

98-0006757

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WHEN RECORDED, MAIL TO:**

WEINTRAUB GENSHLEA & SPROUL
Law Corporation
Attn: Jennifer M. Jacobsen, Esq.
P.O. Box 15208
Sacramento, California 95851-0208

PLACER, County Recorder
JIM MCCAULEY Co Recorder Office

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THIS DOCUMENT IS BEING RECORDED TO REPLACE THE DOCUMENT ENTITLED
"RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
HIDDEN LAKES ESTATES UNITS 1 THROUGH 5", RECORDED SEPTEMBER 4, 1997, AS
DOCUMENT NO. 97-0053794-00, PLACER COUNTY RECORDER'S OFFICE.

(Space Above For Recorder's Use)

**FIRST AMENDMENT TO
RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
HIDDEN LAKES ESTATES UNITS 1 THROUGH 5**

This First Amendment to Declaration of Covenants, Conditions and Restrictions of Hidden
Lakes Estates Homeowners Association ("First Amendment") is executed by HIDDEN LAKES
ESTATES HOMEOWNERS ASSOCIATION, a California nonprofit mutual benefit corporation
("Association").

RECITALS

A. The Association is the owners association organized to manage and maintain the
Hidden Lakes Estates residential planned development (the "Properties"). The Properties are
located in the City of Granite Bay, County of Placer, State of California and more particularly
described in Exhibit "A" hereto.

B. The Properties are encumbered by and subject to the Restated Declaration of
Covenants, Conditions and Restrictions for Hidden Lakes Estates Units No. 1 through 5, recorded
in the Office of the County Recorder for Placer County on January 15, 1990, as Document
Number 2908 ("the Declaration").

C. Article IX, section 3 of the Declaration provides a procedure for amending the
Declaration. On August 4, 1997 two-thirds of the Owners voted in accordance with the provisions
of the Declaration to amend the Declaration as set forth below.

NOW, THEREFORE, the Declaration is hereby amended as follows:

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1. Article II, section 3(c), Obligations of Owners is amended in its entirety to read as follows:

(c) Notification Regarding Governing Documents

(i) As more particularly provided in section 1368 of the California Civil Code, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser:

(A) A copy of the Governing Documents;

(B) The Association's most recent financial statement;

(C) A true statement in writing from an authorized representative of the Association as to: (1) the amount of any delinquent Assessments, together with information relating to late charges, attorneys' fees, interest, and costs of collection which, as of the date the statement is issued, are or may become a lien on the Lot being sold; and (2) the amount of the Association's current regular and Special Assessments and fees; and

(D) Any change in the Association's current Regular and Special Assessments and fees which have been approved by the Board but have not become due and payable as of the date the information is provided.

(ii) Within 10 days of the mailing or delivery of a written request for the information described in subparagraph (c)(i), above, the Association shall provide the Owner with copies of the requested items. The Association shall be entitled to impose a fee for providing the requested items equal to (but not more than) the reasonable cost of preparing and reproducing the requested items.

2. Article III, section 5(b) Specific Maintenance Obligations is amended in its entirety to read as follows:

(b) Specific Maintenance Obligations. In the absence of a County Service Area Zone, the Association shall be specifically responsible for maintaining the following improvements and easements which are located within Common

HLE EXHIBIT 7

Areas: all drainage improvements, the park and all its facilities, the gate to the lake, the roads and street lights within and on the Properties, pedestrian and emergency access easements and all other improvements and easements only to the extent that such improvements and easements are located within Common Areas.

3. Article III, section 8, Limitation on Liability of the Association and the Association's Directors and Officers is amended in its entirety to read as follows:

Section 8. Limitation on Liability of the Association's Directors and Officers.

(a) Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Members or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the Governing Documents; provided that such Released Party has, upon the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of an act or omission of a volunteer member of the Board or volunteer officer of the Association which constitutes a tort under California law shall recover damages from such Board member or officer if all of the following conditions are satisfied:

(i) The Board member or officer is an Owner. HLE EXHIBIT 7

(ii) The Board member or officer resides within the Properties;

(iii) The act or omission was performed within the scope of the volunteer Board member's or officer's Association duties;

(iv) The act or omission was performed in good faith;

(v) The act or omission was not willful, wanton, or grossly negligent;

(vi) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made general liability insurance with coverage of at least one million dollars (\$1,000,000).

The payment or reimbursement by the Association of actual expenses incurred by a Board member or officer in the course of the carrying out of his or her official duties shall not affect such Board member's status as a "volunteer" for the purposes of this section. The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations pursuant to California Civil Code section 1365.7. In the event said Civil Code section is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

4. Article IV, section 8(a), Maintenance of Assessment Funds is amended in its entirety to read as follows:

(a) Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors and located within the County. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board and such officers or

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agents of the Association as the Board shall designate shall have exclusive control of the account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code section 1365.5 and Article XI, section 2 of the Bylaws.

To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b), below.

(b) Separate Accounts: Commingling of Funds. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was levied, such surplus may, in the Board's discretion, be: (i) returned proportionately to the contributors thereof; (ii) reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded; or (iii) credited proportionately on account of the Owners' future Regular Assessment obligations.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom; provided, however, that receipts and disbursements of Special Assessments made pursuant to section 3(a) of this article shall be accounted for together with the receipts and disbursements of Regular Assessments, and a separate accounting shall be maintained for each capital Improvement for which reserve funds for replacement are allocated.

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Unless the Association is exempt from federal or state taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Association.

5. Article VII, section 4, Prohibition of Noxious Activities is amended, in part, to read "loud music after ~~6:00~~ p.m." rather than "loud music after 8:00 p.m."

6. Miscellaneous. Except as otherwise expressly provided herein, the capitalized terms in this First Amendment shall have the same meanings as defined in the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby ratified and confirmed.

7. Effective Date. This First Amendment has been executed to be effective upon the date it is recorded in the Official Records.

HIDDEN LAKES ESTATES HOMEOWNERS ASSOCIATION,
a California nonprofit mutual benefit corporation

By: John Major 1/21/98
Hidden Lakes, President
Homeowners' Assn.

By: Meredith (Mimi) Z. Cudde
Hidden Lakes, Secretary
Homeowners' Assn.

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EXHIBIT A
LEGAL DESCRIPTIONS HIDDEN LAKES ESTATES UNITS 1 THROUGH 5

Hidden Lakes Unit 1, as recorded in the Records of the County of Placer: Book K, Page 69, dated June 2, 1976.

Lot A-1 and Lot B of Tract Map No. 332, recorded in Placer County, California, on June 2, 1976, at Book K, Page 69, as Instrument No. 16207.

Lot C and Lots 40 through 94, inclusive, as shown on that certain map entitled "Hidden Lakes Unit No. 2," which Map was filed for record in the Office of the Recorder of Placer County, State of California, on July 7, 1977, in Book L of Maps, Map No. 18.

Lots 95 through 143, inclusive, as shown on that certain map entitled "Hidden Lakes Unit No. 3", which Map was filed for record in the Office of the Recorder of Placer County, State of California, on August 25, 1978, in Book L of Maps, at page 75.

Lots 144 through 172, inclusive, as shown on that certain map entitled "Hidden Lakes Unit No. 4," which map was filed for record in the Office of the Recorder of Placer County, State of California, on October 26, 1979, in Book M of Maps, Page No. 52.

Lots 1 through 27, inclusive, of Hidden Lakes Unit 5, as per map thereof recorded May 8, 1981, in Book N of Maps, page 18, Placer County Records.

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5907

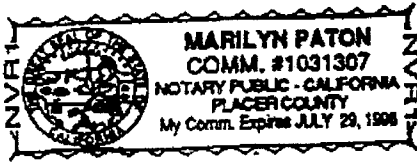
State of CALIFORNIA

County of PLACER

On 1-21-98 before me, Marilyn Paton, Motary Public
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared John Meyer
NAME(S) OF SIGNER(S)

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



WITNESS my hand and official seal.

Marilyn Paton
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
President
TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

First Mortgage Note to Residential Declaration of Ownership, Conditions and Restrictions of Subdivision, Book 1, Page 5
TITLE OR TYPE OF DOCUMENT

7
NUMBER OF PAGES

1-21-98
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

Mildred L. Tutzilo
SIGNER(S) OTHER THAN NAMED ABOVE

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 9907

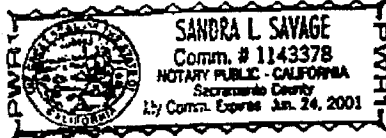
State of CALIFORNIA

County of SACRAMENTO

On JANUARY 8, 1998 before me, SANDRA L. SAVAGE
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared MMT CUZZLO
NAME(S) OF SIGNER(S)

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



WITNESS my hand and official seal.

Sandra L. Savage
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL
- CORPORATE OFFICER
- HIDDEN LAKES SECRETARY
TITLE(S)
- PARTNER(S) LIMITED
- GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

FIRST AMMENDMENT RESTATED TO CC&BS
TITLE OR TYPE OF DOCUMENT

--SEVEN--
NUMBER OF PAGES

1/3/96
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

N/A
SIGNER(S) OTHER THAN NAMED ABOVE

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PLACER Co Recorder's Office
JIM MCCAULEY, County Recorder

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

Hidden Lakes Estates
Homeowners Association
P.O. Box 2034
Granite Bay, CA 95746-2034

DOC - 97-0053794-00

Check Number 5697 st

Thursday, SEP 04, 1997 10:49:35

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Ttl Pd \$88.00

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RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS

HIDDEN LAKES ESTATES UNITS 1 THROUGH 5

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**RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS**

HIDDEN LAKES ESTATES UNITS 1 THROUGH 5

The Declarations of Covenants, Conditions and Restrictions for Hidden Lakes Estates Units 1 through 4 and for Hidden Lakes Estates Unit 5, as more particularly set forth in Exhibit "A" (collectively the "Original Declaration"), which Original Declarations affect all of the Properties described below and are commonly known as Hidden Lakes Estates, are hereby amended and restated in their entirety to read as follows:

RECITALS

A. The Association is the owners association organized to manage and maintain the Hidden Lakes Estates residential planned development (the "Properties"). The Properties are located in the City of Granite Bay, County of Placer, State of California and more particularly described in Exhibit "B" hereto.

B. The Properties are encumbered by and subject to the Declarations of Covenants, Conditions and Restrictions for Hidden Lakes Estates Units No. 1 through 5 and Restated Declaration of Covenants, Conditions and Restrictions as set forth in the Original Declaration.

C. Article IX, section 3 of the Declaration provides a procedure for amending the Declaration. On August 29, 1997 two-thirds of the Owners voted in accordance with the provisions of the Declaration to amend the Declaration as set forth below.

**ARTICLE I
Definitions**

Section 1. "Articles" shall mean the Amended Articles of Incorporation of Hidden Lakes Estates Homeowners Association, which were filed in the Office of the Secretary of State of the State of California on December 5, 1989, and as may be subsequently amended from time to time.

Section 2. "Assessment" means any Regular, Special or Special Individual Assessment made or assessed against an Owner and his Lot in accordance with the provisions of article IV of this Declaration.

Section 3. "Association" shall mean and refer to Hidden Lakes Estates Homeowners Association, a California nonprofit mutual benefit corporation, its successors and assigns.

Section 4. "Association Rules" shall mean the rules adopted by the Board of Directors of the Association pursuant to article III, section 6 of this Declaration.

Section 5. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 6. "Bylaws" shall mean the First Restated Bylaws of the Association, as the same may be subsequently amended from time to time.

Section 7. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Areas to be owned by the Association are more particularly described in Exhibit "C" to this Restated Declaration.

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Section 8. "Common Facilities" means the park, lakes, and open space area, volleyball court, entrance area, trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures, and other facilities constructed or installed, or to be constructed or installed, or currently located on the Common Area and owned by the Association.

Section 9. "Common Funds" means all funds collected or received by the Association for use in the maintenance, management, administration, insurance, operation, replacement, repair, addition to, alteration or reconstruction of, all or any portion of the Common Area and Common Facilities and for use in discharging any and all of its functions as provided for in the Governing Documents.

Section 10. "County" means the County of Placer, State of California.

Section 11. "Declarant" shall mean and refer to Great Pacific Financial Corp., a California corporation, and Gina, Inc., a California corporation, and their successors and assigns.

Section 12. "Declaration" shall mean this Restated Declaration of Covenants, Conditions and Restrictions. The Original Declarations shall mean the documents more particularly set forth in exhibit A to this Declaration.

Section 13. "Family" shall mean one or more persons each related to the other by blood, marriage or legal adoption or a group of persons not so related who maintain a common household in a Residence; provided, however, in no event shall the number of persons exceed the amount allowed for in any applicable zoning ordinance, building code or other law.

Section 14. "Governing Documents" shall refer collectively to this Declaration, the Articles, the Bylaws and the Association Rules.

Section 15. "Lot" shall mean and refer to any plot of land shown upon any recorded Subdivision Map of the Properties, excluding the Common Area, and to the Residence and other improvements constructed on any such Lot.

Section 16. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 17. "Mortgage" means any security device encumbering all or any portion of the Properties, including a deed of trust. "Mortgagee" means and refers to a beneficiary under a deed of trust as well as a mortgagee in the conventional sense.

Section 18. "Owner" means any person, firm, corporation or other entity which on which owns a fee simple interest in any Lot and includes (except when the context otherwise requires) the family, guests, tenants, and invitees of such Owner.

Section 19. "Owner of Record" and "Member of the Association" include an Owner and mean any person, firm, corporation or other entity in which title to a Lot is vested as shown by the official records of the Office of the County Recorder.

Section 20. "Properties" means all portions of the real property (Common Area and Lots) more particularly described in exhibits B and D, together with all buildings, structures, utilities, Common Facilities and other improvements located thereon.

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Section 21. "Regular Assessment" means an Assessment levied on an Owner and his or her Lot in accordance with article IV hereof.

Section 22. "Residence" means a dwelling situated on a Lot and used for single family residential purposes.

Section 23. "Single Family Residential Use" shall mean occupation and use of a Residence for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state or municipal rules and regulations.

Section 24. "Special Assessment" means an Assessment levied on an Owner and his or her Lot in accordance with article IV hereof.

Section 25. "Special Individual Assessment" means an Assessment made against an Owner and his or her Lot in accordance with article IV hereof.

Section 26. "Subdivision Map" means those maps of record for Hidden Lakes Estates Units 1 through 5.

Section 27. "Tenant" means any occupant of a Residence under a rental agreement or lease. The term shall include lessees.

ARTICLE II Property Rights and Obligations

Section 1. Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and pass with the title to each Lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees or to limit the number of guests who make use of the Common Facilities.

(b) The right of the Association to adopt rules and regulations as provided in article III hereof, and, in the event of a breach of such Rules or any provision of the Governing Documents, to temporarily suspend the voting rights of and rights to use the Common Facilities by any Owner, the Owner's Tenants and guests in accordance with article VIII hereof. The Association's right hereunder shall include the right to suspend the voting rights and right to use any of the Common Facilities by an Owner for any period during which any Assessment against his Lot remains unpaid.

(c) The right of the Association, or its agents, when necessary, to enter any Lot in order to perform its obligations under this Declaration to the maintenance and repair of the Common Area or Common Facilities for the benefit of the Owners in common.

The Association's right of entry for the purposes aforesaid shall be immediate in case of an emergency originating in or threatening the Common Area. In all nonemergency situations the Association, or its agents, shall furnish the Owner or his Tenant with at least three days' written notice of its intent to enter the Lot, specifying the purpose of such entry, and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the Lot Owner or his Tenant.

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(d) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and Common Facilities and in aid thereof to Mortgage said property; provided, the rights of any such Mortgagee in said properties shall be subordinate to the rights of the Owners hereunder; and further provided that any such indebtedness shall be considered an expense of the Association for purposes of the Special Assessment provisions of article IV hereof.

(e) The right of the Association to convey, dedicate, transfer or sell all or any part of the Common Area for purposes consistent with the residential character of the Properties and subject to such conditions as may be agreed by the Board and/or the Owners. No such conveyance, dedication, transfer or sale shall be effective unless approved by at least two-thirds of the Owners. Furthermore, no such transaction shall be permitted that substantially impairs the ingress or egress to any individual Lot.

Section 2. Delegation of Use.

(a) Delegation of Use and Leasing Residences. Any Owner may delegate his right to use and enjoy the Common Area and Common Facilities to the members of the Owner's Family or to the Owner's Tenants or contract purchasers who reside in the Owners' Residence; provided that any rental or lease of the Owners' Residence may only be to a Family for Single Family Residential Use. It is the intent of this subparagraph (a) to protect, enhance and maintain the Single Family Residential atmosphere which exists within the Properties and to avoid the occupancy of Residences for short periods of time or by an unreasonable number of individuals.

Any rental or lease of a Residence shall be subject to the provisions of the Governing Documents, each of which shall be deemed to be incorporated by reference in the lease or rental agreement. Each Owner shall provide any Tenant with a current copy of all the Governing Documents and shall at all times be responsible for compliance of the Owner's Tenant with the Governing Documents during the Tenant's occupancy and use of the Residence.

Section 3. Obligations of Owners. Owners of Lots within the Properties shall be subject to the following:

(a) Owner's Duty to Notify Association of Tenants and Contract Purchasers. Each Owner shall notify the secretary of the Association or the Association's property manager, if any, of the names of any contract purchaser or Tenant of the Owner's Lot.

(b) Contract Purchasers. A contract seller of a Lot must delegate his voting rights as a Member of the Association and his right to use or enjoy the Common Area and Common Facilities to any contract purchaser in possession of the property. Notwithstanding the foregoing, the contract seller shall remain liable for any default in the payment of Assessments by the contract purchaser until title to the property sold has been transferred to the purchaser.

(c) Notification Regarding Governing Documents.

(i) As more particularly provided in section 1368 of the California Civil Code, as soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Lot, the Owner thereof must give the prospective purchaser:

- (A) A copy of the Governing Documents;
- (B) The Association's most recent financial statement;

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(C) A true statement in writing from an authorized representative of the Association as to: (1) the amount of any delinquent Assessments, together with information relating to late charges, attorneys' fees, interest, and costs of collection which, as of the date the statement is issued, are or may become a lien on the Lot being sold; and (2) the amount of the Association's current regular and Special Assessments and fees; and

(D) Any change in the Association's current Regular and Special Assessments and fees which have been approved by the Board but have not become due and payable as of the date the information is provided.

(ii) Within 10 days of the mailing or delivery of a written request for the information described in subparagraph (c)(i), above, the Association shall provide the Owner with copies of the requested items. The Association shall be entitled to impose a fee for providing the requested items equal to (but not more than) the reasonable cost of preparing and reproducing the requested items.

ARTICLE III

Homeowners Association, Membership and Voting Rights

Section 1. Association Membership. Every Owner of a Lot shall be a Member of the Association. Each Owner shall hold one membership in the Association for each Lot owned and the membership shall be appurtenant to such Lot. Ownership of a Lot or interest in it shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until his ownership in all Lots in the Properties ceases, at which time his membership in the Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members until such time as the security holder comes into title to the Lot through foreclosure or deed in lieu thereof.

Section 2. One Class of Membership. The Association shall have one class of membership and the rights, duties, obligations and privileges of the Members shall be as set forth in the Governing Documents.

Section 3. Voting Rights of Members. Each Member of the Association shall be entitled to one vote for each Lot owned by said Member. When more than one person holds an interest in any Lot, all such persons shall be Members, although in no event shall more than one vote be cast with respect to any Lot. Voting rights may be temporarily suspended under those circumstances described in article VIII thereof.

Section 4. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale or encumbrance of the Lot to which it is appurtenant and then, only to the purchaser. In the case of a sale, membership passes automatically to the purchaser upon recording of a deed evidencing transfer of title to the Lot. In the case of an encumbrance of such Lot, a Mortgagee does not have membership rights until he becomes an Owner by foreclosure or deed in lieu thereof. Tenants who are delegated rights of use pursuant to article II hereof do not thereby become Members, although the Tenant and Members of the Tenant's family shall, at all times, be subject to the provisions of all Governing Documents. Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the purchaser of his Lot, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 5. Powers and Obligations of the Association.

(a) Generally. The Association shall have the responsibility of owning, managing and maintaining the Common Area and discharging the other duties and responsibilities imposed on the Association by the

Governing Documents. In the discharge of such responsibilities and duties, the Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the laws of the State of California in operating the Common Area and Common Facilities and otherwise discharging its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Association and its Board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Governing Documents, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Association and the limitations thereon shall be as set forth in article VIII of the Bylaws.

(b) Specific Maintenance Obligations. In the absence of a County Service Area Zone, the Association shall be specifically responsible for maintaining the following improvements and easements which are located within Common Areas: all drainage improvements, the park and all its facilities, the gate to the lake, the roads and street lights within and on the Properties, pedestrian and emergency access easements and all other improvements and easements only to the extent that such improvements and easements are located within Common Areas.

Section 6. Association Rules.

(a) Rulemaking Power. The Board may propose, enact and amend rules and regulations of general application to the Owners of Lots within the Properties. Notwithstanding this grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the Governing Documents or the rights, preferences and privileges of Members thereunder. In the event of any material conflict between any Association Rule and any provision of the other Governing Documents shall be deemed to prevail.

(b) Distribution of Rules. A copy of the Association Rules shall be available to each Owner from the Secretary of the Association and open for inspection upon request.

(c) Adoption and Amendment of Rules. The Association Rules may be adopted, amended or supplemented by the Board. Any duly adopted Rule or amendment thereto shall become effective as of the date of adoption thereof by the Board or at such later date as the Board may deem appropriate.

Section 7. Breach of Rules or Restrictions. Any breach of the Association Rules or other Governing Documents shall give rise to the rights and remedies set forth in article VIII hereof.

Section 8. Limitation on Liability of the Association's Directors and Officers.

(a) Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Members or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the Governing Documents; provided that such Released Party has, upon the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budget, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Areas and Common Facilities and enforcement of the Governing Documents.

(b) Other Claims Involving Tortious Acts and Property Damage. No person who suffers bodily injury (including, without limitation, emotional distress or wrongful death) as a result of an act or omission of a volunteer member of the Board or volunteer officer of the Association which constitutes a tort under California law shall recover damages from such Board member or officer if all of the following conditions are satisfied:

- (i) The Board member or officer is an Owner.
- (ii) The Board member or officer resides within the Properties;
- (iii) The act or omission was performed within the scope of the volunteer Board member's or officer's Association duties;
- (iv) The act or omission was performed in good faith;
- (v) The act or omission was not willful, wanton, or grossly negligent;
- (vi) The Association maintained and had in effect at the time the act or omission occurred and at the time a claim is made general liability insurance with coverage of at least one million dollars (\$1,000,000).

The payment or reimbursement by the Association of actual expenses incurred by a Board member or officer in the course of the carrying out of his or her official duties shall not affect such Board member's status as a "volunteer" for the purposes of this section. The provisions of this subparagraph (b) are intended to reflect the protections accorded to volunteer directors and officers of community associations pursuant to California Civil Code section 1365.7. In the event said Civil Code section is amended or superseded by another, similar provision of the California statutes, this subparagraph (b) shall be deemed amended, without the necessity of further Member approval, to correspond to the amended or successor Civil Code provision.

ARTICLE IV Assessments

Section 1. Assessments Generally. Each Owner of a Lot by acceptance of a deed therefor (whether or not it shall be so expressed in such deed), covenants and agrees, to pay Regular Assessments, Special Assessments, Drainage Swale Assessments (if applicable) and Special Individual Assessments to the Association as hereinafter provided. All such Assessments, together with the late charges, interest, costs and attorneys' fees shall be a charge and continuing lien on the Lot against which the Assessment is made. Assessments shall also be the personal obligation of the person who was the Owner of the Lot at the time the Assessment became due. No Owner may exempt himself or his Lot from liability or charge for his share of any Regular, Special or Special Individual Assessment made against the Owner and his Lot by waiving or relinquishing, or offering to waive or relinquish, his right to use and enjoy all or any portion of the Common Area or Common Facilities or by the abandonment or non-use of his Lot.

Section 2. Regular Assessments.

(a) Preparation of Annual Budget; Establishment of Regular Assessments. Not less than 45 nor more than 60 days prior to the beginning of the Association's fiscal year, the Board shall estimate the total amount required to fund the anticipated Common Expenses of the Association for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or

additions to the Common Facilities) by preparing and distributing to all Association Members a budget satisfying the requirements of article XII, section 5 of the Association's Bylaws.

(b) Establishment of Regular Assessment By Board/Membership Approval Requirements. The total annual expenses estimated in the Association's budget (less projected income from sources other than assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year; provided, however, that, except as provided in subparagraph (c) below, the Board of Directors may not impose a Regular Assessment that is more than 20 percent greater than the Regular Assessment for the Association's preceding fiscal year without the approval of Owners casting a majority of the votes at a meeting or election by written ballot at which a quorum of the Members is present or participating. For the purposes of this article VI, the quorum requirement shall be a majority of the Members of the Association.

(c) Assessments to Address Emergency Situations. The requirement of a membership vote to approve Regular Assessment increases in excess of 20 percent of the previous year's Regular Assessment shall not apply to assessment increases that are necessary to address emergency situations. For purposes of this subparagraph (c), an emergency situation is any of the following:

(i) An extraordinary expense required by an order of a court.

(ii) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities where a threat to personal safety on the property is discovered.

(iii) An extraordinary expense necessary to repair or maintain the Common Areas or Common Facilities that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to subparagraph (a) above; provided, however, that prior to the imposition or collection of an assessment under this subparagraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members with the notice of assessment. This section is intended to comply with California Civil Code section 1366 or superseding statute.

(d) Allocation of Regular Assessment. The total estimated Common Expenses, determined in accordance with subparagraphs (a) through (c), above, shall be divided among, assessed against, and charged to each Owner according to the ratio of the number of Lots within the Properties owned by the assessed Owner to the total number of Lots subject to Assessment so that each Lot bears an equal share of the total Regular Assessment.

(e) Assessment Record. The Assessments imposed against each Lot and charged to each Owner shall be set forth in the records of the Association. The Assessment records (which may be maintained in the form of a computer printout) shall show, for each Lot, the name and address of the Owner thereof, all Assessments, whether Regular or Special, levied against each Owner and his Lot, and the amount of such Assessments which have been paid or remain unpaid.

(f) Installment Payment. The Regular Assessment levied against each Owner shall be due and payable in advance to the Association in equal quarterly installments on the first day of January, April, July and October or on such other date or dates as may be established from time to time by the Board.

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Section 3. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. The Board of Directors may levy Special Assessments against Owners and their Lots if, at any time, the Regular Assessment for any fiscal year is insufficient to fund the Association's common expenses, or for capital repairs, maintenance, or improvements to be made to the Properties, subject to the limitations herein. If the Board levies a Special Assessment, it shall be applicable to the remainder of that fiscal year only.

(b) Limitations on Special Assessments. No Special Assessment shall be levied in any fiscal year without the vote or assent of a majority of a quorum of the Members if such Special Assessment, when added to any other Special Assessment levied in that fiscal year, will exceed 5 percent of the budgeted gross expenses of the Association for that fiscal year.

(c) Emergency Assessments. The authority to impose emergency assessments without membership approval shall be in accordance with Civil Code section 1366, subdivision (b), or superseding statute which provides that an emergency assessment may be imposed in the following situations:

- (i) An extraordinary expense is required by an order of a court;
- (ii) An extraordinary expense is necessary to repair or maintain the Common Area or Facilities where a threat to personal safety on the property is discovered; or
- (iii) An extraordinary expense is necessary to repair or maintain the Common Area or Facilities which the Board could not have reasonably foreseen in preparing the budget. Prior to the imposition of an Assessment hereunder, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been foreseen, and distribute such resolution with the Notice of Assessment.

Section 4. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. The Board may impose Special Individual Assessments against an Owner and his Lot where the Owner, or his family members, guests or Tenants have caused damage to the Common Area or Facilities or have breached a provision of any of the Governing Documents. Special Individual Assessments may only be imposed pursuant to this section 4 after the Owner has been afforded the notice and hearing rights in accordance with article VIII hereof, and, when appropriate, has been given a reasonable opportunity to comply voluntarily with the Association's Governing Documents.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner and his Lot for any reason described and subject to the conditions imposed in subparagraph (a) of this section 4, such Special Individual Assessment shall be recorded in the Association's Assessment records, notice thereof shall be mailed to the affected Owner and the Special Individual Assessment shall thereafter be due as a separate debt of the Owner and a lien against his Lot.

Section 5. Drainage Swale Assessment. Each Owner of a Lot in Hidden Creek Estates burdened with a Drainage Swale agrees and covenants to pay a Drainage Swale Assessment in addition to the Regular Assessment. The Drainage Swale Assessment shall be set forth in the budget and allocated equally among all Lots burdened with a Drainage Swale within Hidden Creek Estates. The Drainage Swale Assessment shall be levied solely for the purpose of maintenance of the Drainage Swale (and appurtenant easements thereto).

If a County Service Area Zone maintains the Drainage Swale, then no such Assessment shall be levied by the Association against the Owners and Lots in Hidden Creek Estates burdened with the Drainage Swale.

Section 6. Purpose and Reasonableness of Assessments. Each Regular, Special, Drainage Swale or Special Individual Assessment made in accordance with the provisions of this Declaration, is hereby declared and agreed to be:

(a) For use exclusively to promote the recreation, health, safety and welfare of the residents of the Properties; (b) for the enjoyment and use of the Properties by the Owners and their families, Tenants, invitees, licensees, guests and employees; (c) for the repair, maintenance, replacement and protection of the Common Area and Common Facilities; (d) a reasonable Assessment; and (e) to constitute a separate, distinct and personal obligation (with respect to which a separate lien may be created) of the Owner of the Lot against which the Assessment is made which shall be binding on his heirs, successors and assigns; provided that the personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 7. Exemption of Certain of the Properties From Assessments. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

- (a) Any portion of the Properties dedicated and accepted by a local public authority;
- (b) The Common Area and Common Facilities; and
- (c) Any Lot owned by the Association.

Section 8. Maintenance of Assessment Funds.

(a) Bank Accounts. All sums received or collected by the Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Board of Directors and located within the County. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board and such officers or agents of the Association as the Board shall designate shall have exclusive control of the account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. The withdrawal of funds from Association accounts shall be subject to the minimum signature requirements imposed by California Civil Code section 1365.5 and Article XI, section 2 of the Bylaws.

To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. Any interest received on such deposits shall be credited proportionately to the balances of the various Assessment fund accounts maintained on the books of the Association as provided in subparagraph (b), below.

(b) Separate Accounts; Commingling of Funds. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Association and its

Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was levied, such surplus may, in the Board's discretion, be: (i) returned proportionately to the contributors thereof; (ii) reallocated among the Association's reserve accounts if any such account is, in the Board's opinion, underfunded; or (iii) credited proportionately on account of the Owners' future Regular Assessment obligations.

For purposes of accounting, but without requiring any physical segregation of assets, the Association shall keep a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom; provided, however, that receipts and disbursements of Special Assessments made pursuant to section 3(a) of this article shall be accounted for together with the receipts and disbursements of Regular Assessments, and a separate accounting shall be maintained for each capital Improvement for which reserve funds for replacement are allocated.

Unless the Association is exempt from federal or state taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by law or regulations of the Internal Revenue Service and the California Franchise Tax Board that will prevent such funds from being taxed as income of the Association.

Section 9. Collection of Assessments.

(a) Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special or Special Individual Assessment is not paid within 15 days of its due date, such payment shall be delinquent and the amount thereof shall bear interest and late charges at the maximum rate allowed by law.

(b) Effect of Nonpayment of Assessments.

(i) Remedies Available to the Association to Collect Assessments.

The Association may bring legal action against the Owner personally obligated to pay the delinquent Assessment, foreclose its lien against the Owner's Lot or accept a deed in lieu of foreclosure. Foreclosure by the Association of its lien may be by judicial foreclosure or by nonjudicial foreclosure pursuant to a power of sale, in the same manner as the foreclosure of a mortgage or deed of trust upon real property under the laws of the State of California. These remedies are cumulative, and not mutually exclusive.

(ii) Lien. The lien amount of any delinquent Assessment, penalties, interest and costs (including reasonable attorneys' fees) shall become a lien upon the Lot of the Owner so assessed when the Association causes to be recorded a Notice of Delinquent Assessment recorded in the Office of the County Recorder of Placer, State of California, a Notice of Delinquent Assessment executed by an authorized representative of the Association, setting forth: (A) the legal description of such Lot, (B) the Owner of Record or reputed Owner thereof, (C) the amount claimed, (D) the name and address of the Association, and (E) the name and address of the trustee authorized by the Association to enforce the lien by sale.

Section 10. Unallocated Taxes. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than being assessed to the Lots, such taxes shall be included in the Regular Assessments and, if necessary, a Special Assessment may be levied against the Lots in an amount equal to such taxes to be paid in two installments, thirty days prior to the due date of each tax installment.

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Section 11. Waiver of Exemptions. Each Owner, to the extent permitted by law, waives, to the extent of any liens created pursuant to this article IV, the benefit of any homestead or exemption law of California in effect at the time any Assessment or installment thereof becomes delinquent or any lien is imposed.

Section 12. Mortgage Protection. The lien of assessments provided for herein upon any Lot shall be subject and subordinate to and shall not affect the rights of the holder of the indebtedness secured by any recorded first mortgage or first deed of trust (meaning a mortgage with first priority over other mortgages) upon such Lot made in good faith and for value, which mortgage or deed of trust may secure any additional advances made thereunder.

Sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to foreclosure of such mortgage or deed of trust, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer but only if the purchaser at such foreclosure or trustee's sale is other than the defaulting mortgagee or trustor, his heirs or assigns. Such Lot shall be subject to liability for assessments, and to the lien therefor, becoming due after such sale or transfer, whether the purchaser or transferee is an institutional lender or otherwise.

ARTICLE V Easements and Drainage Swale

Section 1. Easements. Each Lot and its Owner, and the Association as the case may be, is subject to all the easements, dedications and rights-of-way granted in, on, over and under the Properties as shown on the recorded Subdivision Map.

Section 2. Drainage Swale in Hidden Creek Estates.

(a) **Easement.** Each Lot and its Owner affected by the Drainage Swale (and easements appurtenant thereto as shown on the Subdivision Map) shall be required to (i) obtain the prior written approval of the Association for any construction, improvement or alteration to such Lot to assure that such work does not interfere or is within the Drainage Swale or its easement, and (ii) keep the Drainage Swale and its easement locations clean and clear of all debris and obstructions to assure uninterrupted drainage flow.

(b) **Water Course Location.** Under no circumstances shall the natural water course location within the Drainage Swale or its easement be altered or changed.

(c) **No Improvements on Drainage Swale Area.** There shall not be improvements of any kind, including driveways, culverts, bridges, dams, ponds, or fences, except ground cover, on the Lot area over the Drainage Swale or its easements unless the prior written approval of the Association [and the County] has been obtained.

(d) **Maintenance.** In the absence of a County Service Area Zone or proper maintenance by the Owner of each Lot affected by a Drainage Swale, the Drainage Swale shall be maintained by the Association. Proper maintenance includes, but is not limited to removal of any excess vegetation, keeping excess growth down, preventing water ponds and routine scheduled maintenance funded by the Drainage Swale Assessment.

ARTICLE VI
Architectural Control

Section 1. Establishment of an Architectural Committee. The Board of Directors shall establish an Architectural Control Committee ("ACC") to consist of no fewer than three representatives appointed by the Board from the membership of the Association. The purpose of the ACC shall be to assist in the protection and maintenance of the value, desirability and attractiveness of the Properties for the benefit of all Members of the Association.

Section 2. Approval of Improvements.

(a) Prior to the commencement of construction, or installation or alteration of any improvement within the Properties, including but not limited to buildings, room additions, outbuildings, swimming pools, storage sheds, basketball hoops, tree houses, paint colors, walls, fences, landscaping, outdoor spas, antennas, satellite reception dishes, utility lines or any structure of any kind, an Owner must submit a written request for approval to the Board or the ACC.

(b) The Board shall (upon the recommendation of the ACC) approve or disapprove the Owner's request based upon the following criteria: (i) limit the height of buildings and other structures to two (2) full stories; (ii) require a minimum of 1,700 square feet for the living area of a single-story house (exclusive of garage) and a minimum of 1,400 square feet for the ground floor living area of a two-story house (exclusive of garage); (iii) require a garage or carport of sufficient size to accommodate a minimum of two (2) automobiles; (iv) permit buildings and structures only within the prescribed setbacks unless rock outcroppings, significant trees or the nature of the improvement itself dictates otherwise; (v) emphasize exteriors of wood, stone or stucco; (vi) require, to the extent visible, roof of wood shakes or tile; (vii) emphasize colors commonly referred to as the "earthy" tones with complimentary accent colors; (viii) to the extent reasonably possible, maintain existing natural vegetation, rock outcroppings and topography and be in harmony with the design of other structures and/or landscaping within the Properties; and (ix) conform with the Governing Documents and ACC rules, if any.

(c) If the Board determines that it would be in the best interests of the community for an Owner-applicant to submit detailed plans of the improvement, the Board or the ACC shall so advise the Owner in writing.

(d) In the event the Board or the ACC fails to respond to the request for an improvement within 30 days after the request has been submitted to it, the request shall be deemed approved.

(e) In approving an Owner's request, the Board may condition its approval upon the adoption of modifications to the request or observance of restrictions as to location, height, noise abatement, or other factors.

(f) Construction of an approved improvement shall be completed without delay. The maximum time for completion shall be four months or earlier from the date of approval.

Section 3. Adoption of ACC Rules. The ACC may adopt rules relating to procedures and standards for architectural review, interpretation of the Governing Documents insofar as they pertain to matters within the jurisdiction of the ACC. Rules adopted by the ACC shall become effective upon approval by the Board of Directors, whereupon said rules shall become a part of the Association Rules.

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ARTICLE VII
Use Restrictions

Section 1. Single Family Residential Use. The use of the Lots in the Properties is restricted to Single Family Residential Use. In no event shall a Residence be occupied by more individuals than permitted by applicable zoning laws or governmental regulation.

Section 2. Lots and Lot Maintenance. Each Lot shall be conveyed as a separately designated and legally described fee simple estate subject to this Declaration. All buildings or structures shall be within the setback lines established in the recorded subdivision Map. All Lots, whether occupied or unoccupied, and the Residences and other improvements placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly by reason of the accumulation of rubbish, debris or unsightly growth thereon.

Section 3. Common Area. The Common Area shall be preserved as open space and park areas and used for recreational purposes and other purposes incidental and ancillary to the use of Lots. Such use shall be limited to the private use for aesthetic and recreational purposes by the Association's Members, their Tenants, families and guests subject to the regulations set forth in the Governing Document.

Section 4. Prohibition of Noxious Activities. No illegal, noxious or offensive activities shall be carried on or conducted upon any Lot or within any portion of the Common Area nor shall anything be done within the Properties which is or may become an unreasonable annoyance or nuisance to the neighborhood, for example, loud music after 6:00 p.m., dog barking, etc. Excessive noise levels may be determined at the sole discretion of the Board which may, but shall not be obligated to, rely on the standards established in the County or Municipal Code or other applicable governmental regulation dealing with such matters.

Section 5. Temporary Structures. No structure of a temporary character, trailer, mobile home, camper, tent, shack, or other outbuilding shall be used on any Lot at any time as a Residence, either temporarily or permanently.

Section 6. Household Pets. No more than two dogs and two cats may be kept on each Lot so long as the same are not kept, bred or maintained for commercial purposes. No other animals, livestock, or poultry of any kind shall be kept, bred or raised in any Lot. Dogs shall only be allowed on the Common Areas when they are leashed and otherwise under the supervision and restraint of their Owners. No household pet shall be left chained or otherwise tethered in front of a Lot or within the Common Area. Pet owners shall be responsible for the prompt disposal of pet wastes in the Common Area. Each person bringing or keeping a pet on the Properties shall be solely responsible for the conduct of such pets and the Association, its Board, officers, employees and agents shall have no liability to any Owners, their Family members, guests, invitees, Tenants and contract purchasers for any damage or injury to persons or property caused by any such pet.

Section 7. Signs. No advertising signs shall be displayed on any Lot or posted within or upon any portion of the Common Area except such "For Rent," "For Lease" or "For Sale" signs of reasonable dimensions as are approved by the Board, or a committee thereof.

Section 8. Business Activities. No business or commercial activities of any kind whatsoever shall be conducted in any Residence or building on a Lot without the prior written approval of the Board. Notwithstanding the foregoing, no restrictions contained in this section 8 shall be construed in such a manner as to prohibit any Owner from conducting activities on the Owner's Lot otherwise compatible with residential use and the provisions of this Declaration which are permitted under applicable zoning laws or governmental regulations without the necessity of first obtaining a special use permit or similar specific governmental authorization. For purposes of this section, more than two garage sales per year per Lot are a "business

activity" within the meaning of this section; however, additional garage sales may be held by an Owner with the prior written approval of the Board.

Section 9. Garbage. All rubbish, trash, or garbage shall be completely screened from exterior view and shall not be allowed to accumulate on Lots.

Section 10. Utility Lines. All utility lines and services, including cable television, shall be underground.

Section 11. No Antennas and Satellite Dishes. In order to ensure adequate aesthetic controls and to maintain the general attractive appearance of the Properties, no Owner, resident or Tenant shall place or maintain any objects, such as masts, towers, poles, television and radio antennas, or satellite dishes, on or about the exterior of any building within the Properties except with the prior written approval of the Board of Directors in accordance with article VI.

Section 12. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual or customary in connection with the use, maintenance or construction of a private residence or appurtenant structures within the Properties.

Section 13. Parking. Each Lot shall maintain at all times four off-street parking spaces, two of which shall be fully enclosed. All driveways shall be maintained in a neat and orderly condition.

Section 14. Vehicles. No trucks, three-quarter (3/4) ton or larger, trailers, boats, campers, motor homes or other equipment shall be permitted to remain parked on any Lot unless the same be within a garage or other enclosure, or unless otherwise shielded from view from the roadway, except temporarily and solely for the purpose of loading or unloading. There shall be no rebuilding of automobiles, motorcycles or other vehicles in the driveway or otherwise in view from the roadway. No wrecked, abandoned or dismantled vehicles, or vehicles or other equipment not in use shall be stored or kept on the premises.

Section 15. Fences. On the Lots abutting the lake, there shall be no block wall or solid fencing which blocks the view of the lake. Any such border fencing shall require the prior written approval of the Board. All fences in place at the execution of this Declaration shall be exempt from this restriction; however, if and when such border fences (or a substantial part thereof) require replacement, such fence shall be brought into compliance with the restrictions.

Section 16. Restriction on Further Subdivision. Unless the prior written approval of the Board is obtained, no Lot shall be further subdivided for sale, lease or financing, nor shall less than all of any such Lot be conveyed by an Owner thereof, nor shall any easement or other interest in a Lot be given.

Section 17. Common Area Use. Private streets in the Common Area shall not be used for recreational purposes, including "joy riding" or racing. Motorcycles, mopeds, or cars shall be allowed on such private streets only for ingress and egress.

Section 18. Variances. The Board of Directors may allow reasonable variances and adjustments of the use restrictions provided in this article VII in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein.

HLE EXHIBIT 7

ARTICLE VIII
Breach and Default

Section 1. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedies at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, or equitable servitudes contained in this Declaration are inadequate and that the failure of any Owner, Tenant, occupant or user of any Lot, or any portion of the Common Area or Common Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by any Owner, the Association, its officers or Board of Directors.

Section 2. Nuisance. Without limiting the generality of the foregoing section 1, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 3. Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the court may award to the prevailing party in any such action such attorneys' fees and other costs as it may deem just and reasonable.

Section 4. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 5. Failure Not a Waiver. The failure of any Owner, the Board of Directors or the Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor shall such failure result in or impose any liability upon Association or the Board, or any of its officers or agents.

Section 6. Enforcement Rights and Remedies of the Association; Limitations Thereon.

(a) **Rights Generally.** In the event of a breach or violation of any Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his Family, or the Owner's guests, employees, invitees, licensees, or Tenants, the Board, for and on behalf of all other Owners, shall enforce the Governing Documents through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines, the pursuit of legal action, or the suspension of the Owner's right to use recreational Common Facilities or suspension of the Owner's voting rights as a Member of the Association; provided, however, the Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this section 6. Furthermore, the decision of whether it is appropriate or necessary for the Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Association's Board. If the Association declines to take action in any instance, any Owner shall have such rights of enforcement as exist by virtue of section 1354 of the California Civil Code or otherwise by law.

(b) **Schedule of Fines.** The Board may implement and impose fines for any violation of the Governing Documents. Once imposed, a fine or penalty may be collected as a Special Individual Assessment.

HLE EXHIBIT 7

(c) Definition of "Violation." A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures.

(d) Limitations on Disciplinary Rights. The Association shall have no power to take disciplinary action against an Owner for violation of any provision of the Governing Documents or of any duly enacted Association Rule except for failure of the Owner to pay Assessments, unless the Owner alleged to be in violation is given at least 15 days' prior notice of the alleged violation and the proposed penalty and is given an opportunity to be heard before the Board of Directors or appropriate committee established by the Board at a hearing conducted at least 5 days before the effective date of the proposed penalty. Notwithstanding the foregoing, under circumstances involving conduct that constitutes (i) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners, (ii) a traffic or fire hazard, or (iii) a threat of material damage to, or destruction of, the Common Area or Common Facilities, the Board of Directors, or its duly authorized agents, may undertake immediate corrective or disciplinary action. The Association shall, at the request of the offending Owner, conduct a hearing as soon thereafter as reasonably possible, but in no event more than 15 days after the action is taken or 15 days following receipt of the Owner's request for a hearing, whichever is later.

ARTICLE IX General Provisions

Section 1. Insurance Coverage. The Association shall purchase, obtain and maintain the following types of insurance, if and to the extent they are available:

(a) Public Liability and Property Damage Insurance. A policy of comprehensive public liability insurance insuring the Association, each member of the Association Board of Directors, any manager and the Owners and occupants of Lots, against any liability incident to the ownership or use of the Common Areas and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than \$1 million covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to projects similar in construction, location, and use.

(b) Fire and Casualty Insurance. If necessary, a policy of fire and casualty insurance naming the Association and any Mortgagee of the Common Area, as the parties insured, and containing the standard extended coverage and replacement cost endorsements and such other or special endorsements as will afford protection and insure, for the insurable, current replacement cost (excluding foundations and excavation, but without deduction for depreciation) as determined annually by the insurance carrier, all Common Facilities and the personal property of the Association for or against the following risks:

- (i) Loss or damage by fire or other risks covered by the standard extended coverage endorsement.
- (ii) Loss or damage from theft, vandalism or malicious mischief.
- (iii) Such other risks, perils or coverage as the Board of Directors may determine. Such policy or the endorsement made a part thereof shall, if and to the extent available, provide that the insurer

issuing the policy agrees to abide by the decision of the Association as to whether or not repair, reconstruct or restore all or any damaged or destroyed portion of the Common Facilities.

(c) Director and Officer Liability Insurance. A policy of liability insurance insuring the past and present directors and officers of the Association.

(d) Additional Insurance and Bonds. The Association may also purchase such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limitation, demolition insurance, flood insurance, workers' compensation insurance and fidelity bonds or insurance, which coverage shall contain an endorsement of coverage of any person who may serve without compensation. The Board may purchase and maintain such insurance on personal property owned by the Association, and any other insurance.

Section 2. Term. This Declaration shall run with, and shall benefit and burden the Lots and the Common Area as herein provided, and shall inure to the benefit of and be binding upon the Owners, the Association, its Board of Directors, and its officers and agents, and their respective successors in interest, for a term of 10 years from the date of recordation of this Declaration, after which time the same shall be automatically extended for successive periods of 10 years each unless, within 6 months prior to the expiration of the initial 60-year term or any such 10-year extension period, a recordable written instrument, approved by a majority of a quorum of the Members terminating the effectiveness of this Declaration shall be filed for recording in the Office of the County Recorder of Placer County, California.

Section 3. Amendment. This Declaration may be amended by the vote or assent ballot of two-thirds of the Members. Upon such approval, the amendment shall be effective upon the recording of the Office of the Recorder of County of an instrument setting forth the terms thereof duly certified and executed by the President and Secretary of the Association. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith. No amendment affecting the Common Areas may be made without the express written consent of the County.

Section 4. Annexation. Additional property may be annexed to the Association upon the affirmative vote of two-thirds of the Owners.

Section 5. Construction.

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

(b) Restrictions Severable. Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Gender and Number. As used in this Declaration, the singular shall include the plural and the plural the singular, unless the context requires the contrary, and the masculine, feminine or neuter gender shall each be deemed to include the others whenever the context so indicates.

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

(e) Exhibits. All exhibits attached hereto shall be deemed to be incorporated herein by reference.

Section 6. Notices.

(a) Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to any Owner:

To the street address of his or to such other address as he may from time to time designate in writing to the Association.

If to the Association:

Hidden Lakes Estates Homeowners Association at the residence address of the Secretary of the Association or to such other address as the Association may from time to time designate in writing to the Owner.

(b) Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the co-Owners of any Lot, to any general partner of a partnership which is the Owner of Record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of Record of the Lot, shall be deemed delivered to all such co-Owners, to such partnership, or to such corporation, as the case may be.

(c) Deposit in United States Mails. All notices and demands served by mail shall be by first class, registered or certified mail, with postage prepaid, and shall be deemed delivered 48 hours after deposit in the United States mail in Placer County, California.

Section 7. Enforcement by the County of Placer. The County shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration with respect to the Common Areas. Failure by the County to enforce any covenant or restriction herein contained shall, in no event, be deemed a waiver of the right to do so thereafter.

Section 8. Miscellaneous. Except as otherwise expressly provided herein, the capitalized terms in this First Amendment shall have the same meanings as defined in the Declaration. Except as otherwise expressly provided herein, all of the provisions of the Declaration are hereby ratified and confirmed.

HLE EXHIBIT 7

Section 9. Effective Date. This First Amendment has been executed to be effective upon the date it is recorded in the Official Records.

DATED: August 29, 1997

HIDDEN LAKES ESTATES HOMEOWNERS
ASSOCIATION, a California nonprofit mutual
benefit corporation

By: Ferol Kimble
Ferol Kimble, President

By: BRUCE FOMAN
BRUCE FOMAN, Secretary

HLE EXHIBIT 7

EXHIBIT A
LIST OF ORIGINAL CC&R'S AND ANNEXATIONS

1. Declaration of Covenants, Conditions and Restrictions for Hidden Lakes Estates Unit No. 1 recorded in the Office of the County Recorder of Placer County on June 3, 1976, in volume 1730 at page 437.
2. Declaration of Annexation for Hidden Lakes Estates Unit No. 2 recorded in the Office of the County Recorder of Placer County on September 13, 1977, in volume 1884 at page 547.
3. Declaration of Annexation for Hidden Lakes Estates Unit No. 3 recorded in the Office of the County Recorder of Placer County on August 25, 1978 in volume 2017 at page 420.
4. Declaration of Annexation for Hidden Lakes Estates Unit No. 4 recorded in the Office of the County Recorder of Placer County on October 26, 1979, in volume 2187 at page 550.
5. Declaration of Covenants, Conditions and Restrictions for Hidden Lakes Estates Unit No. 5 recorded in the Office of the County Recorder of Placer County on March 29, 1982, in volume 2488 at page 219.

*Subsequent Amendments to Original Declaration recorded in the Office of the Placer County Recorder:

- (a) Amendment recorded July 8, 1976, in volume 1741 at page 466.
- (b) Amendment recorded July 7, 1977, in volume 1859 at page 499; re-recorded September 13, 1977, in volume 1884 at page 549.
- (c) Amendment recorded March 19, 1984, in volume 2675 at page 698.

HLE EXHIBIT 7

EXHIBIT B
LEGAL DESCRIPTIONS HIDDEN LAKES ESTATES UNITS 1 THROUGH 5

Hidden Lakes Unit 1, as recorded in the Records of the County of Placer: Book K, Page 69, dated June 2, 1976.

Lot A-1 and Lot B of Tract Map No. 332, recorded in Placer County, California, on June 2, 1976, at Book K, Page 69, as Instrument No. 16207.

Lot C and Lots 40 through 94, inclusive, as shown on that certain map entitled "Hidden Lakes Unit No. 2," which Map was filed for record in the Office of the Recorder of Placer County, State of California, on July 7, 1977, in Book L of Maps, Map No. 18.

Lots 95 through 143, inclusive, as shown on that certain map entitled "Hidden Lakes Unit No. 3," which Map was filed for record in the Office of the Recorder of Placer County, State of California, on August 25, 1978, in Book L of Maps, at page 75.

Lots 144 through 172, inclusive, as shown on that certain map entitled "Hidden Lakes Unit No. 4," which map was filed for record in the Office of the Recorder of Placer County, State of California, on October 26, 1979, in Book M of Maps, Page No. 52.

Lots 1 through 27, inclusive, of Hidden Lakes Unit 5, as per map thereof recorded May 8, 1981, in Book N of Maps, Page 18, Placer County Records.

EXHIBIT C
LEGAL DESCRIPTION OF COMMON AREAS -- HIDDEN
LAKES ESTATES HOMEOWNER'S ASSOCIATION

Lot A-1 and Lot B of Tract Map No. 332, recorded in Placer County, California, on June 2, 1976, at Book K, Page 69, as Instrument No. 16207.

Lot C as shown on that certain map entitled "Hidden Lakes Unit No. 2," which Map was filed for record in the Office of the Recorder of Placer County, State of California, on July 7, 1977, in Book L of Maps, Map No. 18.

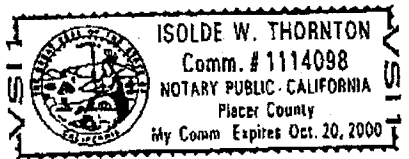
HLE EXHIBIT 7

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of Calif.
 County of Placer
 On 27th. May. 1997 before me, Isolde W. Thornton
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
 personally appeared Fezol Kimble and Bruce Yeoman
Names(s) of Signer(s)

personally known to me
 proved to me on the basis of satisfactory evidence

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



WITNESS my hand and official seal.

Isolde W. Thornton
Signature of Notary Public

OPTIONAL

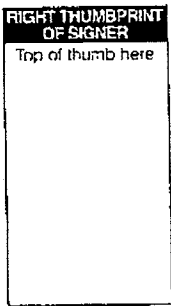
Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____
 Document Date: _____ Number of Pages: _____
 Signer(s) Other Than Named Above: _____

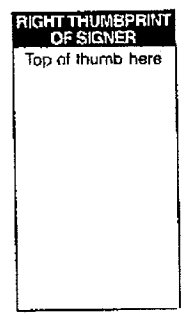
Capacity(ies) Claimed by Signer(s)

- Signer's Name: _____
- Individual
 - Corporate Officer
Title(s): _____
 - Partner — Limited General
 - Attorney-in-Fact
 - Trustee
 - Guardian or Conservator
 - Other: _____



Signer Is Representing: _____

- Signer's Name: _____
- Individual
 - Corporate Officer
Title(s): _____
 - Partner — Limited General
 - Attorney-in-Fact
 - Trustee
 - Guardian or Conservator
 - Other: _____



Signer Is Representing: _____

HLE EXHIBIT 7

If this document contains any restriction based on race, color, religion, sex, familial status, marital status, disability, national origin or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.1 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

HLE EXHIBIT 7