipment shall be erected on any Lot unless it is at ground level behind setback lines shown on the recorded map and Specific Plan #4 and enclosed by a suitable solid fence so as not to be visible by the public or neighboring Owners.

Section 4.18. Outdoor Lighting. Outdoor lighting installed by Owners shall be designed, shielded and sited so as not to produce glare on neighboring lots or roads.

Section 4.19. Fencing. Fencing of any nature in front yards is prohibited. Side and rear yard fencing shall be constructed of wood, brick or stone up to six (6) feet in height and in a manner that appears to look similar on both sides of the fence, subject to ACC approval.

Section 4.20. Minimum Square Footage. The minimum living space area of a dwelling, excluding garage, porches, decks, patios, breezeways and the like is as follows:

- (1) 1,800 square feet, Lots 18 through 29
- (2) 1,300 square feet, Lots 1 through 12, 30 through 52, and 69
- (3) 1,000 square feet, Lots 53 through 68.

ARTICLE 5 ... ENFORCEMENT

Section 5.1. Enforcement. Any Owner, including Declarant so long as it is an Owner, and the members of the Architectural Control Committee, acting jointly or individually, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, and architectural controls now or hereafter imposed by the provisions of this Declaration.

Section 5.2. Right to Injunction. It is hereby declared and acknowledged that damages for breach of this Declaration are inadequate and that any breach may be enjoined by appropriate legal proceedings.

Section 5.3. Abatement Order. In addition, the Architectural Control Committee shall have the authority to order an abatement of any construction, alteration or any other matter if any action whatsoever is being taken without the approval of the Committee or such action does not conform to a variance or plans and specifications approved by the Committee or is in violation of any provision of this Declaration.

Section 5.4. Nuisance. Without limited the generality of the foregoing Sections the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every lawful remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 5.5. Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any owner or other party hereto under this Declaration, the Court shall award to the prevailing party to such action all attorneys' fees and other costs.

Section 5.6. Failure to Enforce Not a Waiver. The failure of Declarant, any Owner, the Architectural Control Committee, its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall failure result in or impose any liability upon the Declarant, the Architectural Control Committee, or any of its officers or agents. No work for which approval is required shall be deemed to be approved simply because it has been initiated or completed without a complaint, notice of violation or commencement of a suit to enjoin such work.

ARTICLE 6 ... AMENDMENT

Section 6.1. Amendment Before Close of First Sale. Before the close of the first sale of a Lot to a purchaser, other than Declarant, this Declaration may be amended or revoked in any respect by the execution of an instrument amending or revoking the Declaration signed by Declarant and the consent or approval of the City of Grass Valley first obtained if required. The amending or revoking instrument shall make appropriate reference to this Declaration and shall be acknowledged and recorded in the County of Nevada.

Section 6.2. Amendment After Close of First Sale. After the close of the first sale, this Declaration may be amended or revoked by recording of an instrument containing the content of the amendment and a statement certifying

the approval thereof by Owners of at least 60% of the Lots in the Subdivision. Proposals regarding any amendment may be initiated by any Owner of Record and shall be in writing and co-signed by the owners of not less than Twenty (2) of the lots within the Subdivision, including any annexations thereto, and submitted to the Architectural Control Committee. For the purpose of determining the total number of owners, owners of multiple lots are counted for each lot owned. The Committee shall process the proposal as follows:

- (a) The Committee shall post a Notice of the proposed amendment in a conspicuous location as determined by Committee within the Project including a date/place for casting ballots regarding the proposal and availability of copies of the proposal;
- (b) Provide copies of the proposal to all Owners of Record requesting same;
- (c) Conduct the written balloting regarding the proposal, counting the ballots, and posting the results of the balloting.
- (d) Recordation of the approved amendment in the County of Nevada and notification/recording of the amendment with other appropriate entities. The Chairperson of the Committee shall certify the approval of the Owners of Record of at least sixty percent (60%) of the lots in the Subdivision, including any annexations thereto.
- (e) The proponents and co-signers of any proposed amendment shall be jointly and severally responsible for the payment of all costs generated by the proposal. Not less than fifty percent (50%) of the estimated costs of the processing of the proposal including publishing the approved amendment shall be deposited with the Committee. Upon presentation of an itemized statement of expenses from the Architectural Control Committee all unpaid costs shall be paid without delay by the proponents/co-signers regardless of the success or failure of the proposal.
- (f) Notwithstanding any of the foregoing, any amendment required to conform these CC&R's to California Department of Real Estate requirements for issuance of a public report for the Project may be recorded by the Declarant and shall be effective even against lots already transferred. The owners thereof hereby appoint Declarant their attorney-in-fact to record any such amendment. In such case, Declarant shall provide reasonable advance notice to other owners of any such required amendment.

Section 6.3. Other Entity Approval. If the consent or approval of an governmental authority or other entity is required to amend or revoke any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained in writing.

Section 6.4. Business and Professions Code Section 11018.7. All amendments or revocations of this Declaration shall comply with the provisions of California Business and Professions Code Section 11018.7 to the extent said Section is applicable.

Section 6.5. Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

ARTICLE 7 ... GENERAL PROVISIONS

Section 7.1. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitude contained in this Declaration shall run with, and shall benefit and burden the Lots as herein provided, and shall inure to the benefit of and be binding upon the Owners, Declarant and their respective successors in interest, for the term of sixty (60) years from the date of the recording of this Declaration, after which time the same shall be automatically extended for successive periods of ten (10) years each unless, within six months prior to the expiration of the initial sixty-year term or any such ten-year extension period, a recordable written instrument, duly certified as having received the approval by Owners holding at least sixty percent (60%) of Lots in the Subdivision including any subsequent Subdivisions annexed thereto, terminating the effectiveness of this Declaration, shall be filed for recording in the County of Nevada and with any other entity as may be required.

Section 7.2. Limitation of Restriction on Declarant. Declarant is undertaking the construction of a subdivision and incidental improvements upon the Project in phases. The completion of that work and the sale, rental and other disposal of Lots is essential to the establishment and welfare of the Project as a residential community. In order that said work may be completed and said Project be established as a fully occupied residential community as rapidly as possible, for a period of seven (7) years following sale of the first Lot within the Project or until Declarant no longer owns any Lots within the Project, whichever occurs first, nothing in this Declaration shall be interpreted or construed to prevent Declarant, its contractors, subcontractors, or representatives from;

- (a) Doing on the Project or any Lot whatever is reasonable necessary or advisable in connection with the completion of said work;
- (b) Erecting, constructing and maintaining on any part or parts of the Project such structures, including without limitation, sales offices and model homes, as may be reasonable and necessary for the conduct of its business of completing said work and disposing of same in parcels by sale, lease or otherwise;
- (c) Conducting on any part of the Project Declarant's business of completing said work and of establishing a plan of ownership and of disposing of the Lots by sale, lease or otherwise;
- (d) Maintaining signs on the Project as may be necessary for the construction, sale, lease or disposition of Lots.

Section 7.3. Termination of any Responsibility of Declarant. In the event Declarant shall convey all of its rights, title and interest in and to the Project to any partnership, individual or individuals, corporation or corporations, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations shall be obligated to perform all such duties and obligations of the Declarant.

Section 7.4. No Impairment of Mortgages. Nothing contained in this Declaration shall impair or defeat the lien of any mortgage or deed of trust made in good faith and for value, and title to any property subject to this Declaration obtained through sale in satisfaction of any such mortgage or deed of trust shall thereafter be held subject to all of the restrictions and provisions hereof.

Section 7.5. Restrictions Construed Together. All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Project as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

Section 7.6. Restrictions Severable. Notwithstanding the provisions of Section 7.5 the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

Section 7.7. Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.

Section 7.8. Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

Dated: March 10th, 1989

Declarant:

Optimum Business Services, Inc.
A California Corporation
Authorized General Partner

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Section 7.8. Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

DECLARANT

Dated: MARCH 10, 1989

RANCH DEVELOPMENT ASSOCIATES
A California Limited Partnership

By: OPTIMUM BUSINESS SERVICES, INC.
A California Corporation,
Authorized General Partner

By: Anthony J. Medler
ANTHONY J. MEDLER, President

State of California)
County of) ss

On this 10th day of March 1989, before me, the undersigned, a Notary Public in and for said county and state, personally appeared ANTHONY J. MEDLER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the President of OPTIMUM BUSINESS SERVICES, the corporation that executed the within instrument and personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) who executed the within instrument on behalf of said corporation, said corporation being personally known to me to be one of the partners of RANCH DEVELOPMENT ASSOCIATES, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

M.E. Hernandez
Notary Public in and for said State



(seal)

[ad\CC&R\CC&R2.CAR]

RECORDING REQUESTED BY
RANCH DEVELOPMENT ASSOCIATES
AFTER RECORDING MAIL TO:
RANCH DEVELOPMENT ASSOCIATES
Post Office Box 1248
Grass Valley, CA 95945

RECEIVED JUN 18 1990

OFFICIAL RECORDS REQUESTED BY
90 14806
Morgan Ranch
1990 MAY 14 AM 10:
JUDGE C. BOLINGER
NEVADA COUNTY
RECORDED

11.00/1

MORGAN RANCH DECLARATION OF RESTRICTIONS

AMENDMENT NUMBER ONE

This is an Amendment to the Declaration of Restrictions for Morgan Ranch dated March 10, 1989, and recorded on March 14, 1989 as Document No. 89-06166 in the Official Records of the Recorder of the County of Nevada. This Amendment is made and approved this 14th day of May, 1990 by the owners of at least sixty (60) percent of the current Lots within Morgan Ranch pursuant to Section 6.2 of the Declaration of Restrictions.

The Declaration of Restrictions for Morgan Ranch is amended as follows:

1. Article 2, Section 2.1(b) is amended deleting the words in the second line "of the common area and". Said Section 2.1(b) shall forthwith read as follows:

2.1(b) Each conveyance, transfer, sale, assignment, lease or sub-lease made by Declarant of any Lot shall be deemed to incorporate by reference all of the provisions of this Declaration, including, but not limited to, the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights-of-way, liens, charges and equitable servitudes provided for herein. All present and future Owners, tenants and occupants within the Project shall be subject to, and shall comply with, each and every provision of the Declaration, as may be amended from time to time. The acceptance of a deed to any Lot, the execution of a lease, sublease or contract of sale with respect to any Lot or the entering into occupancy of any Residence shall make the provisions of this Declaration binding upon said persons and they shall thereafter observe and comply with it all Governing Documents.

2. Article 2, Section 2.2(a) is amended to delete from the third line the words "Planned Development". Said Section shall hereafter read as follows:

2.2(a) Annexation by Declarant. Declarant contemplates subdivision and development of additional real property within the area described in Exhibit "A" attached hereto known as Morgan Ranch approved on April 29, 1985 by the City of Grass Valley. Declarant shall have the right to annex such additional real property or any portion or portions thereof and to bring such real property within the general plan and scheme of this Declaration without the approval of Owners other than the Declarant.

3. Article 2, Section 2.2(b) is amended to add the following sentence to the end of said Section which shall forthwith read as follows:

Prior to the conveyance of the first Lot of any property annexed into the project the owner of the annexed property may at its sole discretion de-annex the property from the project by filing a declaration to de-annex. The filing of the declaration to de-annex shall constitute and effectuate the de-annexation of the property described therein and thereupon said real property shall be removed from the general plan and scheme of the Declaration of Restrictions.

4. Article 3, Section 3.4(a) shall be amended to hereafter read as follows:

3.4(a) The Architectural Control Committee may charge a fee for the review of plans to cover the cost of its operation. The fee will be calculated as .3% (three tenths of one percent) of the cost of the work of construction as shown in the reviewed plans but in no case less than \$50.00 nor no more than \$600.00.

5. Article 4, Section 4.16 is amended to add in line 3 the following described "signs of reasonable dimensions". Said section shall hereafter reads as follows:

4.16 Signs. No signs, banners or placards shall be installed or maintained anywhere on the exterior of a home or on a Lot or anywhere else within the Project, except the following described signs of reasonable dimensions (1), one sign advertising the residence as being "For Sale" or "For Rent", or (2), an Owner-identification sign which has been approved by the Architectural Control Committee, or (3), political advertisements only to the extent required by law to be permitted. All political signs shall be removed not later than forty-eight (48) hours following the applicable election.

6. Article 4, Section 4.20 is amended to add as follows:

- (a) 1,800 square feet, Lots 13 through 17, 18 through 29, 70 through 80, 97 and 98
- (b) 1,300 square feet, Lots 1 through 12, 30 through 52, and 69
- (c) 1,000 square feet, Lots 53 through 68
- (d) 1,400 square feet, Lots 81 through 96

7. Article 6, Section 6.2 is amended to provide proposals regarding any amendment may be initiated by any owner of record and shall be in writing and co-signed by the owners of not less than five (5) of the Lots in the subdivision, including any annexations thereto, and submitted to the Architectural Control Committee. Said Section shall hereafter read as follows:


6.2 Amendment After Close of First Sale. After the close of the first sale, this Declaration may be amended or revoked by recording of any instrument containing the content of the amendment and statement certifying the approval thereof by Owners of at least sixty (60) percent of the Lots in the Subdivision. Proposals regarding any amendment may be initiated by any Owner of Record and shall be in writing and co-signed by the owners of not less than five (5) of the Lots in the Subdivision, including any annexations thereto, and submitted to the Architectural Control Committee. For the purpose of determining the total number of owners, owners of multiple Lots are counted for each Lot owned. The Committee shall process the proposal as follows:

[The remainder of original Section 6.2 remains unchanged.]

CERTIFICATION

I, Anthony J. Medler, as Chairperson of the Architectural Control Committee of Morgan Ranch and as required by Article 6, Section 6.2(d) hereby certify that this Amendment has been approved by at least sixty (60) percent of the lots in the Subdivision including any annexations thereto.

In witness thereof, Declarant has executed this Declaration the day and year first above written.


 Anthony J. Medler
 Chairperson Architectural
 Control Committee

Fidelity National Title
RECORDING REQUESTED BY

Ranch Development Associates

95031468

AFTER RECORDING MAIL TO:

Ranch Development Associates
Post Office Box 1248
Grass Valley CA 95945

Recorded in Official Records, County of
Nevada, Bruce C. Bolinger, Clerk/Recorder



10.00

95031468 08:00am 12/06/95

005 013616 04 04 000300

N03 2 000300 7.00 3.00 0.00 0.00 0.00 0.00

Escrow 40-24

MORGAN RANCH DECLARATION OF RESTRICTIONS

AMENDMENT NUMBER TWO

This is an Amendment to the Declaration of Restrictions for Morgan Ranch dated March 10, 1989, and recorded on March 14, 1989 as Document No. 89-06166 in the Official Records of the Recorder of the County of Nevada. This Amendment is made and approved this 6TH day of NOVEMBER, 1995 by the owners of at least sixty (60) percent of the current Lots within Morgan Ranch pursuant to Section 6.2 of the Declaration of Restrictions.

The Declaration of Restrictions for Morgan Ranch is amended as follows:

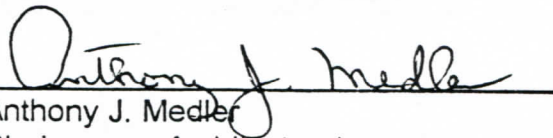
1. Article 4, Section 4.7 is amended to add the following sentence to the end of said Section :

Satellite dishes which are twenty-four (24) inches or less in diameter may be installed on rooftops or at ground level, without enclosure, subsequent to approval by the Architectural Control Committee.

CERTIFICATION

I, Anthony J. Medler, as Chairperson of the Architectural Control Committee of Morgan Ranch and as required by Article 6, Section 6.2(d) hereby certify that this Amendment has been approved by at least sixty (60) percent of the lots in the Subdivision including any annexations thereto.

In witness thereof, Declarant has executed this Declaration the day and year first above written.



Anthony J. Medler
Chairperson Architectural
Control Committee

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RECORDED 12/17/95