

**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
SUGAR BOWL CHALET**

THIS DECLARATION is made on the date hereinafter set forth by Sugar Bowl Corporation, a California Corporation (herein referred to as "Declarant").

SECTION 1: RECITALS

1.01. Description of Real Property. Declarant is the owner of that certain real property in the County of Placer, State of California, which is more particularly described on Exhibit "A" attached hereto and incorporated herein.

1.02. Multiple Phases. Declarant has improved or intends to improve the Project by subdividing and constructing it into five residential lots improved with dwellings ("Lots") and one common area lot with improvements ("Common Area").

The development of the Project is in the first phase of a proposed three phased project. It is anticipated that the future phases, if annexed, will consist of approximately seven additional residential lots and additional common area; all constructed in accordance with any development plans, maps and specifications on file with the County of Placer, and the California Department of Real Estate.

Declarant may, but is not required to, annex future phases to the Project. Any annexation by Declarant shall be done in accordance with Section 3.

1.03. Ownership Interests. Each owner shall receive fee title to his/her Lot and a membership in the Chalet Townhomes Owners Association ("Association"), which shall hold title to the Common Area, a non-exclusive easement for use, enjoyment, ingress and egress over the Common Area, and such other interests as are provided herein.

1.04. Common Plan for Project. By this Declaration, Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Project and interests therein conveyed and to establish thereon a Planned Development.

1.05. Underlying Restrictions. Each lot in the project is subject to the covenants, restrictions, easements, benefits and burdens set for in that certain document entitled, "Declaration of Covenants and Grant of Easement", recorded July 11, 1994, as Instrument No. 94-051295, Official Records of Placer County. In addition, owners within the project will be Members of the Sugar Bowl Homeowners Association, organized in accordance with said Declaration, and subject to any assessments levied by said Association.

NOW, THEREFORE, Declarant hereby declares that the real property described on Exhibit "A" shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved, subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Project, in accordance with the plan for improvement of the Property and the division thereof into Lots. Pursuant to California Civil Code Sections 1353 and 1354, all of the limitations, covenants, conditions, restrictions and easements shall constitute covenants which shall run with the land, be enforceable as equitable servitudes, and shall be binding upon Declarant and its successors and assigns, and all parties having or acquiring any right, title or interest in or to any part of the Property or the Project.