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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CHESTNUT CROSSING

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
(AND MAINTENANCE AGREEMENT)
FOR
CHESTNUT CROSSING**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND AGREEMENT FOR CHESTNUT CROSSING ("Declaration") is made on July 1, 2002 by CHESTNUT CROSSING LLC, a California Corporation (referred to in this Declaration as "declarant").

SECTION 1 – RECITALS

1.01 Description of Real Property. Declarant is the owner of that certain real property located in Sacramento County, California, which is more particularly described on Exhibit "A" attached hereto and by reference incorporated in this Declaration.

1.02 Common Plan for Project. By this Declaration, declarant intends to establish a common scheme and plan for architectural approval and control of the project, and to provide for the common maintenance of a private road and entry feature easement.

NOW, THEREFORE, declarant hereby declares that the real property described on Exhibit "A" shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved, subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the project, and every part thereof, in accordance with the plan for improvement of the property and the division thereof into lots. All of the limitations, covenants, conditions, restrictions and easements shall constitute covenants which shall run with the land and shall be binding upon Declarant and its successors and assigns, and all parties having or acquiring any right, title or interest in or to any part of the project.

SECTION 2 – DEFINITIONS

In addition to other definitions provided for herein, the following terms shall have the following meanings:

2.01. "Architectural Control Committee" or "Committee" shall mean the committee created pursuant to the Section in this Document entitled "Architectural Control," and which is charged with architectural approval and control of the Improvements within the project.

2.02. "Architectural Control Guidelines" or "Guidelines" shall mean the written architectural review standards, if any, promulgated by the Architectural Control Committee as provided in the Section below entitled "Architectural Control."

2.03. "Common Maintenance Areas" shall mean those areas of the project that will be commonly maintained by all owners, including but not limited to the road (as defined in Subsection 2.13 below), and any entry landscaping, lighting, and/or monumentation.

2.04. "County" shall mean the County of Sacramento, California, the county in which the project is located.

2.05. "Declarant" shall mean Chestnut Crossing LLC, a California Corporation, its successors and assigns.

2.06. "Improvement" shall mean structures, as defined herein, substantial plants such as trees, hedges, shrubs, bushes, and major landscaping of any kind. "Improvement" shall also

mean any excavation, fill, ditch, diversion dam, or other thing or device that affects or alters the natural flow of surface or subsurface water from, upon, under, or across any portion of the project. "Improvement" shall also mean any utility line, conduit, pipe, or other related facility or equipment.

2.07. "Lot" shall mean any parcel of land shown on the map.

2.08. "Map" shall mean that subdivision map entitled "Chestnut Crossing," which map recorded IN BOOK 304 of MAPS AT PAGE 1 of the Official Records of said County. Said map is also described in Exhibit "A" of this Declaration.

2.09. "Mortgage" shall mean a mortgage or deed of trust encumbering a lot. A "mortgagee" shall include the beneficiary under a deed of trust.

2.10. "Owner" shall mean each person or entity, including declarant, holding a record for ownership interest in a lot. "Owner" shall not include persons or entities that hold an interest in a lot merely as security for the performance of an obligation.

2.11. "Project" or "Property" shall mean the real property described in Exhibit "A" attached hereto, including any improvements erected thereon.

2.12. "Residence" shall mean a dwelling structure on a lot, and is not intended to exclude a "guest house" for the entertainment of social guests, nor servants' quarters for servants or other employees employed upon the premises of a lot.

2.13. "Road" shall mean that common roadway easement shown on the map as Chestnut Crossing Lane.

2.14. "Structure" shall mean any tangible thing or device to be fixed permanently or temporarily to real property including, without limitation, any building, barn, garage, driveway, walkway, concrete pad, asphalt pad, fence, wall, pole, sign, antennae, sprinkling system, swimming pool, spa, solar collection device, tennis court, or trash enclosures.

SECTION 3 – ROAD MAINTENANCE

3.01. Covenant. This Declaration provides a general plan for the maintenance, care upkeep, and replacement of the commonly maintained areas defined above, and shall be for the benefit of each lot that is tangent to Chestnut Crossing Lane and shall be an obligation of each owner thereof, and is entered into to provide for reasonable maintenance and repair of the road which provides access to lots tangent to Chestnut Crossing Lane, and the remaining commonly maintained areas.

3.02. Maintenance and Repairs. All owners of lots tangent to Chestnut Crossing Lane shall be, as of the recordation of this Declaration, responsible for the maintenance and repair of the commonly maintained areas after declarant completes it.

In the event any owner desires that additional maintenance and repairs be performed on the road over and above that determined by the majority of the owners, and cannot obtain the concurrence of a majority of owners within six months after written request for such concurrence, said owner shall have the right to apply for such relief as may be available under the provisions of California Civil Code Section 845 (or amendments thereof) as if this section entitled "Road Maintenance" were not in effect, except that the allocation of payment for such maintenance and repairs shall be as provided in this Declaration.

3.03. Additional Repairs. The owners agree not to undertake any additional repairs or maintenance not specified in this Declaration without first obtaining the express written consent of every other owner.

3.04. Easement for Maintenance. For the sole purpose of effecting compliance with this Declaration, and subject to the limitations contained within this Declaration, the owners or their authorized agents and employees shall have an ingress and egress easement in and across that portion of the road on each lot subject to this Section. A portion of the easement was deeded by the owners of Parcel Numbers 213-0180-029-0000, and 213-0180-001-0000 in exchange for the right for the owners of said parcels to have ingress and egress. In exchange for their deeding of a portion of the easement, the owners of those parcel numbers shall not be obligated to contribute or pay for any maintenance or repairs.

3.05. Entry for Repairs. The owners, collectively, and for the sole purpose of complying with this Declaration, may authorize their agents and employees to enter upon any lot when necessary in connection with any maintenance or repairs for which the owners are responsible, to effect emergency repairs or to effect necessary repairs that may be required by this Declaration. Such entry shall be made with as little inconvenience to the owner as practicable and the owners at their expense shall repair any damage caused thereby. Except in an emergency, 24-hour advance notice shall be given to the owner or occupant of any lot.

3.06. Maintenance Costs. Each owner agrees to bear and pay a percentage of the cost of maintenance and repair, as shall be equal to the total number of lots having the benefit of use of any portion or all of the commonly maintained areas, as shall be determined by dividing the number of lots owned by the said owner by the total number of lots tangent to the road.

3.07. Custodian of Funds. For the purposes of collecting and maintaining money for the maintenance and repair of said road, the owners, by majority vote of lots, shall designate a custodian thereof.

3.08. Voting Rights. For any matters that require a vote pursuant to this Declaration, the following voting rights shall apply:

The owner or owners of each lot subject to this agreement shall be entitled to one vote, and any one or more of the joint tenant or tenant-in-common, owners of said lot may cast the vote provided that, in the event of a dispute among owners of one lot, the majority shall be entitled to vote and, if no clear majority can be obtained, the owners shall lose their right to vote. In the event any owner re-divides, gives, sells, transfers, conveys, or assigns any lot or portion thereof described in this Declaration so as to create an additional lot separate and distance of the lots as they exist as of the date of this Declaration, then a separate vote shall come into existence for that separate lot. For the purpose of this Declaration, the owner who has fee title to said lot or lots shall be entitled to one vote, provided that if said owner sells under contract of sale, then they, by the said contract, may convey to the purchaser the right to the one vote.

3.09. Owners' Liability. The owner of each lot shall be liable for all damages to the commonly maintained areas caused by such owner, or any occupant of his/her lot or guest. The owners do not agree to share any liability arising from personal injury or property damage other than that attributable to the repairs or maintenance undertaken pursuant to this Declaration.

3.10. Insurance. Each owner shall be responsible for maintaining his or her own liability insurance and each owner agrees to keep said coverage in full force and effect at all times.

3.11. Personal Injury and Property Damage Liability. Each owner agrees to bear liability in the same percentage as they share the costs of repair, as specified above, for any

personal injury or property damage to (a) any worker employed to make repairs or do maintenance under this Declaration, or (b) any third person, which results from or arises out of maintenance or repairs of the commonly maintained areas under this Declaration.

3.12. Annual Meeting Regarding Assessments. The owners agree that they shall meet at least once annually to decide on the maintenance and repair to be made to the commonly maintained areas, and to make and assess each owner under the method above provided for the maintenance and repair of said commonly maintained areas. A majority of the owners must be present at the annual meeting for the meeting to be deemed valid.

SECTION 4 – ARCHITECTURAL CONTROL

4.01. General Limitations. Subject to the exemptions described below, no improvement and/or structure may be constructed, erected, painted, altered, or changed on any portion of the project without the prior written approval of the Architectural Control Committee (“Committee”).

4.02. Exemptions. Notwithstanding the subsection above entitled “General Limitation,” committee approval shall not be required for the following: (a) improvements constructed prior to execution of this Declaration; (b) normal maintenance of exempt or previously approved improvements; (c) repair or rebuilding of an exempt or previously approved improvement; (d) changes to the interior of an exempt or previously approved structure; (e) work reasonably required to be performed in an emergency for the purpose of protecting any person or property from damage.

4.03. Architectural Control Committee.

a. Number and Appointment. The committee shall be composed of three owners. The owners shall have the right to elect replacements at any time upon presentation to the existing committee of a written request for re-election of one or more of the committee members, signed by five or more owners; the committee will schedule an election to occur within thirty days of the committee's receipt of said written request. A replacement member must receive at least a simple majority of the votes actually cast.

b. Operation. The committee shall meet from time to time as necessary to properly perform its duties hereunder. A majority of the committee members may designate a representative of the committee to act for it. Except as provided elsewhere herein, any decision may be made by the committee upon an affirmative vote of two-thirds of its members. The committee shall keep and maintain a record of all actions from time to time taken by the committee at meetings or otherwise, and shall maintain files of all documents submitted to it. The members of the committee shall not receive any compensation for services rendered. All members of the committee shall be entitled to reimbursement from fees collected by the committee for reasonable out of pocket expenses incurred by them in connection with the performance of their duties.

c. Duties. The committee may adopt architectural control guidelines (“guidelines”) as provided below and shall perform other duties imposed upon it by this Declaration or applicable laws and regulations.

d. Address. The address of the committee shall be determined by resolution of the committee. Such address shall be the place for the submittal of plans and specifications and the place where current copies of the guidelines shall be kept.

e. Guidelines. The committee may, from time to time, adopt or amend guidelines prospectively. Said guidelines shall interpret and implement the provisions of this section entitled “Architectural Control” by setting forth more specific standards and procedures for committee review. All guidelines shall be in compliance with all applicable laws and regulations of

any governmental entity having jurisdiction over improvements in the project, shall incorporate high standards of architectural design and construction engineering, shall be in compliance with the minimum standards set forth herein, and otherwise shall be in conformity with the purposes and provisions of this Declaration. A copy of the current guidelines, if any, shall be available for inspection and copying by any owner at any reasonable time during customary and normal business hours.

f. Standards. The following minimum standards shall apply to any improvements constructed, painted, altered, or changed on the project:

i) All improvements shall be constructed, painted, and changed in compliance with the applicable zoning laws, building codes, this Declaration, and all other laws, ordinances and regulations, and conditions of approval applicable to project improvements.

ii) Residences shall have a minimum area of square feet and set back (excluding garages, carports, accessory buildings, covered or uncovered patios and porches) as follows:

Minimum square footage: 2400 square feet
Minimum ground floor: 1600 square feet
Minimum front yard setback per county standards
Minimum side yard setback per county standards

The above minimum square footages shall not be applicable to any "guest house" for the entertainment of social guests, nor servants' quarters for servants or other employees employed upon the premises of a lot.

iii) All lots shall have a minimum of three fully enclosed parking spaces.

iv) All lots shall be landscaped with a combination of trees, shrubs, ground cover, lawn, natural vegetation, and limited decorative rock, bark, and similar materials. Berming may be utilized so long as it does not disrupt proper drainage within the project. Landscaping shall be designed so as to compliment, protect and harmonize with the natural terrain, existing trees and vegetation and shall be consistent with generally accepted, customary and conventional landscape designs. Stone, gravel, concrete and similar materials shall be used only for complimentary and supplementary purposes and no lot shall have front landscaping composed primarily of such materials. The front yard landscaping shall be completed within 180 days from occupancy. The rear yard shall be completely enclosed with a solid fence or wall within 270 days from occupancy. Such fence or wall shall be constructed of cedar, redwood, wrought iron, or stucco, unless otherwise approved by the committee. Chain link fences will be permitted only when there is sufficient landscaping to screen them from view from any common area or other lot. Chain link in the front yard is prohibited.

v) All landscaping plans shall be designed to compliment and protect;

a) The existing native oak trees. The care and livelihood of these trees are the responsibility of the individual lot owner.

b) The oak trees planted by the declarant pursuant to the recorded MMRP. All MMRP oak trees planted by the declarant on each individual lot become the responsibility of the individual lot owner. The responsibility and obligation of care are outlined in that certain MMRP recorded on November 9, 2000 in Book 20001109, at page 1302 in the office of the Sacramento County Recorder.

vi) All exterior and decorative lighting shall be designed to eliminate glare and annoyance to other lot owners. Lighting shall be shielded and directed downward. Colored landscaping lighting is prohibited, unless approved by the Architectural Control Committee.

vii) All residences shall have approved tile or dimensional composition roofs. All residence sidings shall be comprised principally of stucco, brick, masonry or stone material.

viii) Any solar collection devices shall be integrated aesthetically and screened as much as possible from adjacent portions of the project.

ix) In reviewing proposed improvements for approval, the committee shall consider at least the following:

a. Does the proposed improvement conform to the purposes and provisions of the project documents?

b. Is the proposed improvement of a quality of workmanship and materials comparable to other improvements that are proposed or existing on the project?

c. Is the proposed improvement of a design and character that is harmonious with proposed or existing improvements and with the natural topography in the immediate vicinity?

d. Will the proposed improvement unreasonably interfere with or otherwise impair the view or solar access of other portions of the project?

4.04. Committee Approval Process – Approval Application. Any person proposing to construct, paint, alter or change any improvement on the project, which requires the prior approval of the committee, shall apply to the committee in writing for approval of the work to be performed and the time schedule for performing such work. A copy of such application will be distributed to all lot owners if the improvement constitutes a residence.

In the event additional plans and specifications for the work are required by the committee, the applicant shall be notified of such requirement within thirty days of receipt by the committee of his initial application or the application shall be deemed sufficiently submitted as of that date. Such plans and specifications may include, but not be limited to, showing the nature, kind, shape, color, size, materials, and location of the proposed work, or the size, species and location of any plants, trees, shrubs and other proposed landscaping.

4.05 Review and Approval. Upon sufficient submission of an application for committee review, the committee shall proceed expeditiously to review all of the documents to determine whether the proposed work is in compliance with the provisions and purposes of this Declaration and all guidelines of the committee in effect at the time the documents are submitted. In the event the committee fails to approve an application, it shall notify the applicant in writing of the specific matters to which it objects. In the event the committee fails to notify the applicant of the action taken by the committee within thirty-five days after sufficient submission of an application, the application shall be deemed approved. The committee, as a permanent record, shall retain one set of plans as finally approve.

4.06. Standards of Conduct on Construction Sites.

a. Debris. All trash, except lumber scraps which are to be recycled, must be kept in a container at all times and may not be visible over the top of the container. This container must be solid-sided, and may not be placed in the street. Lumber scraps that are to be recycled

must be placed in a pile, and not scattered on the lot. The disposal by burning of scrap lumber, building materials, or any other form of refuse is strictly prohibited.

b. Restroom Facilities. Each construction site must be equipped with restroom facilities for personnel working on the site.

c. Noise. Loud radios, unnecessary yelling and profane language are not allowed. Sunday work shall be limited to interior finish only, and builders are requested to be considerate of existing residents.

d. Encroachment on adjacent lots and common areas. Adjacent lots and/or common maintenance areas are not to be used for:

- i) Parking vehicles;
- ii) Driving over to get to and from construction site;
- iii) Storing construction material;
- iv) Placing dumpsters and portable toilets;
- v) Parking construction equipment;
- vi) Dumping debris and destroying the natural setting of the property.

e. Oak Trees. Oak tree preservation is strictly enforced. At no time, within the drip line of any oak tree, shall there be:

- i) Parking of vehicles;
- ii) Storing construction material;
- iii) Placing dumpsters and/or portable toilets;
- iv) Parking of construction equipment;
- v) Dumping debris or construction waste; or
- vii) Concrete, paint, and/or other construction cleanout site.

f. Licensed Contractor. All structures shall be constructed by contractors licensed under the laws of the State of California.

g. Pets. Construction workers, contractors, or sub-contractors shall not bring pets into the project.

h. Vehicle Admission During Construction Erosion Control. Individual lot owners are responsible for erosion from their lots and the cleanup of soil, which washes off their lots. Due to the damage, which can be caused if removal of the dirt in the street is delayed, the committee will have any dirt, which washes off any lot into the street, removed immediately. The owner of the lot from which the soil eroded will be billed for the removal, as well as any storm drain cleaning or other remedial work that is necessitated by the erosion. During construction, all drain inlets shall be protected by the placement of silt bags. The cost associated with this placement and maintenance shall be at the expense of the owner for which the construction is being performed.

i. Common Maintenance Area Damage. The owner of each lot is responsible for the activities of contractors, guests, and invitees and is, therefore, responsible for all damage to the common maintenance area and/or adjacent properties that may result from any construction activity (areas of concern could be but are not limited to utilities, curb & gutter, landscaping, and street surfaces). If an owner fails to bring all damaged property back to its original condition, the amount to correct shall be charged to the owner's assessments.

4.07. Commencement/Completion of Approved Work. Upon receipt of the approval of the committee, the applicant shall proceed to have the work commenced and diligently and continuously pursued to completion in substantial compliance with the approval of the committee,

including all conditions imposed therewith. The approval of the committee shall be effective for a period of one year after the date of the approval subject to the right of the committee to provide for a shorter or longer period at the time of its approval, or subsequently to extend the period upon a showing of good cause, and in the event the approved work is not commenced within the effective period of the approval, then the applicant, before commencing any work, shall be required to resubmit his application for the approval of the committee.

All approved work shall be completed within six months after the date of commencement, or such other reasonable period specified by the committee at the time of approval, with the period of time subject to extension by the number of days that work is delayed by causes not under the control of the applicant or his contractor or as otherwise extended by the committee. Upon completion of approved work, the applicant shall give written notice thereof to the committee.

If, for any reason, the committee fails to notify the applicant of any noncompliance within sixty days after receipt of said notice of completion from the applicant, which includes disclosure of any variance from the approved plan, the improvement shall be deemed to be completed in accordance with said approved plans.

4.08 Inspection, Non-Compliance. The committee, or any authorized representative, shall have the right during normal business hours, after forty-eight hours' notice to the owner thereof, to enter upon any portion of the project for the purpose of determining whether or not any work is being performed or was performed in compliance with this Declaration of Guidelines.

If at any time the committee determines that work is not being performed or was not performed in compliance with this Declaration and Guidelines, whether based on a failure to apply for or obtain approval, a failure to comply with approval, a failure to timely commence or complete approved work or otherwise, the committee shall notify the owner in writing of such non-compliance, specifying the particulars of non-compliance, and demanding that the owner remedy such non-compliance within a reasonable and specified period.

In the event that the owner fails to remedy such non-compliance within the specified period, the committee shall have the right and duty to remedy the non-compliance in any appropriate manner permitted by this Declaration and Guidelines, or as otherwise permitted by law or in equity, including but not limited to removing the non-complying improvement, correcting the non-complying improvement, completing the non-compliant improvement, or recording a notice of non-compliance or non-completion on the property, as appropriate. The owner shall have the obligation to reimburse the committee immediately upon its written request for any costs (including, but not limited to, legal fees, expert fees, and other costs associated with such non-compliance) incurred in enforcing these provisions. In the event that owner fails to make timely payment, such costs may be recovered by the committee in an action of law against such individual owner including any additional costs incurred in the collection effort. In enforcing these provisions. In the event that owner fails to make timely payment, such costs may be recovered by the committee in an action of law against such individual owner including any additional costs incurred in the collection effort.

4.09 Waiver. The approval by the committee of any plans, drawings, or specifications for any improvements constructed or proposed, or in connection with any other matter requiring the approval of the committee shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter submitted for approval. Where unusual circumstances warrant it, the committee may grant reasonable variances from the architectural control provisions hereof or from the guidelines. Such variances shall be made on a case-by-case basis and shall not serve as precedent for the granting of any other variance.

4.10. Estoppel Certificate. Within thirty days after written demand is delivered, therefore, to the committee by any owner or mortgagee, and upon payment to the committee of a

reasonable fee (as fixed from time to time by resolution of the committee), the committee shall execute and deliver in recordable form, if requested, any estoppel certificate executed by any two of its members, certifying, with respect to any lot of said owner or mortgage, that as of the date thereof, either (a) all improvements made and other work done upon or within said lot comply with the requirements of the committee and this Declaration, or (b) such improvements or work do not so comply, in which event the certificate shall also identify the non-complying improvements or work and set forth with particularity the basis of such noncompliance. Such statement shall be binding upon the committee in favor of any person who may rely thereon in good faith.

4.11. Liability. Neither the declarant, the committee, nor any committee member thereof shall be liable to any owner or to any third party for any damages, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development of any property within the project, (d) the execution and filing of an estoppel certificate pursuant to the section entitled "Estoppel Certificate" or (e) the execution and filing of a notice of non-compliance or non-completion pursuant to the section entitled "Inspection, Non-compliance," whether or not the facts therein are correct. Specifically, but not by way of limitation, it is understood that plans and specifications are neither reviewed or approved for engineering design, and by approving such plans and specifications neither declarant, the committee, nor any committee member thereof, assumes liability or responsibility therefore, or for any defect in any structure constructed from such plans and specifications.

SECTION 5: USE RESTRICTIONS

5.01. Use of Lots. No lot, or any portion thereof, shall be occupied and used except for the site of a single-family residence by the owners, their contract purchasers, lessees, tenants, or social guests. This subsection is intended to exclude every form of boarding or lodging house, sanitarium and hospital, and the like. No trade or business or commercial activity shall be carried on or conducted upon any lot, except as follows:

a) Declarant, their successors or assigns, may use any lot in the project owned by declarant for a model home site and display and sales office during construction and until the last lot is sold by declarant, and

b) This subsection shall not prohibit home occupations so long as they are merely incidental to the use of the lot as a residence, are permitted by local law, are conducted in such a manner as to not adversely affect other owners' use and enjoyment of the project, and have received prior written approval from the committee.

5.02. Garages, Parking, and Vehicle Restrictions.

a) Garages shall not be used for any purpose that would prevent owners from parking passenger vehicles in the garage. All driveways and garages shall be maintained in a neat and orderly condition and garage doors shall be kept in a closed position except as necessary to permit ingress and egress or to clean or work in the garage area. Garages are to be used for the parking of standard vehicles, boats, and/or the storage of similar items of personal property. Garages shall not be converted to living quarters or workshops, or filled with non-vehicular items, which will preclude the parking of standard vehicles and/or cause standard vehicles to be regularly parked on driveways within the properties and/or common maintenance areas.

b) No vehicle shall be parked or left on any street except within specified parking areas so designated by the Board.

c) Motor vehicle construction, reconstruction, or repairs shall be done within the enclosed confines of the individual lot (within garages and behind fencing). No dilapidated or inoperable vehicles, including vehicles without wheels or an engine, shall be stored on the property, which are within view of the other lots and/or common maintenance area.

d) Campers, boats, trailers and trucks shall only be parked entirely within an owner's garage or in a recreational vehicle parking area on the lot approved as to location, screening and design by the Architectural Control Committee. If an owner or resident has a boat and trailer that are not regularly parked and stored on the owner's lot in accordance with this subparagraph (d), the owner may park the boat and trailer during week days in accordance with the limitations imposed on commercial vehicles under subparagraph (e) below, and overnight on Friday and Saturday nights.

e) Commercial trucks and vehicles that bear signage on the exterior shall not be parked within the properties, except for purposes of loading or unloading and then for periods not in excess of four hours. This restriction shall not apply to commercial vehicles involved in construction activities on a lot or vehicles owned and operated by persons providing services to a lot or residence (during the time when the services are being rendered).

f) The committee shall have the authority to promulgate as part of any association rules such further rules and restrictions regarding parking and vehicles within the properties as may be deemed prudent and appropriate.

5.03. Burning. There shall be no exterior fires whatsoever except barbecue fires located only upon lots and contained within receptacles designed for such purpose. No owner or resident shall permit any condition to exist on his or her lot, including, without limitation, trash piles, or woods, which create a fire hazard or is in violation of local fire regulations.

5.04. Signs. No sign of any kind shall be displayed to the public view on or from any portion of the property without the approval of the committee except as follows:

a) One sign of customary and reasonable dimensions advertising a lot for sale, lease, rent, or exchange displayed from that lot; and

b) Such signs of customary and reasonable dimensions as may be used by declarant or its assignees in connection with the development of the project and sale of lots; and

c) Such other signs or notices as are required by law or as are otherwise necessary to perfect a right provided for in law.

5.05. Animals. No animals, reptiles, rodents, birds, fish, livestock, or poultry shall be raised, bred, or kept on any lot or portion of the project, except that ordinary household pets such as dogs, cats, fish, or birds may be kept, provided that they are not kept, bred, or maintained for any commercial purposes, and they are kept under reasonable control at all times. Notwithstanding the foregoing, no pets may be kept on the project that result in an annoyance or nuisance to other owners. No dog shall enter the road except while on a leash which is held by a person capable of controlling it. Owners shall prevent their pets from soiling any portions of the road.

5.06. Trash/Storage of Materials. All garbage and trash shall be regularly removed from the property, and shall not be allowed to accumulate thereon. It shall be placed and kept in covered sanitary containers where it is not visible from any neighboring lot except for a reasonable time prior to or after collection. All woodpiles or storage piles shall be kept screened and concealed from view of other lots and the road. Garbage and trash shall be placed for pickup as required by the disposal service and any rules adopted by the committee.

5.07. Antennae/Roof Projections. Any antennae, chimneys, vent stacks, or other items or equipment upon or projecting from the roof, which were installed by declarant as part of the initial improvements, are permitted. Subject to the requirements of Civil Code Section 1376, as it may be amended from time to time, the committee may adopt rules regulating the subsequent installation and maintenance of television or video antennae or satellite dishes, and may prohibit such installation visible from the road.

5.08. Right to Lease. No owner shall be permitted to lease or rent his/her lot for transient or hotel purposes, which shall include, but not be limited to, rental for any period less than thirty days. All leases must be in writing and be expressly subject to this Declaration and the breach of any provision shall be a default under the lease or a rental agreement. The owner shall provide the lessee with a copy of this Declaration.

5.09. Design and Construction Restrictions. The construction of improvements on each lot is subject to the "Guidelines," if any, as promulgated and administered by the committee.

5.10. Building Location. No building shall be located on any lot nearer to the front lot line or nearer to the side road line than the minimum building setback lines as required by the county.

5.11. Window Coverings. Windows shall be covered by drapes, shades or shutters and shall not be painted or covered by foil, cardboard, or similar materials. All window coverings visible from the road or neighboring lot shall be of a material, design and color which, in the opinion of the committee, is compatible with the exterior design and coloration of adjacent portions of the project.

5.12. Clotheslines. No exterior clotheslines or other outside clothes drying or airing facility shall be erected or maintained on the properties in any location where the same would be visible from the road or neighboring lot.

5.13. Major Appliances. No major appliances, including without limitation, air conditioning units, evaporative coolers, clothes washers, clothes dryers, refrigerators, or freezers may be kept, stored or operated on any balcony, patio, porch, or other exterior area, other than at ground level within a fenced area of any structure or improvement.

5.14. Drainage. No owner shall do any act or construct any improvement that would interfere with the natural or established drainage systems or patterns within the project without the prior written approval of the committee.

5.15. Nuisances; Offensive Activities. No noxious, illegal or seriously offensive activities shall be carried on within any lot, or in any other part of the property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to, or which may in any way interfere with the quiet enjoyment of, each owner's lot, or which shall in any way increase the rate of insurance for any other lot (or owner).

5.16. Temporary Structures. Structures which are temporary in character, including, without limitation, any trailer, tent, shack, garage, or other outbuilding, shall not be used as a residence on any lot at any time; provided, however, that (a) declarant reserves the right to construct and maintain temporary buildings, structures and vehicles on the property in connection with the construction and administration of initial improvements; and (b) this subsection shall not be construed or interpreted to prohibit the erection or construction of structures permitted pursuant to Section 714.5 of the Civil Code of the State of California.

5.17. Barns or Other Animal Storage. Subject to the provisions contained elsewhere in this section, no barn or other structure erected for the purpose of housing animals shall be

permitted on the property without the prior written approval of the committee. The committee shall control the size, location, exterior paint, and surface of any animal housing structure.

5.18. Sports Fixtures. Professional quality basketball standards, hoops, backboards, or portable standards are permitted. When portable standards are not in use, they shall be stored on the owner's lot, and not in the common maintenance area. Any other sports apparatus shall be erected within the rear and/or side yard of an owner's lot.

5.19. Owners' Maintenance Obligations. Each owner shall be solely responsible for maintaining in good condition and repair his residence, lot, improvements and landscaping thereon. Weeds or grass shall not exceed a height of six inches.

5.20. Compliance with Declaration. Each owner, contract purchaser, lessee, tenant, guest, invitee or other occupant of a lot shall comply with the provisions of this Declaration.

SECTION 6 – OWNERSHIP AND EASEMENTS

6.01. Ownership of Lots. Title to each lot in the project shall be conveyed in fee to an owner. If more than one person and/or entities owns an undivided interest in the same lot, such persons and/or entities shall constitute one owner. Each lot shall be subject to the easements described in Section 6.03 below.

6.02. Party Fences. Any fence originally constructed and placed upon the boundary of any two lots shall be considered a "party fence." Each owner of a lot upon which a party fence is situated shall own to the center of the party fence, and each owner shall share equally in the maintenance of said fence.

6.03. Easements. Each of the easements reserved or granted herein shall be deemed to be established upon the recordation of this Declaration, whether or not they are set forth in the grant deeds to lots, and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the owners and their lots superior to all other encumbrances applied against or in favor of any portion of the project.

6.03.1. Easements on Map. The lots are subject to all easements and rights of way as may be shown on the map.

6.03.2. Additional Easements. Notwithstanding anything expressed or implied to the contrary, this Declaration shall be subject to all easements granted by declarant for the installation and maintenance of utilities and drainage facilities necessary for the development of the project.

6.03.3. Storm Drains. There are reserved and granted for the benefit of each lot, as dominant tenement over, under, across and through the project, as the servient tenement, non-exclusive easements for surface and subsurface storm drains and the flow of storm waters in accordance with natural drainage patterns and the drainage patterns and originally installed improvements.

SECTION 7 – VOTING RIGHTS

7.01. The owner or owners of each lot subject to this Declaration, who are also residents, shall be entitled to one vote, and any one or more of the owners of said property may cast the vote provided that, in the event of a dispute among owners of one lot, the majority shall be entitled to vote and, if no clear majority can be obtained, the owners shall lose their right to vote. For the purposes of this Declaration, the owner who has fee title to said lot or lots shall be entitled to one vote, provided that if said owner sells under contract of sale then they, by the said

contract, may convey to the purchaser thereon the right to vote in this said Declaration. Only residents may elect subsequent committee members.

SECTION 8 – MORTGAGEE PROTECTION

8.01. Mortgages Permitted. Any owner may encumber his/her lot with mortgages.

8.02. Priority of Mortgage. Notwithstanding any other provision of this Declaration, it is hereby provided that a breach of any of the conditions contained in this Declaration by any owner or of any re-entry by reason of such breach, shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value as to said lot or any part thereof.

8.03. Effect of Breach. No breach of any provision of this Declaration shall invalidate the lien of any mortgage made in good faith and for value, but all of the covenants, conditions, restrictions, declarations, easements, and limitations of this Declaration shall be binding on any owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

SECTION 9 – GENERAL PROVISIONS

9.01. Term. The declarations, covenants, conditions, restrictions, limitations, and easements of this Declaration shall run with and bind the property, and shall inure to the benefit of and be binding on the owners of any lots, their legal representatives, heirs, grantees, tenants, successors, and assigns, subject to this Declaration, for a term of thirty years from the date this Declaration is recorded. Thereafter, subject to the Subsection below entitled "Amendment; Revocation," they shall be automatically extended for successive periods of ten years.

9.02. Notices. Notices provided for in this Declaration and the Guidelines shall be in writing and shall be deemed sufficiently given when delivered personally or within seventy-two hours after deposit in the United States mail, postage prepaid, addressed to an owner at the last address such owner designates to the committee for delivery of notices, or in the event of no such designation, at such owner's last known address, or if there be none, at the address of the owner's lot. Notices to the committee shall be addressed to the address designated by the committee by written notice to all owners.

9.03. Amendment; Revocation. This Declaration shall be (a) amended only upon the written approval of the then record owners of at least sixty-six and two-thirds percent of the lots, or (b) revoked only upon the written approval of the then record owners of at least seventy-five percent of the lots. If co-owners of a lot are unable to agree among themselves as to how their vote shall be cast in the matters addressed in this Subsection, they shall forfeit the vote on the matter in question. If only one owner exercises the vote of a particular lot, it shall be conclusively presumed for all purposes that he was acting with the authority and consent of all other owners of the same lot. An amendment or revocation shall be effective when it has received the required percentage approval and has been recorded in the Office of the County Recorder.

9.04. Severability. Should any provision or portion of this Declaration be declared invalid or in conflict with any law of the jurisdiction where this project is located, the validity of all other provisions and portions of this Declaration shall remain unaffected and in full force and effect.

9.05. Headings. The headings used in this Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Declaration.

9.06. Rights of Access and Completion of Construction. Declarant, its contractors and subcontractors, shall have the right to (i) obtain reasonable access over and across the project and/or do within any lot owned by it whatever is reasonably necessary or advisable in connection with the completion of the project, and (ii) erect, construct and maintain within any lot owned by it

such structures as may be reasonably necessary for the conduct of its business to complete the work, establish the project as a residential community and dispose of the project in parcels by sale, lease, or otherwise.

9.07. Enforcement. The committee or any owner shall have the right to enforce compliance with the Declaration in any manner provided by law including but not limited to bringing an action for damages, to enjoin the violation or to specifically enforce the provisions of the Declaration. Either the committee or any owner involved in a dispute, and in lieu of court proceedings, may demand binding arbitration in accordance with the California Arbitration Act (California Code of Civil Procedure, Section 1280, et seq.). Such demand by either party shall be made in writing no later than sixty days after issuance, by the committee, of a Notice of Non-compliance with this Declaration and shall set forth a detailed statement and position for the matter in dispute.

Upon receipt of a demand for arbitration, the committee shall provide the owner receiving the Notice of Non-compliance with a list of three neutral arbitrators to choose from, all of whom are licensed to practice law in the State of California. Such owner will select one arbitrator to hear the dispute. The power of the arbitrator is limited to interpreting and enforcing this agreement, but shall not include the ability to award punitive damages. All hearings must be held in the County. The arbitrator shall not have the authority to make material errors of law or to add to, modify, or refuse to enforce this agreement. The findings of the arbitrator are final if rendered in accordance with this agreement, and may be enforced under the laws of the State of California.

In the event the committee or any owner shall employ an attorney to enforce the provisions of the Declaration against any owner by either arbitration or court process, the prevailing party shall be entitled to reasonable attorney's fees and costs in addition to any other amounts due as provided for herein. All sums payable hereunder by an owner or the committee shall bear interest at the maximum rate permitted by law from the earlier of the date paid or the date of issuance of the court's or arbitrator's findings. Any amounts owed by the committee will be paid or reimbursed on a prorated basis by each of the lot owners. All enforcement powers of the committee or any owner shall be cumulative. Failure by the committee or any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

IN WITNESS WHEREOF, declarant has executed this Declaration on the date set forth above.

CHESTNUT CROSSING, LLC
A California Corporation

By: _____


Shepard M. Johnson, Managing Member

EXHIBIT "A"

DESCRIPTION OF PROPERTY SUBJECT TO DECLARATION

All that certain real property situate in the County of Sacramento, California, described as follows:

Lots 1 through 8, inclusive, as shown on the Map entitled
"Chestnut Crossing," which Map recorded
9-25-02 in the Office of the Sacramento County
Recorded in BOOK 309 of MAPS, PAGE 1

State of California
County of Sacramento PLACER *PL*

On 10-14-02 before me, KATHY ELLISTON
personally appeared SHEPARD M JOHNSON

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

WITNESS my hand and official seal.

Kathy Elliston

Signature

