

**SECOND AMENDMENT OF DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF PARK RIVER OAK ESTATES HOMEOWNERS ASSOCIATION**

This Second Amendment of Declaration of Covenants, Conditions and Restrictions of Park River Oak Estates Homeowners Association (“Declaration”) is made on the date indicated below by Park River Oak Estates, a California nonprofit mutual benefit corporation (“Association”) with reference to the facts set forth in the “Recitals” below.

**RECITALS**

A. The Association is vested with the responsibility for the management and control of that certain real property in the County of Sacramento, State of California described as follows:

Lots 1 through 10, inclusive, Lots 11 through 14, inclusive, Lots 15 through 22, inclusive, Lots 23 through 28, inclusive, Lots 29 through 41, inclusive, Lots 43 through 47 inclusive, Lots 49 through 66, inclusive, Lots 67 through 70, inclusive, Lots 71 through 74 inclusive, Lots 75 through 78, inclusive, Lots 79 through 82 inclusive and Common Area Lots A, B, C, D, E, F, and G, as shown on the Map entitled “Park River Oaks Estates”, filed for record February 24, 1995, in Book 236 of Maps, Page 9, Sacramento County Records.

Hereinafter referred to as the “Property.”

B. The membership of the Association consists of the individual Owners of the Property.

C. The Property is subject to the Covenants, Conditions and Restrictions contained in that certain Declaration of Covenants, Conditions and Restrictions, recorded August 7, 1995 as File/Page No. 199508070845 and the First Amendment to the Declaration for Park River Oak Estates a Townhouse Project, recorded June 18, 2004 as File/Page No. 200440618 (“Declaration”).

D. The Association, through its membership, desires to amend the Declaration as set forth below.

E. Association has the power and authority to execute and record this Second Amendment pursuant to the approval duly given by the Members of the Association in accordance with the requirements of Article XVII, [17.1] of the Declaration and the First Amendment thereto.

## AMENDMENT

*New Paragraphs are added to Article II, Paragraph [2.3], Section 3 as follows:*

[2.3] Section 3.

(f) Hotel or Transient Purposes.

No Owner may lease a Townhouse for hotel, motel or transient purposes or any other purpose inconsistent with the provisions of this Declaration, including, without limitation, the use of the Townhouse as a timeshare, short-term rental, vacation rental, miniature dormitory (the definition of “miniature dormitory” is a rental property, occupied by several young adults, each paying separate rents and not functioning as a cohesive family unit. The term is not a reference to the size of the individual townhouse or residence). Off-site owners must provide their current, off-site mailing addresses to the Association.

(g) Limit on the Number of Townhouses that Can be Rented or Leased.

Except as set forth and permitted in sub-section (n) below, the number of Townhouses that can be rented and/or leased at any one time shall be limited to a maximum of twenty percent (20%) of the Townhouses located within the Association. Notwithstanding the foregoing, the Board of Directors, at its discretion, may from time to time for good cause (e.g., temporary work related transfers, temporary hospitalization, etc.) allow additional Townhouses to be temporarily rented or leased, with the time period being determined by the Board. Any such action by the Board shall be in response to an Owner’s written request as set forth in sub-section (m) below.

(h) Total Number of Townhouses Eligible for Lease and Exceptions for Inheritance.

If, at the time this Declaration is recorded, less than twenty percent (20%) of the Townhouses in the Association are rented and/or leased, additional Townhouses may be rented and/or leased until the total number of rented and/or leased Townhouses has reached twenty percent (20%). An exception shall be made for Townhouses acquired through inheritance, at any time. When a Townhouse is acquired through inheritance, the new Owner may rent or lease the Townhouse, after satisfying the requirements of sub-section (i) below. The inherited Townhouse then becomes part of the total number of currently rented and/or leased Townhouses in the Association.

(i) Written Approval to Rent or Lease Required.

The Owner of a Townhouse within the Association who wishes to rent and/or lease the Townhouse is required to obtain from the Association prior written authorization to rent

or lease. The written authorization may be obtained by submitting a written request to the Association for approval to rent or lease. The Association shall respond within twenty (20) days of receipt of the written request that the Townhouse either qualifies or does not qualify for rental. Failure by the Association to respond within twenty (20) days from the date of receipt of the request is deemed approval. In the alternative, if the Owner receives notice from the Association that their Townhouse has become eligible for rental or lease, this requirement is deemed satisfied.

(j) Registration of Townhouse for Future Rental.

The new Owner may submit the Townhouse for inclusion on the Association's "Rental List" by written request to the Board of Directors.

(k) Rental List.

Townhouses shall be added to the bottom of the list of rented or leased Townhouses ("Rental List") of a first-come, first-served basis. When the total number of rented and/or leased Townhouses has fallen below twenty percent (20%) of the Townhouses in the Association, the Owner of the first Townhouse set forth on the Rental List may elect to designate his/her Townhouse as a "Rental Unit" and proceed to rent or lease the Townhouse, after satisfying the requirements of sub-section (i) above. If the Townhouse is owner-occupied, the Owner of said Townhouse will be required to (1) vacate the residence and actively list it for rental or lease within sixty (60) days, or (2) be placed at the bottom of the Rental List as described in sub-section (j) above. If the Owner of the first Townhouse on the Rental List does not elect to designate his/her Townhouse as a rental, that Owner will be placed at the bottom of the Rental List and the second Owner on the Rental List may then elect to designate his/her Townhouse as a rental and proceed to rent or lease the Townhouse, after satisfying the requirements of sub-section (i) above. The Rental List is maintained by the Board of Directors. If a Townhouse on the Rental List is approved, all remaining Townhouses will advance in priority.

(l) No Leasing or Rental of Townhouses During Initial Twelve (12) Months of Ownership.

No Townhouse may be leased or rented during the initial twelve (12) months of ownership following close of escrow or transfer of title (if no escrow). If the Townhouse, at the time of close of escrow or transfer of title (if no escrow), is under a rental/lease agreement, the Townhouse may continue to be leased to the existing tenant until the lease expires. Once the lease expires, the tenancy must be terminated and the Owner may, at that time, submit a request to be placed on the Rental List. The twelve (12) month restriction on leasing will commence, in that case, at the time the tenant(s) vacate(s) the Townhouse and not from the date that escrow closed or transfer of title (if no escrow).

(m) Rental and/or Lease Hardships.

If an Owner of a Townhouse believes that the imposition of sub-section (g) above will pose an extreme physical or financial hardship, the Owner may submit a written request to the Board of Directors for a hearing on said hardship. Within twenty (20) days of the Board's receipt of the written request, the Board shall hold a hearing on the facts. The Board will then, in executive session, give consideration to the Owner's request, and any other available, pertinent information, and render a decision. The decision of the Board will be final. The Board will provide the requesting Owner with a written decision sent to the Owner by first-class mail within twenty (20) days following the hearing.

(n) Exemption.

Owners who held title to their Townhouses prior to recordation of this Declaration are not subject to the rental limitations stated in sub-sections (g) and (l) above. Upon sale or transfer of the Townhouses, this exemption will no longer apply.

***Article II, Paragraph [2.4] Section 4(a) is amended as follows:***

[2.4] Section 4. 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 all persons to whom such Owner, contract purchaser or tenant has delegated any rights to use and enjoy the Properties and the relationship that each such person bears to the Owner, contract purchaser or tenant. Each Owner shall provide the Association's secretary or property manager with (a) a fully-executed copy of the rental or lease agreement with all addenda, and any amendments or renewals or extensions of the lease, and (b) of the names of any contract purchaser or tenant of the Owner's Townhouse and other information such as telephone number of the tenants and contract purchasers for contact and identification of resident vehicles, on a form provided by the Association that further certifies that the Townhouse has been leased for a minimum of one hundred eighty (180) days to said tenants. This information and the lease shall be provided to the Association at least seven (7) days prior to the tenant taking possession of the Townhouse. The Board of Directors shall have the right to adopt rules and regulations imposing fines or other enforcement action for failure to comply with the rental and leasing requirements of this Declaration.

Except as expressly amended herein, the remaining portions of the Declaration and First Amendment thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned President and Secretary of Park River Oak Estates Homeowners Association, do hereby certify and attest that this Second Amendment was duly enacted by the members of the Association in accordance with all rules and procedures applicable to the amendment of the Declaration.

Date: \_\_\_\_\_

\_\_\_\_\_  
President, Park River Oak Estates  
Homeowners Association

Date: \_\_\_\_\_

\_\_\_\_\_  
Secretary, Park River Oak Estates  
Homeowners Association