

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
MONTAIR SUBDIVISION

This Declaration, made on the date hereinafter set forth by HOLIDAY-MONTAIR, INC., a California corporation, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of Siskiyou, State of California, which is more particularly described in Exhibit "A" attached hereto and by reference incorporated herein;

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

ARTICLE I
DEFINITIONS

Section 1.01. "Articles" and "By-Laws" shall mean and refer to the Articles of Incorporation and By-Laws of the Association as the same may from time to time be amended.

Section 1.02. "Assessment" shall mean and refer to any or all of the assessments described in, created or established pursuant to this declaration.

Section 1.03. "Association" shall mean and refer to the MONTAIR SUBDIVISION HOMEOWNERS ASSOCIATION, INC., a California Nonprofit corporation, and to its successors and assigns.

Section 1.04. "Board of Directors" or "Board" shall mean and refer to the duly elected Board of Directors of the Association.

Section 1.05. "Utility Systems of Common Interest" shall mean all personal property, easements, and improvements now or in the future owned by the Association for the common use and enjoyment of the owners. Utility systems of common interest to be owned by the Association at the time of the conveyance of the first residential lot are described in Exhibit "B" attached hereto and by reference incorporated herein.

Section 1.06. "Covenants" or "Restrictions" shall mean and refer collectively to the covenants, conditions, restrictions,

reservations, easements, liens, and charges imposed by or expressed in the Declaration.

Section 1.07. "Declarant" shall mean and refer to HOLIDAY-MONTAIR, INC., a California corporation, and to its successors and assigns, if such successors or assigns should acquire more than five undeveloped lots from the Declarant for the purpose of development.

Section 1.08. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. Each owner shall also be a member of the Association.

Section 1.09. "Properties" shall mean and refer to that certain real property hereinbefore described and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation.

Section 1.10. "Residential Lot" or "Lot" shall mean and refer to any plot of land or parcel shown on any recorded subdivision map of the properties with the exception of the common area.

ARTICLE 2 NATURE AND PURPOSE OF COVENANTS

The covenants, conditions and restrictions set forth in this declaration constitute a general scheme for the development, protection, and maintenance of the community to enhance the value, desirability, and attractiveness of the residential lots for the benefit of all owners of residential lots. Such covenants, conditions and restrictions shall be a burden upon and a benefit to, not only the original owner of each lot in the community, but also his successors and assigns. All such covenants, conditions, and restrictions are intended as, and are hereby declared to be, covenants running with the land or equitable servitudes upon the land, as the case may be.

It is further the purpose of the covenants, conditions and restrictions to avoid speculation in the properties insofar as possible.

ARTICLE 3 USE OF RESIDENTIAL LOTS

Section 3.01. Use of residential lot. Each residential lot shall be improved and used only for the following purposes:

- A. Each residential lot shall be improved, used, and occupied only for single-family dwelling residential purposes.

- B. No residential lot, or improvements situated thereon, shall be occupied or used for any purposes or in any manner which shall cause such improvements to be uninsurable against loss by fire or the perils of the extended coverage endorsement to the California standard fire policy form, or cause any policy or policies representing such insurance and insuring any improvements within the community to be cancelled or suspended, or the company issuing the same to refuse renewal thereof.
- C. Dogs, cats, or usual and ordinary household pets as determined by the Association may be kept in any dwelling unit and contained within a residential lot only as may be permitted by rules made by the Board of Directors. Except as hereinabove provided, no animals, livestock, or poultry shall be brought within the community or kept on any lot thereof.
- D. No residential lot shall be used in such manner as to obstruct or interfere with the enjoyment of occupants of other residential lots, or annoy them by unreasonable noises or otherwise, nor shall any nuisance or immoral or illegal activity be committed or permitted to occur on any residential lot not occupied by the dwelling thereof.
- E. No building or structure upon any residential lot shall be permitted to fall into disrepair, and such building or structure shall at all times be kept in good condition and repair.
- F. No billboards or advertising signs shall be permitted, other than a sign of reasonable size, design and coloring, offering any lot and improvement thereon for rent or sale; provided, however, declarant shall be entitled to conduct its sales program within the property including the posting of signs, posters, and other advertising media in accordance with the appropriate government regulations.
- G. No residential lot shall be utilized for the transmission of short wave or other radio or television communications. No outside antennae for receiving or television signals shall be permitted.
- H. No laundry, bedding, garment, or other such items shall be hung on any residential lot so as to be visible from another residential lot or from the Shasta Valley and Country Club golf course.
- I. No trailer, mobile home, boat, or camper may be

parked on any lot for a period of time in excess of that prescribed by regulations duly adopted by the Board of Directors of the Association.

Section 3.02. Reservation of Easements. The subdivider may create a contractual right in himself or may reserve easements of limited duration for drainage and encroachment purposes, for ingress to and from common areas for the purpose of completing improvements thereon, for the performance of necessary repair work, and for entry onto adjacent property in connection with the development of additional phases of the overall project.

ARTICLE 4 MEMBERSHIP AND VOTING RIGHTS

Section 4.01. Membership. Every owner of a residential lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separate from ownership of any residential lot which is subject to assessment.

Section 4.02. Voting Right. The Association shall have two (2) classes of voting membership.

Class A. Class A Members shall be all owners, with the exception of the Declarant. Each shall be entitled to one (1) vote for each residential lot owned. When more than one person holds an interest in any residential lot, all such persons shall be entitled to all rights and privileges of membership. The vote for such residential lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any residential lot.

Class B. Class B Members shall be the Declarant, who shall be entitled to three (3) votes for each residential lot owned. The Class B Membership shall cease and be converted to Class A Membership, entitling Declarant to one (1) vote for each residential lot owned by Declarant, on the happening of either of the following events, whichever event first occurs:

1. When the total votes outstanding in the Class A Membership are equal to the total votes outstanding in the Class B Membership, including all residence lots which have been annexed pursuant to this Declaration.
2. Two years from the date of the original issuance of the most recently issued public report for most recent phase of the overall development; or
3. On December 31, 1985.

ARTICLE 5
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 5.01. Annual Assessment.

- A. Annual assessments to defray expenses attributable to the operation, and furnishing of common interests shall be levied by the Association against each owner according to the ratio of the number of lots owned by the owner to the total number of lots subject to assessments.
- B. Each owner of a lot, however ownership is acquired, is deemed to covenant and agree upon acquisition of record title to pay to the Association annual assessments or charges and special assessments for capital improvements.
- C. Annual and special assessments for capital improvements together with interest, costs and reasonable attorney's fees for capital improvements, shall be a charge on the land and a continuing lien upon the property against which the assessment is made. If such assessments are not paid within ten (10) days of the due date, the Association may file for record in the Siskiyou County Recorder's Office and mail to the record owner liable at the last known address, a notice of delinquency of such assessments, which notice shall state all amounts which have become delinquent with respect to the assessments, including interest, costs and a description of the lot in respect to which the delinquent payment is owned in the name of the record or reputed owner of such lot. Such notice shall be signed by the entity claiming the delinquency. Upon curing the delinquency by full payment of all amounts due, including interest, costs and fees, prior to the sale held to foreclose the lien created hereby, the entity which caused the notice of delinquency to be recorded shall record a further notice similarly executed stating the satisfaction and releasing the lien.

The lien upon the lot after recording shall not only secure the delinquency presently due but shall secure all future liabilities of the owner thereof which shall become due and payable with respect to such lot.

Section 5.02. Purpose of Assessment. The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents in the properties and for the improvement and maintenance of the utility systems of common interest. Said assessments shall include, but not be limited to, and the Association shall acquire and pay for out of the funds derived from said annual assessments, the following:

- (a) Water, sewer, and electrical systems.
- (b) Maintenance and repair of roads and road drainage.
- (c) Fire insurance if needed for Association property.
- (d) Worker's Compensation Insurance to the extent necessary to comply with any applicable laws, and any other insurance of any kind deemed necessary by the Board of Directors of the Association.
- (e) Standard fidelity bond covering those certain members of the Board of Directors and those certain employees of the Association who are authorized to sign checks on behalf of the Association in the minimum sum of \$5,000 or in such greater amounts as the Board of Directors may determine from time to time.
- (f) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Association is required to secure or pay for pursuant to the terms of these restrictions or by law or which in the opinion of the Association's Board of Directors shall be necessary or proper for the operation of the utility systems of common interest, or for the benefit of the lot owners or for the enforcement of these restrictions.

Section 5.03. Amount of Annual Assessment.

- (a) Until January 1 of the year immediately following the conveyance of the first lot to an owner, the minimum and the maximum regular annual assessment shall be \$200.00 per lot.
- (b) From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the regular annual assessment may not be increased each year by more than twenty (20) per cent above the regular assessment for the immediately previous fiscal year without the favorable vote of a majority of the membership in each class of members.
- (c) Subject to (a) and (b) above, the Board of Directors shall fix the annual assessment at least at an amount necessary for maintenance and repair of roads and utility systems of common interest and an adequate reserve for the replacement of those elements that must be replaced on a periodic basis.

Section 5.04. Special Assessments for Capital Improvements

- (a) In addition to the regular annual assessments authorized above, the Board of Directors of the Association may levy in any fiscal year, a special assess-

ment applicable to that year for the purpose of defraying the costs of any construction, reconstruction, repair or replacement of a capital improvement, PROVIDED that if the aggregate cost of all such improvements exceed 5% of the budgeted gross expenses of the Association for that fiscal year, the special assessment must be approved by a majority of the voting power of each class of member by vote or written assent.

- (b) Except as provided in (c) below, every special assessment shall be levied upon the same basis as that prescribed for the levying of regular assessments.
- (c) This section does not apply to an assessment levied by the Board of Directors against a member to reimburse the Association for costs incurred in bringing the member and his lot(s) into compliance with this declaration or the By-laws of the Association, but any such assessment shall be subject to Section 5.08 hereafter.
- (d) A lien for regular or special assessments against an owner shall be subordinate to the lien of any first deed of trust against the owner's lot. The transfer of a lot as the result of the exercise of a power of sale or a judicial foreclosure involving a default under the first deed of trust shall extinguish the lien of assessments which were due and payable prior to the transfer of the lot. No transfer of the lot shall relieve new owners, whether it be the former beneficiary of the first encumbrance or another person, from liability for any assessments thereafter becoming due or from the liens thereof.

Section 5.05. Notice and Quorum for Action Pursuant to Sections 5.03 and 5.04.

Written notice of any meeting called for the purpose of taking any action authorized under Sections 5.03 or 5.04 of Article 5 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty per cent (60%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. If the vote favoring the increase in the assessment is less than fifty-one per cent (51%) of each class of members, members who were not present in person or by proxy may give their assent in writing, provided the same

is obtained by the appropriate officers of the Association not later than thirty (30) days from the date of such meeting.

Section 5.06. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate on all residential lots of the same type, and may be collected on a monthly basis.

Section 5.07. Date of Commencement of Assessments. The regular assessments provided for herein shall commence as to all residential lots within a phase on the first day of the month following the conveyance of the first residential lot in that phase. The first annual assessment upon residential lots in a phase shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each residential lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be given each owner at least fifteen (15) days in advance of each annual assessment period.

Section 5.08. Disciplining of Members. The Board of Directors is authorized to impose monetary penalties, temporary suspensions of an owner's rights as a member of the Association or other appropriate discipline for failure to comply with provisions of the By-laws of the Association and this declaration and duly-enacted rules of operation PROVIDED that:

- (a) The Association cannot cause a forfeiture or abridgement of an owner's rights to the full use and enjoyment of his individually-owned lot except by judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the owner to pay assessments duly levied by the Association; and
- (b) That before any disciplinary act is taken the procedures for notice and hearing, satisfying the minimum requirements of Corporations Code Section 7341 are followed with respect to the accused member; and that
- (c) A monetary penalty imposed under this section may not be treated as a lien enforceable by a sale of the member's lot under the provisions of Civil Code Sections 2924, 2924 (b) and 2924 (c); and that
- (d) The provisions of subsection (c) above do not apply to charges imposed against an owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent assessments.

ARTICLE 6
MANAGEMENT

Section 6.01. Management Vested in Association. All powers relating to management, operation, and maintenance of the utility systems of common interest, as well as certain rights, duties and power relating to residential lots, as hereinafter set forth, shall be vested in the Association.

Section 6.02. Purposes of Association. The specific and primary purpose of the Association shall be to manage and maintain the facilities of the utility systems of common interest and to perform the functions set forth in the declaration of covenants, conditions and restrictions.

Section 6.03. Association a Non-Profit Corporation. The Association shall be a non-profit corporation and shall not engage in any business whatsoever, and its sole financial support shall be by assessment of the owners of the residential lots as herein provided.

Section 6.04. The Association shall not:

- a. Advocate the election or defeat of any candidate for public office.
- b. Participate or intervene directly or indirectly in any political campaign.
- c. Advocate the adoption or rejection of any legislation, save incidentally, if such may affect its overall purposes.
- d. Discriminate in its activities among individuals, corporation, institutions, firms, associations or corporation on the basis of race, religion, region, or country of national origin.
- e. Encourage, support nor aid in any way individuals, corporations, organizations or institutions that discriminate in their activities on the basis of race, religion, region or country of national origin.

Section 6.05. Powers and Duties of the Board of Directors of the Association.

- a. The powers and duties of the Board of Directors of the Association shall include, but shall not be limited to the following:
 - 1). Enforcement of applicable provisions of the covenants, conditions and restrictions, Articles, By-laws and other instruments for the ownership, management and control of the subdivision.

- 2). Payment of taxes and assessments which are, or could become, a lien on the common area or a portion thereof.
 - 3). Contracting for casualty, liability and other insurance on behalf of the Association.
 - 4). Contracting for goods and/or services for the common areas, facilities, and interests or for the Association subject to the limitations set forth below.
 - 5). Delegation of its powers to committees, officers or employees of the Association.
 - 6). Preparation of budgets and financial statements for the Association.
 - 7). Formulation of rules of operation of the common areas and facilities owned or controlled by the Association.
 - 8). Initiation and execution of disciplinary proceedings against members of the Association for violations of provisions of the governing instruments.
 - 9). Entering upon any privately-owned subdivision interest as necessary in connection with construction, maintenance or emergency repair for the benefit of the common area or the owners in common.
 - 10). Election of officers of the Board of Directors after the first election of officers by the members.
 - 11). Filling of vacancies on the Board of Directors except for a vacancy created by the removal of a Director.
- b. The Board of Directors shall not take any of the following actions without the vote or written assent of a majority of the voting power residing in members other than the subdivider:
- 1). Entering into a contract with a third person wherein the third person will furnish goods or services for the common area or the owners' Association for a term longer than one year with the following exceptions:

- a). A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.
 - b). A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.
 - c). Prepaid casualty and/or liability insurance policies of not to exceed three years' duration provided that the policy permits short rate cancellation by the insured.
 - d). Lease agreements for laundry room fixtures and equipment of not to exceed five years' duration provided that the lessor under the agreement is not an entity in which the subdivider has a direct or indirect ownership interest of 10 per cent or more.
- 2). Incurring aggregate expenditures for capital improvements to common area in any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year.
 - 3). Selling during any fiscal year property of the Association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the Association for that fiscal year.
 - 4). Paying compensation to members of the Board of Directors or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.
 - 5). Filling of a vacancy on the Board of Directors created by the removal of a governing body member.

Section 6.06. Insurance. The Association shall obtain if available, and continue in effect full coverage blanket public liability insurance with limits of not less than one million dollars (\$1,000,000) per occurrence; workmen's compensation insurance covering all persons employed by the Association in performing its responsibilities under this Declaration; fire insurance and casualty insurance with extended coverage endorsement, including malicious mischief and vandalism

coverage, in an amount equal to one hundred per cent (100%) of the full replacement value (replacement cost new including debris removal and demolition of the utility systems of common interest and all improvements on all of the residence lots) and such flood insurance as the Board determines appropriate and reasonable. Such insurance will contain clauses waiving subrogation against the Association, the residence lot owners and each of them and persons upon the properties with the permission of the Association and/or an owner. Any such insurance coverage shall be for the benefit of the Association and resident lot owners and each of them, and any beneficiary of any deed of trust affecting said insured residence lots or the Association as their interests shall appear. As to each of said policies which will not be voided or impaired thereby, the residence lot owners hereby waive and release all claims against the Association, the Board, the Declarant and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage as required hereunder.

Section 6.07. Rules. The Association shall adopt reasonable rules relating to the use of utility systems of common interest. A copy of such rules and of all amendments thereto shall be mailed to each owner of a residential lot.

Section 6.08. Easement for Maintenance. An easement is granted the Association for its representatives to have rights of ingress and egress upon any residential lot to the extent entry is necessary to carry out or to perform any work required in the maintenance and upkeep of the utility systems of common interest area, or for any other purpose reasonably related to the lot not occupied by a dwelling, or for any other purpose reasonably related to the performance by the Association of its responsibilities under the terms of this Declaration. Such right of entry shall be exercised in such manner as to interfere with the possession and enjoyment of the occupants of such residential lot as little as is reasonably possible, and shall be preceded by reasonable notice wherever the circumstances permit. In no event shall entry within a building be made without the consent of the occupant, unless such entry be pursuant to a valid order of court.

Section 6.09. Other. The Association may do any and all other acts and things that a non-profit corporation is empowered to do which may be necessary, convenient, or desirable in the administration of its affairs for the specific and primary purposes and meet its duties as herein set forth. Nothing herein contained shall be construed to give the Association authority to conduct a business for profit on behalf of all of the owners or any of them or at all.

ARTICLE 7
RESPONSIBILITIES OF OWNER

Section 7.01. Maintenance of Residential Lot. Each owner of a residential lot shall be responsible for the maintenance and repair of the dwelling and garage situated thereon, and for the painting, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements.

Section 7.02. Maintenance of On Site Portion of Sewer System. Each owner of a residential lot shall be responsible for furnishing and installing, septic tanks, pumps, controls, piping and appurtenances from the dwelling to the street service connection. The septic tank, sump pump and motor, pump controls and alarm shall be as approved by the Association's engineer and shall meet requirements of the Siskiyou County Health Department and the State Regional Water Quality Control Board.

Each owner of a residential lot shall be responsible for maintaining and repairing the septic tank and piping from the residence to the pump sump.

The Montair Homeowners' Association is solely responsible for yearly inspection of individual septic tanks, pump and control systems. The cost of maintenance and repair of the pumps and control system is also the responsibility of the Association and it will stock spare parts for the systems.

The Homeowners' Association shall operate and maintain the collection and treatment system including monitoring and reporting to the point of discharge to the storage reservoir. They also have the right to maintain the reservoir levels and land disposal site.

ARTICLE 8
ARCHITECTURAL CONTROL

Section 8.01. Architectural Control Committee. The Architectural Control Committee shall be a standing committee of the Association and shall be composed of not less than three (3) nor more than five (5) persons, who shall be members of the Association, except for the members appointed by Declarant as hereinafter provided. Declarant shall appoint the first members of the Architectural Control Committee who shall serve until the first anniversary of the issuance of a public report for the development. Thereafter one member of the committee shall be appointed by the Board of Directors of the Association and Declarant shall appoint the remaining members of the committee until ninety (90) per cent of all residential lots in all phases of the development have been sold or until the fifth anniversary of the issuance of the final public report for the first phase of the development whichever occurs first and thereafter the

Board of Directors shall appoint all members of the Architectural Control Committee. Members appointed by the Board must be Association members.

Section 8.02. Approval by Committee. No building, or other structure, or landscaping (except landscaping within private patios) in addition to landscaping installed by Declarant, and no fences and walls, located on a residential lot, shall be erected, altered, or repaired until the building plans, specifications and plot plans showing the location, elevation and grade line of such building or other structure, or such other description of the proposed work, are furnished to and approved in writing by the Architectural Control Committee. A set of such plans, specifications and plot plans or other description shall be submitted to the Architectural Control Committee. The Architectural Control Committee, before giving its approval, may require that changes be made to comply with such requirements as the Architectural Control Committee, in its absolute discretion, imposes as to the structural features of said building or other structure, the type of building material used, or other features or characteristics thereof not expressly covered by any of the provisions of this instrument, including the location of the building or other structure with respect to topography and finished ground elevation. The Architectural Control Committee, may also require that the exterior finish and color, and the architectural style or character of such building or other structure shall, in the discretion of the Architectural Control Committee be deemed suitable in view of the general architectural style and character of structures erected or to be erected in the community. The repainting of the exterior surface of any building or other structure in the community shall not be repainted or refinished by the owner in a color or manner differing from the previous painting or finishing of such building or other structure until the Architectural Control Committee shall have given its written approval of such repainting or refinning following the submission of an acceptable description of work to be done. In the event that the Architectural Control Committee shall fail to approve or disapprove any plans, specifications, plot plans or work description submitted to it within thirty (30) days after such submission, then such approval shall be deemed to have been given.

Without limiting the generality of the foregoing and because a view of Mt. Shasta and other scenic views are available from most lots, the Architectural Control Committee shall have authority to limit the height of all structures and trees and their placement on each lot.

No resident may build any fence, wall, or other barrier or plant any hedge, tree, or shrub within fifty (50) feet of the Shasta Valley Golf and Country Club golf course property line.

Section 8.03. No Responsibility of Board. Neither the Association, the Board of Directors, the Architectural Control Committee, nor any member thereof shall be responsible for

structural or other defects of any kind or nature in said plans or specifications, or in the structures and improvements erected in accordance therewith.

ARTICLE 9
GENERAL PROVISIONS

Section 9.01. Enforcement. Breach of any of the covenants contained in this Declaration may be enjoined, abated, or remedied, and damages for any violation thereof, including reasonable attorney's fees, may be obtained in appropriate proceedings, and the provisions hereof shall be specifically enforceable, by any owner, by the Association or the successors in interest of the Association, or by the Declarant or the successors in interest of the Declarant.

- A. The result of every act or omission whereby any of the covenants contained in this Declaration are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner, by the Association or its successors in interest, or by the Declarant or the successors in interest of Declarant.
- B. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.
- C. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 9.02. Notices. In each instance in which notice is to be given to the owner of a residential lot, the same shall be in writing and may be delivered personally, in which case personal delivery of such notice to one or two or more co-owners of the residential lot, or to any general partner of a partnership owning such residential lot, shall be deemed delivery to all of the co-owners or to the partnership, as the case may be, and personal delivery of the notice to any officer or agent for the service of process of a corporation owning such residential lot shall be deemed delivery to the corporation, or such notice may be delivered by United States mail certified, or registered, postage prepaid, return receipt requested, addressed to the owner of such residential lot at the most recent address furnished by such owner in writing for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such residential lot, and any notice so

deposited in the mail within Siskiyou County, California, shall be deemed delivered forty-eight (48) hours after such deposit. Any notice to be given to the Association may be delivered in person to an officer of the Association or by mail as provided above to the Association's last known address

Section 9.03. Severability. Should any of the covenants contained in this Declaration be void or be or become unenforceable in law or in equity, the remaining portions of this Declaration shall, nevertheless, be and remain in full force and effect.

Section 9.04. Conflicts. In the case of any conflict between this Declaration and the By-Laws of the Association, this Declaration shall control.

Section 9.05. Captions. The titles or headings of the articles or sections of this Declaration are not a part hereof and shall have no effect upon the construction or interpretation of any part hereof.

Section 9.06. Amendment.

- a) These conditions, covenants, and restrictions, may be amended by a vote at a duly called meeting of the Association, or by the written assent of (1) 75% of the total voting power of the Association and (2) 51% of the voting power of each class of members.
- b) The Articles of Incorporation may be amended by:
 - 1) A majority of the Board of Directors of the Association; and
 - 2) A majority of the voting power of each class of members of the Association; and
 - 3) A majority of the votes of members other than the subdivider.
- c) The By-laws of the Association may be amended by vote or written assent of:
 - 1) A majority of a quorum of the Board of Directors; and
 - 2) A majority of the members other than the subdivider.
- d) Notwithstanding (a), (b), and (c) above, if any provision in the document, the Articles, or By-laws requires a higher affirmative vote for action to be taken thereunder than set forth in this subsection, then the same higher vote shall be required to amend the said provision.

ARTICLE 10
ANNEXATION

Section 10.01. Additional residential property may be annexed to the properties with the consent of two-thirds (2/3) of each class of members. Additional land within the area described in Exhibit "A" may be annexed by the Declarant without the consent of members prior to the third anniversary of the most recently issued public report for a phase of the development.

A. **Property Which May Be Annexed.** Declarant owns all of that real property located in the County of Siskiyou, State of California, more particularly described in Exhibit "A" and additional contiguous parcels of real property which may be subdivided and annexed, more particularly described in Exhibit "C" attached hereto and by reference incorporated herein.

B. **Development Plan.** Declarant intends to develop the real property hereinbefore described in several stages. The initial development will consist of the residence lots shown on the map described in Exhibit "A". These restrictions shall apply only to the initial residence lots shown on the map described above, which shall constitute the entire project subject to the conditions hereinafter set forth unless and until the other residence lots are annexed as hereinafter set forth.

C. **Effectuation of Annexation.** Annexation shall take effect with respect to the various residence lots to be annexed,

(1) When Declarant shall have recorded a Declaration of Annexation, in the form attached hereto as Exhibit "D" particularly describing the residence lots to be annexed, the date of recordation of the Declaration of Annexation shall be the effective date of the annexation.

(2) If the proposed annexation is not in substantial conformance with a detailed plan of phased development submitted to the Real Estate Commissioner with the application for a public report for the first phase of the subdivision, the annexation of additional contiguous parcels of real property shall require the vote or written assent of not less than two-thirds (2/3) of the total votes of Association members other than the subdivider.

D. **Effect of Annexation.** From and after an effective date of annexation in accordance with the pro-

visions hereof, the following consequences shall ensue:

- (1) The management and control of the completed portions of any additional utility systems of common interest shall become the responsibility of the Association. All owners of residence lots shall have equal rights to use of all completed utility systems of common interest facilities included within the initial areas and any annexed area and shall be treated the same as if all had been developed at the same time, as one project. Declarant shall not be required to develop additional utility systems of common interest facilities within annexed properties, since it is planned that the facilities constructed in the initial area will be adequate to provide the needs of the entire properties when completed; nonetheless, Declarant may, in Declarant's sole discretion, construct additional facilities within annexed area. Declarant may also restrict access to portions of the utility systems of common interest area until all construction is completed, for safety and security purposes.
- (2) All residence lot owners (for annexed residence lots and all initial residence lots) shall be assessed as set forth in the restrictions after annexation. The owners of annexed residence lots shall not be assessed nor shall they have any obligation with respect to the debts, deficits or obligations of the initial and/or previously annexed residence lots existing at the effective date of annexation. Assessments shall be reassessed after each annexation, to provide for a uniform rate of assessment for each residence lot, subject to the terms of the restrictions; the annexed properties shall be assessed for a proportionate amount of the yearly assessment, based on the amount of time remaining in the year of annexation.
- (3) The Class A Members in all annexed residence lots shall have an equal vote, one (1) vote for each residence lot owned. The Class B Members shall have three (3) votes for each residence lot owned unless Class B has ended forever.
- (4) At the annual annual meeting of the owners next following an annexation and at all subsequent meetings, the Board to be elected shall govern all of the then annexed residence lots. At a

special meeting called for that purpose after any annexation, the owners may remove the existing Board and elect a Board to govern all of the properties, including the then annexed residence lots, until the next annual meeting. Procedures for calling and holding such meetings shall be those set forth in By-Laws of the Association.

- (5) For the purposes hereof, each residence lot, after annexation, shall be treated as a part of the properties, developed as a whole from the beginning, except to the extent expressly otherwise provided herein. It is the purpose hereof to provide that from and after date of annexation, all of the residence lots annexed shall be treated as though they had been developed, held, occupied, and used by the owners thereof and of the initial residence lots as a single, undivided property.

- E. Assignability. Declarant expressly reserves the right to assign its right to annex residence lots as herein provided until December 31, 1985. If on that date neither Declarant nor Declarant's assignee has annexed all of the residence lots as herein provided within said period, the right to annex the unannexed residence lots shall terminate, and further annexation shall be accomplished only with the consent of the owners, as set forth in the restrictions.

ARTICLE 11
BUDGETS AND FINANCIAL STATEMENTS

Section 11.01. Budgets and Financial Statements.

- (a) The membership register, books of account and minutes of meetings of the members, of the governing body and of committees of the governing body of the Association shall be made available for inspection and copying by any member of the Association or by his duly-appointed representative at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the subdivision as the Board of Directors shall prescribe.
- (b) Financial statements for the Association shall be regularly prepared and distributed to all members regardless of the number of members or the amount of assets of the Association as follows:

- (1) A budget for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year.
- (2) A balance sheet as of an accounting date which is the last day of the month closest in time to six months from the date of closing of the first sale of an interest in the subdivision and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the subdivision interest and the name of the entity assessed.
- (3) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the accounting date.
 - (A) A balance sheet as of the end of the fiscal year.
 - (B) An income statement for the fiscal year.
 - (C) A statement of changes in financial position for the fiscal year.
 - (D) Any information required to be reported under Section 8322 of the Corporations Code.
- (c) The annual report referred to in (b) (3) above shall be prepared by an independent accountant for any fiscal year in which the gross income to the Association exceeds \$75,000.
- (d) If the report referred to in (b) (3) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

ARTICLE 12
INSPECTION OF ASSOCIATION'S BOOKS AND RECORDS

Section 12.01.

Reasonable Arrangements-Inspection of
Association's Books and Records.

- (a) The membership register, books of account and minutes of meetings of the members, of the Board of Directors and of committees of the Board of Directors of the

Association shall be made available for inspection and copying by any member of the Association, or by his duly-appointed representative during normal business hours and for a purpose reasonably related to his interest as a member, at the office of the Association or at such other place within the subdivision as the Board of Directors shall prescribe.

- (b) Ten days' written notice shall be given to the Chief Financial Officer of the Association by any member desiring to make the inspection.
- (c) The cost of reproducing documents requested by a member shall be paid by the member. The cost shall be the actual cost of reproduction, including the compensation, if any, paid to the person making the copies.
- (d) Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

ARTICLE 13 CONDEMNATION AFFECTING COMMON AREA

Section 13.01. Sale in Lieu. If an action for for condemnation of all or a portion of the Common Area is proposed or threatened by any entity having the right of eminent domain, then on the unanimous written consent of all of the Owners and subject to the rights of all Mortgagees, the rights of the Association and Owners in the Common Area, or a portion of it may be sold by the Board. Subject to Corporations Code 8724 the proceeds of the sale shall be distributed among the Lots on the same basis as the Regular Assessment obligations and between the Lot Owners and their Mortgagees as their respective interest shall appear.

Section 13.02. Award. If the Common Area, or a portion of it, is not sold but is instead taken, the judgment of condemnation shall by its terms apportion the award among the Owners and their respective Mortgagees. If the judgment of condemnation does not apportion the award then the award shall be distributed as provided in Section 13.01.

Section 13.03. Condemnation Affecting Lots. If an action for condemnation of all or a portion of, or otherwise affecting a Lot is proposed or threatened, the Owner and the Mortgagees of the affected Lot, as their respective interests shall appear, shall be entitled to the proceeds of any sale or award relating to the affected Lot.

If any Lot is rendered irreparably uninhabitable as a result of such a taking, the Lot shall, the Lot shall be deemed deleted from the Project and the Owners and Mortgagees of the affected Lot, upon receiving the award and any portion of the reserve funds of the Association reserved for the Lot, shall be released from the applicability of the Project Documents and deemed divested of any interest in the Common Area.

ARTICLE 14
MORTGAGEE PROTECTIONS

Section 14.01. Mortgages Permitted. Any owner may encumber his Lot with Mortgages.

Section 14.02. Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any First Mortgage that encumbers any Lot or other portion of the Project, made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such First Mortgage unless the First Mortgagee expressly subordinates his interest, in writing, to such lien.

Section 14.03. 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 and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

Section 14.04. Non-Curable Breach. No Mortgagee who acquires title to a Lot by foreclosure or by deed in lieu of foreclosure or assignment-in-lieu of foreclosure shall be obligated to cure any breach of this Declaration that is non-curable or of a type that is not practical or feasible to cure.

Section 14.05. Right to Appear at Meetings. Any Mortgagee may appear at meetings of the Members and the Board.

Section 14.06. Right to Furnish Information. Any Mortgagee may furnish information to the Board concerning the status of any Mortgage.

Section 14.07. Right to Examine Books and Records, Etc. The Association shall make available to Owners, prospective purchasers and First Mortgagees, current copies of the Project Documents and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Any First Mortgagee shall be entitled, upon written request and at his expense, to an audited financial statement for the immediately preceding fiscal year. Such financial statement shall be furnished by the Association within a reasonable time following such request.

Section 14.08 Owners Right to Ingress and Egress. There shall be no restriction upon any Owners' right of ingress and egress to his Lot, which right shall be perpetual and appurtenant to his Lot ownership.

Section 14.09 Notice of Intended Action. Upon written request to the Association, any First Mortgagee shall be entitled to timely written notice of:

- a. Any proposed amendment to the Documents effecting a change in (i) the boundaries of any Lot or the exclusive easement rights appertaining thereto, if any, (ii) the interests in the general or limited common elements appertaining to any lot or the liability for common expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any Lot or (iv) the purposes to which any any Lot or the common elements are restricted.
- b. Any proposed termination of the legal status of the Project as a Planned Unit Development.
- c. Any condemnation loss or casualty loss which affects a material portion of the Project or any Lot on which there is a First Mortgage held, insured, or guaranteed by such requesting party.
- d. Any delinquency in the payment of Assessments or Individual Charges owed by the Owner of a Lot subject to a First Mortgage held, insured, or guaranteed by such requesting party which remains uncured for a period of sixty (60) days.

- e. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.
- f. Any proposed action which would require the consent of a specified percentage of First Mortgagees as specified in Sections 14.10, 14.11, 14.12, 14.13, 14.14 and 14.15.

Section 14.10. "Eligible First Mortgagee" The term "Eligible First Mortgagee" shall mean a First Mortgagee or beneficiary of a first deed of trust who has requested notice in accordance with the provisions of subarticle 14.9 above.

Section 14.11 Approval by First Mortgagees. Any provision in this Article 14 or elsewhere in the Project Documents which requires approval by Eligible First Mortgagees shall be read to require the approval of the specified percentage (or if not specified a majority) of the votes cast by Eligible First Mortgagees, based on one (1) vote for each First Mortgage held, insured or guaranteed.

Section 14.12 Restoration Conformity. Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications for the Project, unless other action is approved by fifty-one percent (51%) of the Eligible First Mortgagees.

Section 14.13 Termination Generally. Except as provided in subarticle 14.12, any election to terminate the legal status of the Project as a planned unit of development must be approved by sixty-seven (67%) of each class of the voting power of the Association and sixty-seven (67%) of the Eligible First Mortgagees.

Section 14.14 Termination after Destruction or Taking. Any election to terminate the legal status of the Project after substantial destruction or a substantial taking in condemnation of the Project must be approved by fifty-one (51%) of the Eligible First Mortgagees.

Section 14.15 Reallocation of Interest in the Common Area. No reallocation of interests in the Common Area resulting from a partial condemnation or partial destruction of the Project shall be effected without the approval of fifty-one percent (51%) of the Eligible First Mortgagees.

Section 14.16 Termination of Professional Management. When professional management has been previously required by any First Mortgagees, any decision to establish self-management by the Association shall require the approval of sixty-seven (67%) of each class of the voting power of the Association and fifty-one percent (51%) of the Eligible First Mortgagees.

Section 14.17 Approval of Material Changes. The approval of sixty-seven percent (67%) of each class of the voting power of the Association and fifty-one percent (51%) of the Eligible First Mortgagees shall be required to materially amend any provisions of the Project Documents or to add any material provisions thereto which establish, provide for, govern or regulate any of the following:

- a. Voting;
- b. Assessments, Assessment liens or subordination of such liens;
- c. Reserves for maintenance, repair and replacement of the Common Areas, or any other portions of the Project which the Association has a duty to maintain, repair and replace;
- d. Insurance or Fidelity Bonds;
- e. Rights to use the Common Areas;
- f. Responsibility for maintenance and repair of the several portions of the Project;
- g. Expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project. Notwithstanding the foregoing, this provision shall not read to require Member or Mortgagee approval of annexation pursuant to plan as provided in subarticle 11.1.1.
- h. Boundaries of any Lot;
- i. The interest in the general or limited Common Areas, if any;
- j. Convertibility of Lots into Common Areas or Common Areas into Lots;
- k. Leasing of Lots;
- l. Imposition of any right of first refusal or similar restriction on the right of a Lot Owner to sell, transfer, or otherwise convey his Lot;
- m. Any provisions which are for the express benefit of First Mortgagees.

An addition or amendment to the Project Documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. A First Mortgagee who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Section 14.18 Inapplicability of Right of First Refusal. The right of an Owner to sell, transfer, or otherwise convey his Lot shall not be subject to any right of first refusal or similar restriction.

No "right of first refusal" contained in the Project Documents shall impair the rights of a First Mortgagee to:

- a. Foreclose or take title to a Lot pursuant to the remedies provided in the Mortgage, or
- b. Accept a deed (or assignment) in lieu of foreclosure in the event of default by a Mortgagor, or
- c. Sell or lease a Lot acquired by the Mortgagee.

Section 14.19 First Mortgagee Assessment Liability. Any First Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage shall not be liable for such Lot's unpaid Assessments of Individual Charges which accrue prior to the acquisition of title to such Lot by the Mortgagee.

Section 14.20 Restriction on Certain Changes. Unless at least sixty-six and two-thirds (66 2/3%) of the First Mortgagees (based on one vote for each First Mortgage owned) or sixty-six and two-thirds percent (66 2/3%) of the Owners, other than Declarant, have given their prior written approval, the Association shall not:

- a. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Area by the Association shall not be deemed a transfer within the meaning of this clause); or
- b. Change the method of determining the Assessments, or other charges which may be levied against a Lot Owner; or

- c. By act or omission change, waiver or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Lots, the exterior maintenance of Lots, the maintenance of the Common Area party walks or common fences and driveways, or the upkeep of lawns and plantings in the Project; or
- d. Fail to maintain fire and extended coverage on insurable Common Area and other portions of the Project which the Association has a duty to insure on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or
- e. Use hazard insurance proceeds for losses to any Common Area or other Project improvements for other than the repair, replacement or reconstruction of such Common Area or improvements.

Section 14.21 Distribution: Insurance and Condemnation Proceeds. No provision of the Project Documents shall give a Lot Owner, or any other party, priority over any rights of the First Mortgagee of the Lot pursuant to its Mortgage in the case of distribution to such Lot Owner of insurance proceeds or condemnation awards for losses to or a taking of the Lot and/or Common Area.

Section 14.22 Taxes. First Mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Area and First Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of all First Mortgagees of Lots duly executed by the Association, and an original or certified copy of such agreement shall be possessed by Declarant.

Section 14.23 Notice of Default. A First Mortgagee, upon request, shall be entitled to written notification from the Association of any default in the performance by the affected Lot Owner of any obligation under the Project Documents which is not

cured within sixty (60) days.

Section 14.24. Contracts. Any agreement for professional management of the Project or any other contract providing for services of the Declarant shall not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

Section 14.25. Subsequent Phases. Improvements to the Project in subsequent Phases shall be consistent with first Phase improvements in terms of quality of construction. All Common Area improvements in subsequent Phases shall be substantially completed or otherwise satisfactorily provided for prior to annexation.

All taxes and other assessments relating to subsequent Phases, covering any period prior to the annexation, shall be paid or otherwise satisfactorily provided for prior to annexation.

No subsequent Phase shall be annexed to the Project without the prior written consent of each FHA, VA, and FNMA that holds, insures or guarantees any Mortgage on a Lot in the Project at the time of such annexation. Notwithstanding the foregoing, this provision shall not be read to require FHA, VA, or FNMA approval of annexation pursuant to plan as provided in subarticle 11.1.1. Any of FHA, VA and FNMA who receives a written request to approve annexation of a subsequent Phase who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such Phasing.

Section 14.26. Working Capital Fund. If required by FHA, VA, FNMA, or FHLMC as a condition of qualifying the Project for any Mortgage purchase, guarantee, insurance, or other related program, a working capital fund shall be established for the Project by the contribution to such fund, by each of the Owners, of such sums as are required by FHA, VA, FNMA or FHLMC.

Section 14.27 Compliance with FHA/VA, FHLMC and FNMA Requirements. Declarant intends that the Project shall comply with all of the requirements of the Federal Housing Administration ("FHA"), the Veterans Administration ("VA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), and the Federal National Mortgage Association ("FNMA"). All casualty and liability insurance covering any portion of the Project encumbered by a Mortgage held by the FHLMC or FNMA or insured or guaranteed by FHA/VA shall therefore conform to the FHA/VA, FHLMC and FNMA

requirements. Declarant and all Lot Owners also agree that in the event the Project or the Project Documents do not comply with the FHA/VA, FHLMC, or FNMA requirements, the Board and each Owner shall take any action or adopt any resolutions required by Declarant or any First Mortgagee to conform such Project Documents, or the Project, to the FHA/VA, FHLMC, or FNMA requirements.

Section 14.28 Conflicts. In the event of a conflict between any of the provisions of this Article 14 and any other provisions of this Declaration, the provisions of the Article 14 shall control.

ARTICLE 15
ENFORCEMENT OF DECLARANT'S DUTY TO
COMPLETE THE PROJECT

Where any Common Area improvements in the Project have not been completed prior to the issuance of the public report, and where the Association is obligee under a bond or other arrangement ("Bond") to secure performance of the commitment of Declarant to complete such improvements, the Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension. A special meeting of Members of the Association for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question, shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing five percent (5%) or more of the total voting power of the Association. At such special meeting a vote of a majority of the voting power of the Association residing in Members present other than Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall

thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

HOLIDAY-MONTAIR, INC.

BY John H. Howe
President

Jack Robertson
Secretary



STATE OF CALIFORNIA

COUNTY OF Siskiyou

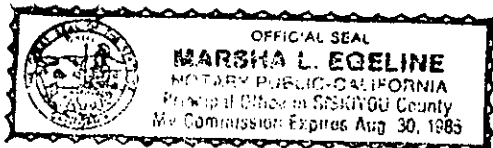
On this date October 5,, 1983, before me Marsha L. Egeline
a Notary Public in and for the
County of Siskiyou, State of California, residing
therein, duly commissioned and sworn, personally appeared
John M. Howe and Jack Robertson, personally

known to me to be the President and Secretary
of the corporation described in and that executed the within
instrument, and also known to me to be the person(s) who executed
the within instrument on behalf of the corporation therein named,
and acknowledged to me that such corporation executed the within
instrument pursuant to its by-laws or a resolution of its board
of directors.

IN WITNESS WHEREOF I have hereunto set my hand and affixed
my official seal in the _____ County of Siskiyou
the day and year in this certificate first above written.

Notary Public in and for the County of Siskiyou,
State of California.

My Commission expires August 30, 1985.



Marsha L. Egeline
Marsha L. Egeline
Notary Public

EXHIBIT "A"

All that portion of Section 20 and 29, Township 45 North, Range 6 West, Mount Diablo Meridian located within the boundaries of Tract 1095, Montair Subdivision as said Tract 1095 is shown on that certain map recorded in Town Map Book No. 7 at Page 21 et. seq. in the office of the Siskiyou County Recorder.

Also described as follows: Beginning at the corner common to Section 19, 20, 29 and 30, Township 45 North, Range 6 West, Mount Diablo Meridian; thence N 0°07'41" W, 708.72 feet along the west line of Section 20 to the Northerly line of Lot 15 1/2 of the Dwinnell Tract as per Map Book 2, Page 145; thence S 69°15'44" E, 509.08 feet along the Northerly line of Lot 15 1/2 and 19 of said tract; thence S 79°03'44" E, 499.32 feet along the Northerly line of Lot 19 and Lot 15 of said tract; thence S 9°50' W, 19.29 feet to a point on a curve concave to the North having a radius of 1039.90 feet from which point the radius point of said curve bears N 9°50' E; thence Easterly, 181.55 feet along said curve and the Southerly line of State Route 3 through an angle of 10°00'11" to the Northerly line of Lot 15 of the Dwinnell Tract as per Map Book No. 2, Page 145; thence S 79°03'44" E, 121.15 feet along said Northerly line; thence N 72°41'16" E, 394.58 feet along the Northerly line of Lot 15 to a point on the Southerly line of State Route 3 at which point said line forms a curve concave to the South having a radius of 959.89 feet and the radius point of said curve bears S 11°33'04" E; thence Easterly, 277.42 feet along the Southerly line of State Route 3 through an angle of 16°33'34"; thence N 5°00'30" E, 8.41 feet radial to said curve to a point on the Northerly line of said Lot 15; thence S 84°56'44" E, 147.83 feet along said line; thence S 4°41'16" W, 583.12 feet; thence N 85°18'44" W, 473.80 feet; thence S 41°07'07" W, 1027.00 feet; thence S 69°01'20" W, 206.70 feet; thence S 44°51'15" W, 555.79 feet; thence S 64°15' W, 137.00 feet; thence N 63°30' W, 198.70 feet to the West line of Section 29; thence N 0°54'04" E, 1250.16 feet to the point of beginning. Containing 52.75 acres, more or less.

Bearings and distances used in the above description are grid based on the California State Coordinate System, Zone 1. Multiply grid distances by 1.00011 to obtain ground level distances.

Exhibit "B"

Utility Systems of Common Interest

Wastewater Collection & Disposal System, consisting of the following components and rights.

1. All of the septic tank effluent collection system located within the private street right of ways or utility easements as shown on the recorded map for Tract 1095, Montair Subdivision including pipe, valves, fittings and appurtenances.
2. The effluent pressure main from the boundary of Tract 1095 to the facultative lagoon site together with a 20 foot wide non-exclusive right of way for ingress and egress and operation and maintenance of said pressure main. The centerline of said right of way being described as follows:

Beginning at a point on the Easterly boundary of Tract 1095, from which point the Northeast corner of said Tract bears N 4°41'16" E, 351.02 feet and the North one-quarter corner of Section 29, Township 45 North, Range 6 West, Mount Diablo Meridian bears S 72°58'22" E, 602.24 feet; thence S 85°18'44" E, 10.00 feet; thence S 4°41'16" W, 145.00 feet; thence S 54°44'00" E, 571.32 feet to a point on a curve concave to the East having a radius of 485.00 feet, from which point the radius point of said curve bears S 71°10'00" E; thence Southerly, 94.39 feet along said curve through an angle of 11°09'04"; thence S 7°40'56" E, 246.03 feet to the beginning of a curve concave to the West having a radius of 765.00 feet; thence Southwesterly, 297.84 feet along said curve through an angle of 22°18'25"; thence S 29°59'21" W, 1132.55 feet; thence S 19°23'37" W, 1379.68 feet to the Northerly boundary of the sewage treatment site described in the following Item 3.

Bearings and distances used in the above description are grid based on the California State Coordinate System, Zone 1. Multiply grid distances by 1.00011 to obtain ground level distances.

3. The facultative sewage treatment lagoon, chlorination facilities, piping and appurtenant structures, together with a right of way for operation and maintenance of said sewage treatment facilities over the following described site:

A fractional portion of the Southwest one-quarter of Section 29, Township 45 North, Range 6 West, Mount Diablo Meridian, described as follows:

Beginning at a point which bears S 67°45'54" E, 1442.84 feet from the West one-quarter corner of said Section 29; thence S 84°28'00" E, 264.00 feet; thence S 5°32'00" W, 616.00 feet; thence N 84°28'00" W, 264.00 feet; thence N 5°32'00" E, 616.00 feet to the point of beginning. Containing 3.73 acres, more or less.

Bearings and distances used in the above description are grid, based on the California State Coordinate System, Zone 1. Multiply grid distances by 1.00011 to obtain ground level distances.

4. A right to adequate storage space in the Storage Reservoir shown on Sheet No. 1 of the Improvement Plans for Montair Subdivision, prepared by Piemme & Bryan, Inc., Yreka, California, Job No. 7611-13, dated,

Adequate storage space being that volume necessary to hold overflows from the facultative lagoon until such time as the overflows may be disposed of by evapo-transpiration on lands of the Declarant tributary to the Storage Reservoir.

This right shall include the right to regulate the reservoir level so that there will be no overflow from the reservoir that may reach the Shasta River or its tributaries.

5. The right to operate and maintain the Pump Sprinkler System and Diversion Ditches shown on said Sheet No. 1 in such a manner as to prevent overflow from the Reservoir.
6. The Declarant reserves the right to perform the functions described in Items 4 and 5, provided his operation and maintenance of the Land Disposal Site conforms to requirements of the North Coast Regional Water Quality Control Board and the Siskiyou County Health Department.

In the event any or a portion of the Wastewater Collection and Disposal System is no longer necessary to meet discharge requirements set by the North Coast Regional Water Quality Control Board the above described components and rights shall revert to the Declarant, his heirs or assigns.

EXHIBIT "C"

All that portion of Section 20 and 29, Township 45 North, Range 6 West, Mount Diablo Meridian described as follows:

Beginning at the one-quarter corner common to said Section 20 and 29 as shown on that certain map entitled "Record of Survey for Holiday Development Co.", recorded in Record Survey Book No. 10 at Pages 19 and 20 in the office of the Siskiyou County Recorder; thence S 0°40'54" W, 2677.62 feet along the North-South centerline of Section 29 to the center of said section; thence N 89°21'19" W, 30.36 feet along the East-West centerline of Section 29; thence S 1°14'54" W, 2684.75 feet to the South line of the Southwest one-quarter of Section 29; thence N 88°57'58" W, 2586.98 feet to the Southwest corner of Section 29; thence N 1°12'36" E, 2667.16 feet to the West one-quarter corner of Section 29; thence N 0°54'04" E, 1419.33 feet along the West line of the Northwest one-quarter of Section 29; thence S 63°30' E, 198.70 feet; thence N 64°15' E, 137.00 feet; thence N 44°51'15" E, 555.79; thence N 69°01'20" E, 206.70 feet; thence N 41°07'07" E, 1027.00 feet; thence S 85°18'44" E, 473.80 feet; thence N 4°41'16" E, 583.12 feet to the Northerly line of Lot 15 of the Dwinnell Tract as per Map Book No. 2, Page 145; thence S 84°56'44" E, 554.81 feet along said line to the East line of the Southwest one-quarter of Section 20; thence S 0°39'36" W, 477.35 feet to the point of beginning. Containing 291.96 acres, more or less.

Bearings and distances used in the above description are grid based on the California State Coordinate System, Zone 1. Multiply grid distances by 1.00011 to obtain ground level distances.

OCT 14 3 42 PM '83

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RECORDER FEE \$ 39.00 Paid

EXHIBIT "D"

DECLARATION OF ANNEXATION

HOLIDAY - MONTAIR, INC.,

hereinafter called "Declarant," hereby declares:

1. This Declaration is issued in compliance with that document entitled, "Declaration of Covenants, Conditions and Restrictions for the MONTAIR SUBDIVISION, executed by Declarant on _____, 1983 and recorded in the Office of the Recorder of the County of Siskiyou, State of California, as Instrument _____, Book _____, Page _____, et seq.

2. The development and annexation are in accordance with all applicable laws, administrative orders, regulations, rulings and ordinances of any State or municipal authority applicable to the development and sale of the real property.

3. From and after the date of recordation of this Declaration in the Office of the Recorder of the County of Siskiyou, annexation shall be accomplished with respect to the residence lots (and common area, if any), described in Exhibit "A" and all of the incidents of the plan of annexation referred to in the restrictions shall be in full force and effect as if the entire properties had been developed as a single project. Additional annexations may be accomplished pursuant to the restrictions.

This declaration, made under penalty of perjury is true and correct in all respects.

Executed on Oct 5th, 1983 at Yreka, Ca.

HOLIDAY - MONTAIR, INC.

By John H. Horne
President