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RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

G. M. WINCHELL AND SONS
c/o Jack S. Johal, Esquire
Trainer, Robertson,
Smits & Wade
Post Office Box 255824
Sacramento, California 95865

33032

WALLACE LAKE ESTATES

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS for WALLACE LAKE ESTATES ("Declaration") is made on the date hereinafter set forth by G. M. WINCHELL AND SONS, a California corporation ("Declarant").

RECITALS

A. Declarant is the owner of that certain real property ("Property") located in the County of Calaveras, State of California, and more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.

B. Declarant has established a general plan and certain protective covenants, conditions, restrictions and reservations, as set forth in this Declaration, for the subdivision, improvement and development of the Property and each and every Lot (as hereinafter defined) and parcel on the Property and any additional real property annexed to the Project (as hereinafter defined) and desires to secure the harmonious and uniform development of the Property in accordance with the plan.

DECLARATION

Declarant declares that the Property and each and every Lot and parcel on the Property is held and shall be held, sold, leased, mortgaged, encumbered, rented, used, occupied, improved and conveyed subject to the following declarations, limitations, easements, restrictions, covenants and conditions, which are imposed as equitable servitudes pursuant to a general plan for the subdivision, improvement, development and sale of the Property for the purpose of enhancing, maintaining and protecting the value, desirability and attractiveness of the Property and every part of the Property. All of the limitations,

declarations, easements, restrictions, covenants and conditions in this Declaration shall run with the land and be binding on Declarant, its successors and assigns, and all parties having or acquiring any right, title or interest in or to the Property or any part of the Property, their heirs, successors and assigns, and shall inure to the benefit of each Owner of the Property. Phase 1 (as hereinafter defined) of this Project will be subject to this Declaration upon recordation of this Declaration. Phases 2 and 3 (as hereinafter defined) may each subsequently be annexed to this Declaration upon recording of a Declaration of Annexation applicable to each phase in the event of Annexation by Declarant as provided in Section 2.3.

ARTICLE I

DEFINITIONS

The following words and phrases having their first letter capitalized in this Declaration shall, unless otherwise expressly provided in this Declaration or unless the context otherwise specifies or requires, have the following respective meanings:

1.01. Architectural Committee. "Architectural Committee" means the committee created pursuant to Article III of this Declaration, and the terms "Architectural Committee," "Architectural Control Committee" and "Committee" may be used interchangeably herein.

1.02. Annexation. "Annexation" means annexation to the Project pursuant to a Declaration of Annexation which describes the real property or a portion thereof described more fully in Exhibit "C" attached hereto and incorporated herein by this reference.

1.03. Declarant. "Declarant" means G. M. WINCHELL AND SONS, a California corporation, and its successors and assigns if such successor or assign is a mortgagee acquiring Declarant's interest in the Project by foreclosure or by deed in lieu of foreclosure or is a person(s) or entity to whom G. M. Winchell and Sons has assigned its rights and delegated its duties under this Declaration pursuant to a Declaration of Assignment recorded in the Office of the County Recorder of Calaveras County, California.

1.04. Declaration. "Declaration" means this Declaration of Covenants, Conditions and Restrictions for Wallace Lake Estates, as amended or supplemented from time to time.

1.05. Lot. "Lot" means Lot 1-22, 26 through 97, and 99 through 105, inclusive, and Future Sub'd-Parcel A and Future Sub'd-Parcel B, together with any improvements thereon, designated on the Subdivision Map of the Property.

1.06. Member(s). "Member" or "Members" means those persons who are appointed or elected to the Architectural Committee pursuant to Section 3.01.

1.07. Mortgage. "Mortgage" means any mortgage or deed of trust encumbering a Lot, or any interest therein, including, but not limited to, the improvements constructed upon a Lot.

1.08. Mortgagee. "Mortgagee" means a person to whom a mortgage is made and shall include the beneficiary of a deed of trust and the holders of any indebtedness secured by a mortgage. The term "Beneficiary" shall be synonymous with the term "Mortgagee."

1.09. Mortgagor. "Mortgagor" means a person who mortgages his or its property to another (i.e., the maker of a Mortgage), and shall include the Trustor of a deed of trust. The term "Trustor" shall be synonymous with the term "Mortgagor."

1.10. Open Space Area. "Open Space Area" means, collectively, Open Space Parcels "A" through "F," inclusive, Lots 25 and 98, and all of the roadways designated as Wallace Lake Drive, Wallace Lake Drive South, Wallace Lake Drive North, Goshawk Court, Willet Court, Teal Court, Chukar Drive, Turnstone Court, Verdin Court and Cormorant Drive, designated on the Subdivision Map. The Open Space Area may be expanded to include additional open space area upon the Annexation of such open space area pursuant to a recorded Declaration or Declarations of Annexation as provided in Section 2.03 and conveyance of fee title of such open space area by deed or dedication to the Wallace Community Services District.

1.11. Owner. "Owner" means and refers to the record owner, whether one or more persons or entities, of any Lot which is a part of the Property or upon annexation of Phase 2 or Phase 3 including the record owner of the Open Space Area, but excluding those having such interest merely as security for the performance of an obligation. If a Lot is sold under a contract of sale and the contract of sale is recorded, the purchaser, rather than the fee owner, shall be considered the "Owner" from and after the date the Wallace Community Services District receives written notice of the recorded contract.

1.12. Person. "Person" means a natural person or any other entity with the legal right to hold title to real property.

1.13. Phase. "Phase 1," "Phase 2," or "Phase 3" means those Phases designated as Unit No. 1, Unit No. 2 or Unit No. 3, respectively, as described in that certain Vesting Tentative Map approved by the Board of Supervisors of Calaveras County pursuant to Resolution No. 87-87, on May 21, 1987.

1.14. Project. "Project" means the real property described in Exhibit "B" to this Declaration and all improvements erected or to be erected thereon, and all property, real,

personal or mixed, intended for use in connection with the Project.

1.15. Property. "Property" means the real property described in Exhibit "A" attached to this Declaration and incorporated herein by this reference, including, without limitation, property annexed or to be annexed to the Property, as the Property is now and as it may, from time to time, be improved and developed.

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

1.17. Subdivision Map. "Subdivision Map" means the recorded Final Map for Wallace Lake Estates Unit 1 recorded on May 20, 1991, in Book 6 of Maps, Page No. 57, of the Official Records of Calaveras County, California.

1.18. Wallace Community Services District. "Wallace Community Services District" means the Wallace Community Services District formed on October 29, 1990, by the Calaveras County Board of Supervisors pursuant to Resolution No. 90-470 and its successors in interest.

ARTICLE II

DESCRIPTION OF PROJECT AND CREATION OF PROPERTY RIGHTS

2.01. Description of Project. The Project is a standard subdivision which consists of the Property and all improvements thereon. The Project is divided into three (3) Phases. Phase 1 is subject to the terms of this Declaration upon recordation of this Declaration. Phases 2 and 3 shall be subject to this Declaration upon recording of a Declaration of Annexation applicable to each Phase as provided in Section 2.03.

2.02. Easements. Subject to this Declaration, each Lot shall have appurtenant to it an easement over the roadways contained within the Open Space Area for ingress and egress, and for use and enjoyment, and, where applicable, for the construction, maintenance, repair and replacement of utilities. Each Lot shall have an easement over the Open Space Area for the use and enjoyment of the Owner subject to the restrictions on use contained in this Declaration, including, without limitation, the restrictions contained in Section 4.28 of this Declaration. Declarant hereby reserves to itself, and its successors and assigns, the right to grant to the Owners of Lots in subsequent phases of the Project nonexclusive easements for ingress and egress and construction activities over the roadways of Phase 1 of the Project. Furthermore, Declarant reserves to itself and its successors and assigns the right to grant, and, upon

Annexation of Phase 2 and Phase 3, it will grant, to the Owners of Lots in Phase 1, nonexclusive easements for ingress and egress and for use and enjoyment over the open space areas of Phases 2 and 3 upon Annexation pursuant to Section 2.03.

2.03. Annexation of Additional Property. Additional property may be annexed to and become subject to this Declaration at the sole discretion of Declarant. Any or all of the property known as Phases 2 and 3 may be annexed to and become a part of the Property, and subject to this Declaration, and the jurisdiction of the Architectural Committee and the Wallace Community Services District without the necessity of amending individual sections of this Declaration, and without the assent of the Owners and the Wallace Community Services District.

2.04. Easements to Accompany Conveyance of Lot. Easements that benefit any Lot shall be appurtenant to that Lot and shall automatically accompany the conveyance of the Lot, even though the description in the instrument of conveyance may refer only to the fee title to the Lot.

ARTICLE III

ARCHITECTURAL COMMITTEE

3.01. Architectural Committee. The Architectural Committee shall consist of five (5) members. Declarant shall appoint all of the original Members of the Committee and all replacements until such time as Declarant has sold, and recorded deeds, in favor of Owners to ninety percent (90%) of all of the Lots in the Project or until the fifth (5th) anniversary of the issuance of the final public report for Phase 1 of the Project, whichever first occurs. Thereafter, the Owners shall elect all of the Members of the Architectural Committee through an election by written ballot submitted to all Owners. The first election by the Owners shall elect the five (5) Members to the Architectural Committee which shall be divided into two (2) classes as follows: (i) the three (3) Members who receive the highest number of votes from the Owners shall be elected to serve for a term of two (2) years; and (ii) the two (2) Members who receive the next highest number of votes from the Owners shall be elected to serve for a term of one (1) year. Thereafter, an election shall be held sixty (60) days prior to the expiration of each Member's term and the Member elected at such time shall serve for a term of two (2) years. The election materials shall be distributed by the Committee and shall establish the time provisions for the return of the ballots to the Committee. The Committee shall count the ballots and notify the Owners of the results of the election. Members appointed to the Architectural Committee by the Declarant need not be Owners. Elected Members of the Architectural Committee must be Owners. A majority of the Architectural Committee may designate a representative to act for the Committee. In the event of the death, mental incapacity or resignation of any Member of the Committee, the successor shall

be appointed by the Committee for the remainder of the term of the vacant Committee seat. Neither the Members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this Declaration.

3.02. Architectural Committee Approval. No building, fence, wall, sign or other structure or improvement, or exterior addition to or change or alteration thereof (including painting or landscaping as hereinafter provided) shall be commenced, constructed, erected, placed, altered, maintained or permitted to remain on the Lots until plans and specifications showing plot layout and all exterior elevations, heights and dimensions, materials and colors, drainage plans, access, structural design and landscaping, and any other pertinent data as may be required to fully illustrate the intended design, construction and use of the structure or improvement shall have been submitted to and approved in writing by the Architectural Committee and such structure or improvement complies with the provisions of this Declaration. Physical samples of exterior materials and colors shall be submitted for approval. All such plans and specifications shall be submitted in writing with the signature of the Owner or its authorized agent. Upon the submittal of all plans and specifications to the Architectural Committee for the construction of a dwelling unit upon a Lot, a fee in the amount of One Hundred Dollars (\$100.00) shall be submitted to the Architectural Committee payable to the Wallace Community Services District. The Architectural Committee, in its reasonable discretion, may charge a fee, not to exceed Two Hundred Dollars (\$200.00) for the review of any plans and specifications for additions or modifications to any dwelling unit or other improvements on a Lot. The funds collected pursuant to this Section 3.02 shall be held by the Wallace Community Services District as trustees for the Architectural Committee and placed in an interest-bearing account with a bank or savings and loan institution. Upon receipt of a written request of the Architectural Committee, bearing the signatures of at least three (3) Members, the Wallace Community Services District shall release a portion of the funds to the Architectural Committee in an amount necessary to reimburse the Committee for costs and expenses incurred or expected to be incurred by the Committee in reviewing plans and specifications, conducting elections, or such other use established by the vote of fifty-one percent (51%) of the Owners. Approval of any structure or improvement upon a Lot by the Committee shall be based, among other things, on (i) site dimensions; (ii) structural design and materials; (iii) the conformity and harmony of external design with neighboring structures and landscaping; (iv) the effect of location and use of improvements on neighboring property; (v) the type and location of improvements; (vi) the relation of topography, grade and finished ground elevation of the property being improved to that of neighboring property; (vii) the proper facing of main elevations with respect to nearby streets; (viii) the preservation of the natural view and aesthetic beauty of the Project; and (ix) the conformity with the intent of this Declaration. Prior to giving final approval, the Architectural

Committee may require the plans and specifications to comply with any reasonable requirements that the Architectural Committee may impose as to structural features, types of building materials used or characteristics not otherwise expressly covered by the provisions of this Declaration. The Committee's approval shall not relieve the Owner from complying with any requirements of any public authority having jurisdiction over such matter and shall not constitute any representation or guarantee by the Architectural Committee or any Member or Declarant as to the structural sufficiency of any construction. The Architectural Committee's approval of any plans and specifications shall not be deemed to be any waiver by the Committee of its right to object to any of the features or elements embodied in such plans and specifications if and when the same features or elements are embodied in any subsequent plans and specifications submitted for approval for other Lots. Any approval or disapproval of any plans and specifications by the Architectural Committee shall be communicated in writing to the Owner. Written approval of a majority of the Architectural Committee shall constitute approval. All decisions of the Architectural Committee shall be final.

3.03. Inspection. During and after completion of construction, any Member or any agent of the Architectural Committee may from time to time, at any reasonable hour, and with reasonable notice, enter upon and inspect any Lot or improvement subject to this Declaration to verify compliance with the approved plans, specifications and drawings. Deviation shall be diligently guarded against and all such deviations or nonconformities set forth in any notice of noncompliance issued by the Board shall be corrected prior to final acceptance. The Architectural Committee or any agent thereof, acting in good faith, shall not be deemed guilty of, or liable for, any manner of trespass for such entry or inspection. The Owner of each Lot, by acceptance of a deed to such Lot, agrees that he will not commence using the structure or structures on the Lot until final acceptance from the Architectural Committee has been obtained in writing.

3.04. Failure to Approve or Disapprove Plans and Specifications. In the event the Architectural Committee, or its designated representative, fails to either approve or disapprove any plans and specifications submitted by an Owner to the Committee pursuant to Section 3.02 within thirty (30) days after a complete set of the plans and specifications and all additional information requested by the Committee have been submitted to the Committee, it shall be conclusively presumed that the Architectural Committee has approved such plans and specifications. All improvement work approved by the Architectural Committee shall be diligently commenced and completed.

3.05. No Liability. Neither Declarant, nor the Architectural Committee, nor the Members shall be liable in damages to anyone submitting plans or specifications to them for

approval, or to any Owner of a Lot affected by this Declaration by reason of mistake in judgment, negligence or nonfeasance; for the care and handling of the fees provided to the Committee pursuant to Section 3.02, unless fraud, deceit, gross negligence, willful misconduct or a wrongful taking shall be involved; or arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications, including, without limitation, any loss or damage for any errors or defects, either latent or patent, in the plans and specifications submitted for approval, or any building structure erected in accordance with such plans and specifications. Every person who submits plans or specifications to the Architectural Committee for approval agrees, by submission of such plans and specifications, and every Owner of any Lot agrees, by acceptance of a deed to such Lot, that it will not bring any action or suit against Declarant, the Architectural Committee, or any of the Members to recover any such damages.

3.06. Notice of Noncompliance or Noncompletion.

Notwithstanding anything to the contrary contained in this Declaration, after the expiration of one (1) year from the date of issuance of a building permit by municipal or other governmental authority for any improvement, said improvement shall, for the benefit of bona fide purchasers and encumbrancers for value, be deemed to be in compliance with all provisions of this Article III, unless notice of such noncompliance or noncompletion, executed by the Architectural Committee or its designated representatives, shall appear of record in the Office of the County Recorder of Calaveras County, California, or unless legal proceedings shall have been instituted to enforce compliance or completion.

3.07. Rules and Regulations.

The Architectural Committee may from time to time, in its sole discretion, adopt, amend and repeal rules and regulations interpreting and implementing the provisions of this Declaration. If there is any conflict or inconsistency between the rules and regulations and this Declaration, the provisions of this Declaration shall control.

3.08. Variances.

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

ARTICLE IVARCHITECTURAL AND USE RESTRICTIONS

4.01. Purpose of Restrictions. It is the desire and intention of the Declarant to impose on the Project mutually beneficial restrictions to insure the best use and the most appropriate development and improvement of each Lot; to protect the Owners against the improper use of surrounding Lots and open space as would depreciate the value of their property or interfere with the peaceful and quiet enjoyment of their Lot; and to preserve the natural beauty of the Lots and the Project.

4.02. Use of Lots. No Lot nor any portion of a Lot shall be used for any purpose other than one (1) single-family residence (including guests and household servants). No Lot shall be subdivided into a Lot which contains less than ten thousand (10,000) square feet, however, those Lots first sold which contain less than ten thousand (10,000) square feet shall not be deemed to be in violation of this provision, but the same shall not be subdivided further. No trade, business, manufacturing, mercantile, storing, vending, commercial or other such nonresidential activity shall be conducted, directly or indirectly, upon any Lot or upon the Project; provided, however, that Lots owned by Declarant or its nominees may be used as models and sales offices for the purpose of selling the dwellings in the Property until all of the Lots are sold by Declarant. No dwelling shall exceed thirty-five (35) feet in height commencing from the highest point of the ground within the footprint of the dwelling to the highest point of the roof. The total floor area of any dwelling constructed on a Lot, exclusive of open porches and garages, shall be not less than one thousand eight hundred (1,800) square feet. The ground floor area of any dwelling constructed on a Lot, exclusive of open porches and garages, shall not be less than one thousand (1,000) square feet for a dwelling of more than one (1) story.

4.03. Garage. Each residence must have a garage of serviceable size to accommodate a minimum of two (2) vehicles. The use of carports in place of garages is specifically prohibited. Any garage shall be used for parking automobiles and shall not be converted for living or recreational activities which would interfere with its use for the accommodation of at least two full-sized passenger vehicles. All driveways and garages shall be maintained in a neat and orderly condition and garage doors shall remain closed at all times, except when being used to enter or exit.

4.04. Colors. All exterior colors, textures and materials, including roofs, must be set forth in the plans and specifications and approved in writing by the Architectural Committee prior to construction. Color samples shall be submitted with plans and specifications which plans and specifications shall be coded or marked so as to indicate where the colors are to be used upon the finished dwelling unit.

Careful consideration of the adjacent and surrounding properties, as well as overall Project appearance will be the basis for approval or denial of such color schemes.

4.05. Painting. All exterior wood and manufactured surfaces with the exception of brick shall be painted or stained, except as approved in writing by the Architectural Committee.

4.06. Roof Design. All roof surfaces must have a pitch of at least four (4) to twelve (12) degrees. No flat roofs or rock roofs shall be permitted, except where, in the opinion of the Architectural Committee, the design concept is not detrimental to the environmental character of the adjacent property or the Project. The roofing materials to be used shall be mission tile, clay-fired flat tile or concrete flat tile products. Other quality roofing materials may be submitted for review by the Architectural Committee, but in no event shall composition shingles be used.

4.07. Setbacks. No building shall be located on any Lot nearer than ten (10) feet to an interior Lot line and any nearer than twenty (20) feet to the front or rear Lot line. A corner Lot bordered upon two (2) sides by a street shall be deemed to have two (2) front Lot lines unless the Committee determines that a setback variance should be granted. For the purposes of this Section, eaves, steps and chimneys shall not be considered as a part of a building; provided, however, nothing herein contained shall be construed to permit any portion of a building or other improvement on a Lot to encroach upon another Lot.

4.08. Signs. No signs of any kind or other advertising device of any character whatsoever shall be erected, painted, displayed, maintained or permitted upon any Lot, except a sign not larger than one (1) square foot, setting forth the name of the Owner or occupant, or except a "For Rent" or "For Sale" of a reasonable size. Declarant or its agents may erect and maintain on the Project and any Lots owned by Declarant such signs and other advertising devices as it may deem necessary or proper in connection with the conduct of its operations for the development, improvement or sale of the Project or the Lots.

4.09. Animals. No animals, livestock, reptiles, rodents, fish or poultry of any kind whatsoever shall be raised, bred or kept on any Lot, except that dogs, cats or other conventional, domestic household pets may be kept, provided they are not kept in unreasonable numbers or for any commercial purpose and are kept in such a manner as not to constitute a nuisance to other Owners or occupants. With respect to dogs, "domestic household pets" is defined to mean dogs of a type, size and breed which would normally be kept, and which are kept by the occupant of the Lot, within the confines of a Lot. No pets shall be allowed to roam unattended or unleashed within the Project. As used in this Declaration, "unreasonable quantities" shall ordinarily mean more than two (2) pets per household; provided,

however, that the Architectural Committee may determine that a reasonable number in any instance may be more or less. The Architectural Committee shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Architectural Committee, a nuisance to any other Owner. Animals belonging to Owners, or its occupants, licensees, tenants or invitees within the Project must be either kept within a Lot or on a leash being held by a person capable of controlling the animal. The Lot must be maintained so that the animal cannot escape therefrom. Should any animal belonging to an Owner, or its occupants, licensees, tenants or invitees, be found unattended out of the Lot and not held on a leash by a person capable of controlling the animal, such animal may be removed by any Owner to a county animal shelter. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Project by an Owner, by members of the Owner's family, the Owner's tenants, guests and invitees. Notwithstanding the foregoing, nothing in this Declaration shall prohibit the possession by an Owner, occupant, licensee, tenant or invitee of a dog which has been trained and is used for the purpose of a "seeing eye" or guide dog for the blind or physically handicapped. Each Owner, occupant, licensee, tenant or invitee who maintains or is in possession of a pet shall have the absolute duty and responsibility to immediately remove, in a sanitary manner, all waste material (e.g., dog excrement) created by such pet from the Project.

4.10. Interference With Access. No person shall interfere with or otherwise restrict the free right of passage of the Owners, their agents, servants, tenants, guests and employees over driveways or passages leading to their respective garages.

4.11. Additional Structures. No structures of a temporary character, trailer, mobile home, tent, shack, garage, barn, or other outbuilding, shall be used on any Lot at any time as a residence, either temporarily or permanently. All garages, storage sheds, swimming pools, spas, gazebos and outbuildings, whether or not attached to a dwelling building shall conform to the architectural style of the dwelling in a manner acceptable to the Architectural Committee and shall be approved by the Committee pursuant to Article III. No metal storage sheds shall be allowed on any Lot, either temporarily or permanently.

4.12. Offensive Activities. No noxious or offensive activity shall be carried on within the Project or on any Lot, nor shall anything be done or placed on any Lot or on or within the Project which may be or become a nuisance, or cause or become a disturbance or annoyance to any occupant of a Lot in the enjoyment of their property, including, without limitation, the storage of any materials which might create an insect or pest control problem or the ill-maintenance of any plant or landscape materials. Without limiting any of the foregoing, no Owner shall permit noise, including, without limitation, the barking of dogs,

and the excessive playing of music systems, to emanate from an Owner's Lot, which would disturb or reasonably interfere with the quiet enjoyment of occupants of the other Lots. Unless otherwise permitted by the Wallace Community Services District, no Owner or occupant of any Lot shall serve food or beverages, cook, barbecue or engage in similar activities within the Project except upon such Owner's or occupant's Lot.

4.13. Trash. The storage or accumulation of junk, trash, manure and other offensive or noxious materials upon the Project is specifically prohibited. No burning shall be permitted except in fireplaces or in barbecues. No burning of refuse shall be allowed in fireplaces or barbecues. All garbage and trash shall be placed and kept in covered, sanitary, fly-proof containers and disposed of weekly. In no event shall such containers be kept where they are visible from any neighboring Lot. No portion of any Lot shall be used for the storage of building materials or other materials except in connection with construction as approved pursuant to the terms of this Declaration.

4.14. Drainage and Water. No change in the established grade or elevation of a Lot and no change in the established slope or ratio of the cuts and fills, which alters established drainage patterns shall be permitted without the prior written consent of the Architectural Committee and without the prior written approval of any governmental agencies having jurisdiction over such matters. No improvements of any kind whatsoever shall be placed or constructed upon any Lot which interferes with or alters the natural flow of water over or across such Lot, any of the Lots in the Project, or the land adjacent to the Project. No individual water supply systems shall be installed or permitted on any Lot.

4.15. Parking Restrictions. No vehicle, including, without limitation, any bus, truck, van, trailer, tractor, farm vehicle, boat, motorcycle, recreational vehicle, camper body or aircraft shall be parked on any street located within the Project or on any Lot (including driveways) unless completely hidden from view in an enclosed garage; provided, however, a recreational vehicle owned by a person visiting an Owner or an occupant of a Lot may be parked on a driveway within a Lot for a period not to exceed two (2) consecutive weeks. No commercial vehicle shall be parked within the Project except within a garage located on a Lot, and except temporarily for the purpose of loading or unloading. No vehicle of any type shall be parked on any street or Lot within the Project for the purpose of accomplishing repairs thereto or the reconstruction thereof, except for emergency repairs and then only to the extent necessary to enable movement of the vehicle. Violation of this section shall also constitute a nuisance within the meaning of Section 4.12.

4.16. Antennae. No poles, masts or antennae of any type, size or height, including, without limitation, antennae used for amateur radios, televisions, FM radio or AM radio,

satellite dishes or similar structure shall be erected or maintained on or about any Lot or any portion of any improvement on any Lot, except such antennae or satellite dishes as are initially approved and installed during the construction of the buildings or are thereafter approved by the Architectural Committee. Erection or installation of any pole, mast, tower, antennae or similar device on the exterior of any building must be approved by the Architectural Committee, and if installed or maintained in violation of the foregoing restrictive provision shall not be deemed to comply with this Declaration by virtue of its being completed without commencement of suit to enjoin such work. The Architectural Control Committee and its representatives shall have the authority to order an abatement of such work to the extent it fails to conform to the plans and specifications approved by the Committee.

4.17. Clotheslines. No exterior clothesline shall be erected or maintained and there shall be no exterior or other drying or laundering of clothes on balconies, patios, porches or other outside areas whatsoever.

4.18. Solar Energy System. A solar energy system may be incorporated into the design of any dwelling unit on a Lot, if the Architectural Committee approves in writing the use and location of the solar energy system and such solar energy system conforms with the quality and aesthetic characteristics and architectural styling within the Project and does not impair the appearance of the dwelling unit.

4.19. Maintenance Obligations of Owners. It shall be the duty of each Owner, at its sole cost and expense, subject to the provisions of this Declaration regarding Architectural Committee approval, to maintain, repair, replace and restore areas subject to its exclusive control, in a neat, sanitary and attractive condition. Areas subject to the exclusive control of an Owner shall be deemed to include, without limitation, the Owner's dwelling unit and the landscaping and yard areas on that Owner's Lot. When the modification of any structure is once begun, the material used shall match the dwelling, the work thereon must be prosecuted diligently and said structure must be completed within a reasonable time. Upon the failure of said Owner to maintain and repair areas subject to its exclusive control, the Architectural Committee shall have the right, but not the duty, to make such repairs or to perform such maintenance, and the cost of such repairs or maintenance shall be charged to the Owner.

4.20. Restrictions on Owner's Landscaping. No shrub (which at maturity and without pruning thereof would exceed three (3) feet in height), tree or hedge shall be planted or placed on any of the Lots until plans and specifications showing the type of shrub, tree or hedge and the proposed location and elevation thereof (including the location and elevation of same in relation to neighboring property) shall have been submitted to and approved in writing by the Architectural Committee. The

Architectural Committee shall have the right to require any Owner to remove, trim, top or prune any shrub, tree or hedge which the Committee reasonably believes impedes the view of any Lot and which may not conform with the intent of this Declaration. No oak tree located upon a Lot shall be removed, trimmed or pruned without the written approval of the Architectural Committee or unless such tree creates an imminent danger to life or substantial loss of property. Unless there has been prior written approval of the Architectural Committee, no Owner shall plant any tree within his Lot in a location which would obstruct the view of any Lot during the life of the tree or shrub. No portion of the area of any Lot between the street line and the dwelling located thereon shall be used for planting or growing of garden vegetables, fruit trees or vines. No plants or seeds infected with noxious insects or plant diseases shall be brought, grown or maintained within the Project. All front yard landscaping (i.e., lawns, shrubs, trees, flowers, and other plants), including, but not limited to, all areas within the sidewalk lines, shall be irrigated with an automatic sprinkler system and kept and maintained by the Owner to present an attractive, clean and pleasant appearance at all times.

4.21. Fences and Screens. No fence or hedge exceeding three (3) feet in height shall be permitted on any Lot, unless the Architectural Committee has approved the construction of a fence or placement of a hedge higher than three (3) feet for the following purposes: dog runs, pool areas, spa areas and other purposes deemed necessary by the Committee as a structural, protective or aesthetic feature of a design which will enhance the character of the area; provided, however, that such fencing shall not unreasonably obstruct the view from any Lot.

4.22. Completion of Construction. Any dwelling or other building and landscaping in the Project, the construction of which has been started, shall be completed without delay, except when such delay is caused by acts of God, strikes, actual inability of the Owner to procure deliveries of necessary materials, or by interference by other persons or forces beyond the control of the Owner. Financial inability of the Owner or his contractor to secure labor or materials or discharge liens or attachments shall not be deemed a cause beyond his control. In the event of cessation of construction of any building for a period of one hundred twenty (120) days, where such interruption is not excused by the provisions hereof, the existence of such incomplete buildings shall be deemed to be a nuisance.

4.23. Firearms. No firearms shall be discharged on the Project, any Lot or the Open Space Area or other property owned by the Wallace Community Services District and no hunting of any species of fauna shall be allowed within such areas.

4.24. Lot Maintenance. No dumping of any material shall be allowed on any Lot, Open Space Area or property owned by the Wallace Community Services District, unless such dumping consists of fill material, topsoil or other landscaping material

which shall be placed upon a Lot in conjunction with the construction of improvements thereon. All Owners shall perform weed abatement annually upon their respective Lots.

4.25. Gas or Liquid Storage. No tank for the storage of gas or liquid other than a spa, pool or pond for recreational or aesthetic purposes which is approved in writing by the Architectural Committee shall be placed upon any Lot or on or in the Project except for tanks of ten (10) gallon capacity or less as needed for the operation of a propane gas barbecue and except for any water tanks or propane tanks required by the Wallace Community Services District to provide water or propane gas to the residents in the Wallace Community Services District.

4.26. Woodburning Stoves. No dwelling shall contain more than two (2) wood stoves and such stove shall meet EPA and state standards.

4.27. Oil Drilling. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted on or in the Project or the Open Space Area; and no oil wells, tanks, tunnels or mineral excavations or shafts shall be permitted on the surface of the Project or within five hundred (500) feet below the surface of the Project. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted on the Project unless otherwise permitted by the Wallace Community Services District and the Architectural Committee for the purpose of drilling for water.

4.28. Open Space Area. No grading, improvements, construction or subdivision of or on the Open Space Area shall be allowed except as provided in this Section 4.28.

4.28.1. Camping. No camping or any overnight use of the Open Space Area is allowed at any time unless permission is first obtained from the Wallace Community Services District.

4.28.2. Roads and Improvements of Record. Only the roads and such other improvements of record contained in the Subdivision Map shall be constructed on the Open Space Area except for such improvements approved in writing by the Wallace Community Services District and the Architectural Committee, provided any such improvements do not unreasonably disturb the natural topography, flora or fauna of the Open Space Area and do not impair or unreasonably affect the natural aesthetic beauty of the Open Space Area.

4.28.3. Paths and Trails. Paths and trails may be constructed within the Open Space Area to provide the full use and enjoyment of the Open Space Area by the Owners. The construction of such improvements shall be located in areas which do not unreasonably disturb the natural topography, flora or fauna of the Open Space Area as determined by the Wallace

Community Services District and the Architectural Committee in their sole and absolute discretion.

4.28.4. Private Access. The Open Space Area shall be used for the sole and exclusive enjoyment of the Owners, their tenants, guests and invitees. Use of the Open Space Area by the general public, or other persons who are not Owners or tenants, guests or invitees of Owners is expressly prohibited. The use of the Open Space Area is subject to the Rules and Regulations promulgated, and amended from time to time by the Wallace Community Services District, which Rules and Regulations shall conform with the intent of this Declaration.

4.28.5. Dumping and Littering. No dumping of any material of any kind whatsoever or littering by any Owner or other persons shall be allowed on any portion of the Open Space Area.

4.28.6. Boat Docks. Upon the written approval of the Wallace Community Services District and the Architectural Committee, access to Wallace Lake may be improved by the construction of a boat dock or docks in an area or areas designated by the Wallace Community Services District and the Architectural Committee in their sole and absolute discretion. The location of any such dock or docks shall not impair the scenic or aesthetic characteristics of Wallace Lake or the Open Space Area in an unreasonable manner.

4.28.7. Sewage Disposal Area. Lot 98 as shown on the Subdivision Map which is a part of the Open Space Area may be utilized, regardless of any other provisions contained in this Declaration, for sewage disposal purposes with the construction of facilities thereon for such purposes as the Wallace Community Services District, in its reasonable discretion, deems appropriate for the benefit of the Project and the residents of the Wallace Community Services District.

ARTICLE V

ALTERATIONS, ADDITIONS, REMODELING AND REDECORATION OF EXTERIOR PORTIONS OF STRUCTURES

5.01. Alterations and Additions. No alterations of exterior design or any color of any structure, including additions, shall be made without the prior written approval of the Architectural Committee in accordance with Article III of this Declaration. The materials used for any such alteration must harmonize and complement the original building or buildings and must be approved by the Architectural Committee in writing prior to such alteration. No approval is required to repaint or restrain any structure with the same color scheme as previously used or approved.

ARTICLE VIEXEMPTION OF DECLARANT

6.01. Completion of Work by Declarant. Declarant or its successors or assigns may undertake the work of constructing dwelling units and developing the Lots within the Project. The completion of that work and the sale, rental and other disposal of the dwelling units is essential to the establishment and welfare of the Project as a residential community. As used in this Section and in the following subparagraphs, the words "its successors and assigns" specifically do not include purchasers of the Lots improved with completed dwelling units. In order that said work may be completed and the Project be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

(a) Prevent Declarant, its successors or assigns, or its or their contractors or subcontractors, from doing on any Lot owned by them whatever they determine to be necessary or advisable in connection with the completion of said work; or

(b) Prevent Declarant, its successors or assigns, from erecting, constructing and maintaining on any Lot, or portion of a Lot, owned or controlled by Declarant, or its successors or assigns or its contractors or subcontractors, such structures as may reasonably be necessary to complete said work and establish a residential community and dispose of the Lots by sale, lease or otherwise; or

(c) Prevent Declarant, its successors or assigns or its contractors or subcontractors, from maintaining such sign or signs on any Lots owned or controlled by any of them as may be necessary in connection with the sale, lease or marketing of the dwelling units.

ARTICLE VIIMORTGAGE PROTECTION

7.01. Priority of Mortgage Lien. No breach of the covenants, conditions or restrictions contained in this Declaration shall affect, impair, defeat or render invalid the lien or charge of any first mortgage made in good faith and for value encumbering any Lot, but all of the covenants, conditions and restrictions contained in this Declaration shall be binding upon and effective against any Owner whose title is derived through foreclosure, trustee's sale or otherwise, with respect to a Lot.

7.02. Resale. It is intended that any loan to facilitate the resale of any Lot after judicial foreclosure, deed in lieu of foreclosure or trustee's sale is a loan made in good

faith and for value and entitled to all of the rights and protection afforded to other mortgagees.

7.03. Notice to First Mortgagees of Owner Default. Any first mortgagee shall be entitled to written notification from the Architectural Committee of any default in the performance of the obligations imposed by this Declaration by the Owner whose Lot is encumbered by such mortgagee's mortgage, which default has not been cured within sixty (60) days of a request therefor by the Architectural Committee; provided, however, the Architectural Committee shall only be obligated to provide such notice to first mortgagees who have previously requested such notice in writing.

7.04. Conflicts. In the event of any conflict between any of the provisions of this Article and any of the other provisions of this Declaration, the provisions of this Article shall control.

ARTICLE VIII

GENERAL PROVISIONS

8.01. Term. The covenants, conditions and restrictions of this Declaration shall run until December 31, 2020, unless amended as herein provided. After December 31, 2020, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by at least seventy-five percent (75%) of the Owners of Lots in the Project and such written instrument is recorded with the Calaveras County Recorder.

8.02. Amendment. This Declaration may be amended only by an instrument in writing signed by not less than seventy-five percent (75%) of the Owners. Such amendment shall be effective only upon recordation in the Official Records of Calaveras County, California.

8.03. Severability. Invalidation of any covenant or restriction contained in this Declaration by judgment or court order shall in no way affect any other provisions of this Declaration which shall remain in full force and effect.

8.04. Notices. All notices, consents, requests, demands, approvals, waivers and other communications desired or required to be given hereunder (referred to collectively as "notices") shall be in writing and signed by the party so giving the notice, and shall be deemed effectively given or served as of the date hereinafter specified: (i) on the date of personal service upon the person to whom the notice is addressed or if such person is not available the date such notice is left at the address of the person to whom it is directed, (ii) on the date the notice is received or rejected, provided it is sent prepaid,

registered or certified mail, return receipt requested, and (iii) on the date the notice is delivered by a courier service (including Federal Express, Express Mail, Emery or similar operation) to the address of the person to whom it is directed provided it is sent prepaid, return receipt requested (if available). Anyone entitled to receive notice hereunder may, from time to time, change his or its address for receiving notices by giving written notice thereof in the manner outlined above. In the event any notice using an address provided in accordance with this Section 8 is returned undeliverable, such notice shall be effective five (5) days after being mailed to the address as shown on the most recent records of the County Tax Assessor for the Owner's Parcel.

8.05. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate the Declarant's purpose of creating a uniform plan for the development and operation of Wallace Lake Estates. This Declaration shall be construed and governed under the laws of the State of California.

8.06. Enforcement and Nonwaiver.

(a) Right of Enforcement. Except as otherwise provided in this Declaration, Declarant, the Architectural Committee, the Wallace Community Services District and any Owner of any Lot shall have the right to enforce any or all of the provisions of this Declaration upon any property within the Project and the Owners and/or occupants of such property. Each grantee of a conveyance or purchaser under a contract or agreement, by accepting a deed or contract of sale or agreement of purchase for a Lot accepts such Lot subject to all of the covenants, conditions and restrictions set forth in this Declaration, and agrees to be bound by them.

(b) Violations and Nuisance. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action by Declarant, the Architectural Committee, the Wallace Community Services District or any Owner of a Lot. Any other provisions to the contrary notwithstanding, only Declarant, the Architectural Committee, the Wallace Community Services District or the duly authorized agents of any of them may enforce, by self-help, any of the provisions of this Declaration, and only if such self-help is preceded by reasonable notice to the Owner or occupant of a Lot involved.

(c) Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Project is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth in this Declaration.

(d) Captions. All captions and titles used in this Declaration are intended solely for convenience or reference and shall not affect that which is set forth in any of the provisions of this Declaration.

(e) No Rights Given to the Public. Nothing contained in this Declaration shall be deemed to be a gift or dedication of any portion of the Project to the general public or for any public use or purpose.

8.07. Enforcement and Attorneys' Fees. Except as otherwise provided in this Declaration, enforcement of all restrictions, covenants, conditions, reservations and charges now or hereafter imposed by the provisions of this Declaration shall be by proceedings at law or in equity. Failure by any party entitled to enforce the provisions of this Declaration shall in no event be deemed a waiver of the right to do so thereafter. The prevailing party shall be entitled to recover all costs and expenses of the action or suit, including, without limitation, actual attorneys' fees, accounting and engineering fees, and any other professional fees resulting therefrom.

IN WITNESS WHEREOF, Declarant has executed this Declaration of Covenants, Conditions and Restrictions on this 21st day of May, 1991, at Stockton, California.

G. M. WINCHELL AND SONS, a
California corporation

By: Jimmie E. Winchell
JIMMIE E. WINCHELL, President

By: W. B. Roberts
W. B. ROBERTS, Secretary

ACKNOWLEDGEMENT
(Corporation)

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Joaquin)

On this 21st day of May, 1991, before me, M.A. Ramos a Notary Public, State of California, duly licensed and sworn, personally appeared Jimmie E. Winchell and W. B. Roberts, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as president (or secretary) or on behalf of the corporation therein named and acknowledged to me that such corporation executed the within instrument pursuant to its Bylaws or a resolution of its Board of Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the State of California, County of San Joaquin, on the date set forth above in this certificate.

M.A. Ramos
NOTARY PUBLIC
My commission expires 10/10/93

(SEAL)

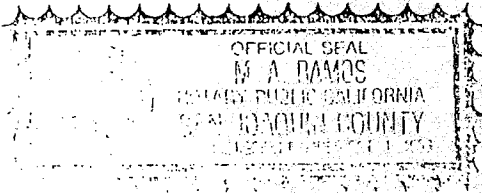


EXHIBIT "A""PROPERTY"

Lots 1 through 22, inclusive, Lots 26 through 105, inclusive, Open Space Parcels A through F, inclusive, Future Sub'd-Parcel A, Future Sub'd-Parcel B, and those certain private drives commonly referred to as Wallace Lake Drive, Wallace Lake Drive North, Wallace Lake Drive South, Goshawk Court, Willet Court, Chukar Drive, Teal Court, Turnstone Court, Cormorant Drive, and Verdin Court, as shown on the plat of Wallace Lake Estates, Tract 434, Unit No. 1, recorded on May 20, 1991, in Book 6 of Maps, Page No. 57, of the Official Records of Calaveras County, California.

991 007416

EXHIBIT "B"

"PROJECT"

Parcel 1:

That certain parcel of land, being a portion of Section 15, Township 4 North, Range 9 East M.D.M., as shown and delineated on that certain "Record of Survey/Boundary Line Adjustment for G.M. Winchell & Sons, Inc." recorded on April 29, 1988 in Book 15 of Record Surveys, at Page 95, Calaveras County Records.

EXCEPTING THEREFROM, all that strip of land conveyed to the State of California for highway purposes, as described in that Deed recorded June 27, 1990, as Instrument No. 900007715 of Calaveras County Official Records.

Parcel 2:

Parcel 4 as set forth on Parcel Map of a portion of Section 14, Township 4 North, Range 9 East, Mount Diablo Base and Meridian, filed for record April 10, 1973 in Book 1 of Parcel Maps, Page 77, Calaveras County Records.