

CC&Rs of the Santiago Estates Rosamond Homeowner's Association (SERCA)

The following 90 pages of this computer file, reproduced from copies provided to me when I purchased one of the homes in 2011, consist of the original CC&Rs filed in May of 1985 plus a series of amendments thereto.

FIRST AMENDMENT:

The development now known as Santiago Estates Rosamond was originally called Valley View Estates by its first developer, Sandco American Inc. Apparently the Valley View development was sold or transferred to the Santiago Corporation of Santa Ana, CA at some point early in 1987 and was renamed by them & a First Amendment to the original CC&Rs recorded documenting the change.

SECOND AMENDMENT:

In June Of 1987, Santiago Corporation filed a Second Amendment making numerous changes to various Articles of the CC&Rs revising dates, etc. It should be noted that for my own use I had actually cut-and-paste incorporated much of the text of this amendment into my main CC&R copy, which is the copy reproduced here.

THIRD AMENDMENT:

A third amendment, identified as a Supplementary Declaration, seems to have been filed at about the same time as the Second Amendment, but the copy reproduced here is not from the recorded document so the sequence of filings is unclear.

NEED TO RESTATE THE CC&Rs: It should be noted that in addition to being somewhat confusing due to the project name change and the substitution of amended sections, a substantial body of material contained within these original CC&Rs relates to various provisions that deal with the developer(s), such as classes of membership, different voting rights, and so forth.

This material is no longer of any effect or importance and the CC&Rs should have been cleaned up by eliminating it all as well as bringing the provisions up to date to reflect new laws, etc., and freshly refiled.

The Association actually did undertake the effort to do this and in 2018 commissioned a full rewrite of both the CC&Rs and By-Laws. These were presented to the membership for vote, I believe more than once, but unfortunately amending the CC&Rs requires a 2/3 rds. Supermajority of the entire voting membership and due to apathy of our owners the revision has not been approved.

2/25/2022

John Wilson, owner

Santiago

CALIFORNIA
KERN COUNTY CLERK-RECORDER

DPS 38.00
MDEP 2.00
REC.FE 34.00
CASH 134.00
\$238.00 COL ROI T14

WHEN RECORDED MAIL TO:

WINDCO AMERICAN
331 MacArthur Boulevard, Suite 207
Airport Beach, CA 92660

COOPY

Attention: Stan Grecian

RECEIVED MAY 28 1985

Above Space for Recorder's Use Only

6/20
2nd
64

131

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
VALLEY VIEW ESTATES
KERN COUNTY, CALIFORNIA

TRACT NO. 4167

Table of Contents

RECITALS	1
ARTICLE I - DEFINITIONS	3
Section 1.1 - Architectural Committee	3
Section 1.2 - Articles and Bylaws	3
Section 1.3 - Assessments	3
Section 1.4 - Association	4
Section 1.5 - Association Rules	4
Section 1.6 - Board	4
Section 1.7 - Common Expenses	4
Section 1.8 - Community Facilities	5
Section 1.9 - County	5
Section 1.10 - Covered Property	5
Section 1.11 - Development	6
Section 1.12 - Exhibit	6
Section 1.13 - Federal Agencies	6
Section 1.14 - Final Subdivision Public Report	6
Section 1.15 - Institutional Mortgagee	6
Section 1.16 - Lot	6
Section 1.17 - Maintenance Area	6
Section 1.18 - Member	6
Section 1.19 - Mortgage	7
Section 1.20 - Mortgagee	7
Section 1.21 - Owner	7
Section 1.22 - Project	7
Section 1.23 - Residence	7
Section 1.24 - Supplementary Declaration	7
ARTICLE II - MEMBERSHIP	8
Section 2.1 - Membership	8
Section 2.2 - Transfer	8
Section 2.3 - Voting Rights	8
Section 2.4 - Classes of Voting Membership	8
Section 2.5 - Special Class A Voting Rights	9
Section 2.6 - Approval of Members	9
Section 2.7 - Approval By Each Class of Members	10

ARTICLE III - COVENANT FOR MAINTENANCE ASSESSMENTS.	11
Section 3.1 - Creation of the Lien and Personal Obligation of Assessments	11
Section 3.2 - Purpose of Assessments	11
Section 3.3 - Regular Assessments.	12
Section 3.4 - Capital Improvement Assessments.	12
Section 3.5 - Uniform Assessment	12
Section 3.6 - Certificate of Payment	12
Section 3.7 - Exempt Property.	12
Section 3.8 - Special Assessments.	13
Section 3.9 - Penalty Assessments.	13
Section 3.10 - Cable Television Service Assessment.	13
Section 3.11 - Date of Commencement of Regular Assessments.	14
Section 3.12 - No Offsets	14
Section 3.13 - Homestead Waiver	14
Section 3.14 - Reserves	15
ARTICLE IV - NONPAYMENT OF ASSESSMENTS.	15
Section 4.1 - Delinquency.	15
Section 4.2 - Notice of Lien	15
Section 4.3 - Foreclosure Sale	16
Section 4.4 - Penalty Assessment Delinquency	16
Section 4.5 - Curing of Default.	17
ARTICLE V - ARCHITECTURAL CONTROL	17
Section 5.1 - Appointment of Architectural Committee	17
Section 5.2 - General Provisions	18
Section 5.3 - Approval and Conformity of Plans	19
Section 5.4 - Nonliability for Approval of Plans	19
Section 5.5 - Appeal	20
ARTICLE VI - DUTIES AND POWERS OF THE ASSOCIATION	20
Section 6.1 - General Duties and Powers.	20
Section 6.2 - General Duties of the Association.	20
Section 6.3 - General Powers of the Association.	20
Section 6.4 - General Limitations and Restrictions on the Powers of the Board.	21
Section 6.5 - Association Rules.	23
Section 6.6 - Delegation of Powers	23
Section 6.7 - Pledge of Assessment Rights.	23
Section 6.8 - Emergency Powers	24
ARTICLE VII - REPAIR AND MAINTENANCE.	24
Section 7.1 - Repair and Maintenance by Association.	24
Section 7.2 - Repair and Maintenance by Owner.	25
Section 7.3 - Right of Association to Maintain and Install	26
Section 7.4 - Standards for Maintenance and Installation	27
Section 7.5 - Right of Entry	27
Section 7.6 - Maintenance of Public Utilities.	27
Section 7.7 - Assumption of Maintenance Obligations.	27
Section 7.8 - Repair and Maintenance of Drainage and Storm Drain Facilities	27
ARTICLE VIII - INSURANCE.	28
Section 8.1 - Types.	29
Section 8.2 - Waiver by Members.	29
Section 8.3 - Other Insurance.	29

Section 8.4	- Premiums, Proceeds and Settlement	29
Section 8.5	- Annual Insurance Review	29
Section 8.6	- Abandonment of Replacement Cost Insurance	29
Section 8.7	- Federal Requirements	30
Section 8.8	- Trustee	30
Section 8.9	- Required Waiver	30
Section 8.10	- Owner's Duty to Insure	31
ARTICLE IX - DESTRUCTION OF IMPROVEMENTS		32
Section 9.1	- Duty of Association	32
Section 9.2	- Automatic Reconstruction	32
Section 9.3	- Vote of Members	32
Section 9.4	- Excess Insurance Proceeds	32
Section 9.5	- Use of Reconstruction Assessments	33
Section 9.6	- Fifty-One Percent (51%) Vote Required	33
Section 9.7	- Costs of Collecting Insurance Proceeds	33
ARTICLE X - EMINENT DOMAIN		34
Section 10.1	- Definition of Taking	34
Section 10.2	- Representation by Board in Condemnation Proceedings	34
Section 10.3	- Inverse Condemnation	34
Section 10.4	- Award for Community Facilities	34
ARTICLE XI - USE RESTRICTIONS		35
Section 11.1	- Commercial Use	35
Section 11.2	- Signs	35
Section 11.3	- Nuisance	35
Section 11.4	- Temporary Structures	35
Section 11.5	- Vehicles	35
Section 11.6	- Animals	36
Section 11.7	- Oil and Mineral Rights	36
Section 11.8	- Unsightly Items	36
Section 11.9	- Antennae	36
Section 11.10	- Drainage	36
Section 11.11	- Garages	37
Section 11.12	- Window Covers	37
Section 11.13	- California Vehicle Code	37
Section 11.14	- Single-Family Residential	37
Section 11.15	- Use of Community Facilities	37
ARTICLE XII - RIGHTS OF ENJOYMENT		38
Section 12.1	- Members' Right of Enjoyment	38
Section 12.2	- Delegation of Use	39
Section 12.3	- Waiver of Use	40
ARTICLE XIII - EASEMENTS		41
Section 13.1	- Amendment to Eliminate Easements	41
Section 13.2	- Nature of Easements	41
Section 13.3	- Certain Rights and Easements Reserved to Declarant	41
Section 13.4	- Certain Easements for Owners	42
Section 13.5	- Certain Easements for Association	43
Section 13.6	- Support, Settlement and Encroachment	44
ARTICLE XIV - INTEGRATED NATURE OF THE COVERED PROPERTY		45
Section 14.1	- Development of the Covered Property	45
Section 14.2	- Supplementary Declarations	45

Section 14.3	- Annexation Without Approval and Pursuant to General Plan.	45
Section 14.4	- Annexation Pursuant to Approval	46
Section 14.5	- Mergers or Consolidations	46
Section 14.6	- Limitation Upon Annexation.	46
ARTICLE XV - RIGHTS OF LENDERS		47
Section 15.1	- Filing Notice; Notices and Approvals.	47
Section 15.2	- Priority of Mortgage Lien	47
Section 15.3	- Curing Defaults	47
Section 15.4	- Resale.	47
Section 15.5	- Relationship with Assessment Liens.	48
Section 15.6	- Fifty-One Percent (51%) Vote of Institutional Mortgagees	48
Section 15.7	- Other Rights of Institutional Mortgagees.	49
Section 15.8	- Mortgagees Furnishing Information	50
Section 15.9	- Right of First Refusal.	50
Section 15.10	- Conflicts	50
Section 15.11	- Voting Rights of Institutional Mortgagees	50
Section 15.12	- Notice of Destruction or Taking	50
Section 15.13	- Payment of Taxes or Premiums by Institutional Mortgagees.	51
Section 15.14	- Sixty-Seven Percent (67%) Vote Required	51
ARTICLE XVI - EFFECTS OF FEDERAL PROGRAMS.		52
Section 16.1	- FHA/VA Approval	52
Section 16.2	- Automatic Amendments.	52
ARTICLE XVII - GENERAL PROVISIONS		53
Section 17.1	- Enforcement	53
Section 17.2	- No Waiver	53
Section 17.3	- Cumulative Remedies	53
Section 17.4	- Severability.	53
Section 17.5	- Covenants to Run with the Land; Term.	53
Section 17.6	- Construction.	54
Section 17.7	- Singular Includes Plural.	54
Section 17.8	- Nuisance.	54
Section 17.9	- Attorneys' Fees	54
Section 17.10	- Notices	54
Section 17.11	- Obligations of Declaration.	55
Section 17.12	- Effect of Declaration	55
Section 17.13	- Personal Covenant	55
Section 17.14	- Nonliability of Officials	55
Section 17.15	- Enforcement of Bonded Obligations	55
Section 17.16	- Leases.	56
Section 17.17	- Construction by Declarant	56
Section 17.18	- Amendments.	57
LENDER'S CONSENT		59

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

VALLEY VIEW ESTATES

KERN COUNTY, CALIFORNIA

THIS DECLARATION is made this 24th day of April, 1985, by SANDCO AMERICAN, INC., a California corporation, its successors and assigns shall hereafter be referred to as "Declarant".

1. Recital A is amended to read as follows:

"A. Declarant is the fee owner of the real property described in Exhibit "A" to this Second Amendment to Declaration, which shall be the Initial Covered Property under this Declaration, and the real property which may from time to time be annexed pursuant to this Declaration and become a part of the Covered Property, which is a planned development as defined in Civil Code Section 1351(x) of the California Code."

B. Declarant has deemed it desirable to establish covenants, conditions and restrictions upon the Covered Property and each and every portion thereof, which will constitute a general scheme for the management of the Covered Property, and for the use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Covered Property and enhancing the quality of life within the Covered Property.

C. It is desirable for the efficient management of the Covered Property and the preservation of the value, desirability and attractiveness of the Covered Property to create a corporation to which should be delegated and assigned the powers of managing the Covered Property, maintaining and administering the Covered Property and administering and enforcing these covenants, conditions and restrictions and collecting and disbursing funds pursuant to the assessment and charges hereinafter created and referred to and to perform such other acts as shall generally benefit the Covered Property.

D. ~~SANTIAGO ESTATES HOUSING~~
~~Valley View Estates~~ Community Association, a nonprofit mutual benefit corporation, has been incorporated under the laws of the State of California for the purpose of exercising the powers and functions aforesaid.

AMENDED
JUNE 1987

E. Declarant will hereafter hold and convey title to all of the Covered Property subject to certain protective covenants, conditions and restrictions hereafter set forth.

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that all of its interest as the same may from time to time appear in the Covered Property shall be held and conveyed subject to the following covenants, conditions, restrictions and easements which are hereby declared to be for the benefit of said interests in the Covered Property,

and the owners of said interests, their successors and assigns. These covenants, conditions, restrictions and easements shall run with said interests and shall be binding upon all parties having or acquiring any right or title in said interests or any part thereof, and shall inure to the benefit of each owner thereof and are imposed upon said interests and every part thereof as a servitude in favor of each and every of said interests as the dominant tenement or tenements.

ARTICLE I

DEFINITIONS

Unless the context clearly indicates otherwise, the following terms used in this Declaration are defined as follows:

Section 1.1 "Architectural Committee" shall mean and refer to the committee or committees provided for in the Article hereof entitled "Architectural Control".

Section 1.2 "Articles" and "Bylaws" shall mean and refer to the Articles of Incorporation and Bylaws of the Association as the same may from time to time be duly amended.

Section 1.3 "Assessments:" The following meanings shall be given to the Assessments hereinafter defined:

"Regular Assessment" shall mean the amount which is to be paid by each Member to the Association for Common Expenses.

"Special Assessment" shall mean any charge against a particular Owner and his Residence, designated as a Special Assessment in this Declaration, the Articles, Bylaws or Association Rules, together with attorneys' fees and other charges payable by such Owner to reimburse the Association for costs reasonably incurred in its efforts to collect delinquent Assessments, pursuant to the provisions of this Declaration, plus interest thereon as provided for in this Declaration.

"Reconstruction Assessment" shall mean a charge against each Member and his Residence representing a portion of the cost to the Association for reconstruction of any portion or portions of the Community Facilities pursuant to the provisions of this Declaration.

"Capital Improvement Assessment" shall mean a charge against each Member and his Residence, representing a portion of the cost to the Association for installation or construction of any capital improvements on any of the Community Facilities which the Association may from time to time authorize pursuant to the provisions of this Declaration.

"Cable Television Service Assessment" shall mean a charge or subscription fee against a particular Owner and his Residence for cable television services obtained by the Declarant and/or the Association for the benefit of such Owner as provided in this Declaration.

"Penalty Assessment" shall mean any charge against a particular Owner and his Residence imposed by the Association:

(a) for failure of any Owner to comply with this Declaration, the Articles, Bylaws or Association Rules;

(b) as a means of reimbursing the Association for costs incurred by the Association in repair of damage to the Common Area for which the Owner is responsible; or

(c) for bringing an Owner and his Residence into compliance with this Declaration, the Articles, Bylaws or Association Rules.

A Penalty Assessment shall constitute the personal obligation of the Owner or Owners penalized, which obligation may be enforced by the Association by any appropriate action at law or in equity, provided, however, that any such personal obligation may not be foreclosed pursuant to California Civil Code Section 2924, 2924b and 2924c.

~~SANTIAGO ESTATES -~~ Section 1.4 "Association" shall mean and refer to ~~Rosamond Valley View Estates~~ Community Association, a nonprofit mutual benefit corporation, incorporated under the laws of the State of California, its successors and assigns.

Section 1.5 "Association Rules" shall mean rules adopted by the Association pursuant to the Articles hereof entitled "Duties and Powers of the Association".

Section 1.6 "Board" shall mean the Board of Directors of the Association.

Section 1.7 "Common Expenses" shall mean and refer to the actual and estimated costs of:

(a) maintenance, management, operation, repair and replacement of the Community Facilities, and all other areas on the Covered Property which are maintained by the Association;

(b) unpaid Assessments;

(c) maintenance by the Association of areas within the public right-of-way of public streets in the vicinity of the Covered Property as provided in this Declaration or pursuant to agreements with the City;

(d) costs of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees;

(e) the costs of utilities, trash pickup and disposal, gardening and other services which generally benefit and enhance the value and desirability of the Covered Property;

(f) the costs of fire, casualty, liability, workmen's compensation and other insurance covering the Community Facilities;

(g) the costs of any other insurance obtained by the Association;

(h) reasonable reserves as deemed appropriate by the Board;

(i) the costs of bonding of the members of the Board, any professional managing agent or any other person handling the funds of the Association;

(j) taxes paid by the Association;

(k) amounts paid by the Association for discharge of any lien or encumbrance levied against the Community Facilities or portions thereof;

(l) costs incurred by Committees established by the Board;

(m) the costs of security guards, guard gates and/or key gates at entrances to the Covered Property from public streets, and any other security systems or services installed by or contracted for by the Association; and

(n) other expenses incurred by the Association for any reason whatsoever in connection with the Community Facilities, or the costs of any other item or items designated by this Declaration, the Articles, Bylaws or Association Rules, or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association.

Section 1.8 "Community Facilities" shall mean all real property, and the improvements thereon, from time to time owned or leased by or subject to easements in favor of the Association or for the common use and enjoyment of the Members, including without limitation any of the following: private storm drains, private streets, private utilities, private parks, open spaces, recreational facilities, trails and slopes. Upon the date of the first conveyance of a Residence to an Owner, the Community Facilities shall be that certain property described on Exhibit "B". Any real property denominated as "Community Facilities" in a Supplementary Declaration shall be conveyed to the Association prior to or concurrently with the first conveyance of a Residence located within the real property which is annexed to the coverage hereof by such Supplementary Declaration. Declarant shall convey the Community Facilities to the Association free of all liens and encumbrances except current real property taxes (which taxes shall be prorated as of the date of conveyance), title exceptions of record and the covenants, conditions, reservations and restrictions contained in this Declaration and the instrument which conveys the Community Facilities to the Association.

Section 1.9 "County" shall mean and refer to Kern County, California.

Section 1.10 "Covered Property" shall mean and refer to all the real property described on Exhibit "A" hereto and, subsequent to the annexation thereof pursuant to the Article of this Declaration entitled "Integrated Nature of the Covered Property", any real property which shall become subject to this Declaration.

12. Exhibits "B" and "C," attached to this Second Amendment, constitute the Community Facilities as defined in Section 1.8 of the Declaration, and the Annexation Property described in the introductory paragraph to Article XIV of the Declaration, respectively, and, together with Exhibit "A," attached to this Second Amendment, supercede Exhibits "A," "B" and "C" referenced in the Declaration, for all purposes.

Section 1.11 "Development" shall mean and refer to the real property described on Exhibits "A" and "C".

Section 1.12 "Exhibit" shall mean and refer to those documents so designated herein and attached hereto and each of such Exhibits is by this reference incorporated in this Declaration. As additional property is annexed pursuant to Article XIV hereof, entitled "Integrated Nature of the Covered Property", exhibits similar to the exhibits attached to this Declaration may be attached to such Supplementary Declarations pertaining to the annexed property, and each of such exhibits shall thereby be incorporated in this Declaration.

Section 1.13 "Federal Agencies" shall mean and refer to collectively one or more of the following agencies and the following letter designation for such agencies shall mean and refer to respectively the agency specified within the parentheses following such letter designation: FHA (Federal Housing Administration), FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association), VA (Veterans Administration).

Section 1.14 "Final Subdivision Public Report" shall refer to that report issued by the Department of Real Estate of the State of California pursuant to Section 11018.2 of the California Business and Professions Code or any similar statute hereafter enacted.

Section 1.15 "Institutional Mortgagee" shall mean and refer to a First Mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, any federal or state agency, or any other institution regulated by federal or state law.

Section 1.16 "Lot" shall mean and refer to any lot shown on any final map filed for record or any parcel shown on any parcel map filed for record to the extent such lot or parcel is part of the Covered Property.

Section 1.17 "Maintenance Area" shall mean and refer to any area within or outside of the Covered Property which is not Community Facilities, but which the Association is required to maintain by this Declaration or any Supplementary Declaration.

Section 1.18 "Member" shall mean and refer to every person or entity who qualifies for membership pursuant to the Article of this Declaration entitled "Membership", including Declarant so long as Declarant qualifies for membership pursuant to said Article.

Section 1.19 "Mortgage" shall mean and refer to any duly recorded mortgage or deed of trust encumbering a Residence. A "First Mortgage" shall refer to a Mortgage which has priority over any other Mortgage encumbering a specific Residence.

Section 1.20 "Mortgagee" shall mean and refer to the mortgagee or beneficiary under any Mortgage. A "First Mortgagee" shall mean the holder of a Mortgage that has priority over any other Mortgage encumbering a Residence.

Section 1.21 "Owner" shall mean and refer to one or more persons or entities who are alone or collectively the record owner of a fee simple title to a Residence, including Declarant, or the vendee under an installment land sales contract, but excluding those having any such interest merely as security for the performance of an obligation. If a Residence is leased by Declarant for a term in excess of twenty (20) years and the lease or memorandum thereof is recorded, the lessee or transferee of the leasehold interest and not the Declarant shall be deemed to be the Owner. If fee title to a Residence is owned other than by Declarant, the Owner of the fee title and not the lessee of such Residence shall be deemed the Owner regardless of the term of the lease.

Section 1.22 "Project" shall mean each portion of the Covered Property which Declarant designates as a Project in this Declaration or in a Supplementary Declaration. The initial Covered Property is hereby designated as a Project.

Section 1.23 "Residence" shall mean and refer to a lot shown on any final map filed for record or a parcel shown on any parcel map filed for record to the extent such lots or parcels are part of the Covered Property; provided, however, "Residence" shall not include any Community Facilities. "Residence" shall include the residential dwelling unit, together with garages, structures and other improvements on the same lot or parcel.

Section 1.24 "Supplementary Declaration" shall mean those certain declarations of covenants, conditions and restrictions or similar instruments, annexing additional property extending the plan of this Declaration to such additional property as provided in Article XIV hereof, entitled "Integrated Nature of the Covered Property".

ARTICLE II

MEMBERSHIP

Section 2.1 - Membership. Every Owner shall be a Member. The terms and provisions set forth in this Declaration which are binding upon all Owners are not exclusive, as Owners shall, in addition, be subject to the terms and provisions of the Articles, Bylaws and Association Rules to the extent the provisions thereof are not in conflict with this Declaration. Membership of Owners shall be appurtenant to and may not be separated from the interest of such Owner in any Residence. Ownership of a Residence shall be the sole qualification for membership; provided, however; a Member's voting rights or privileges in the Community Facilities, or both, may be regulated or suspended as provided in this Declaration, the Bylaws or the Association Rules. Not more than one membership shall exist based upon ownership of a single Residence.

Section 2.2 - Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except that such membership shall automatically be transferred to the transferee of the interest of an Owner required for membership. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. The Association shall have the right to record the transfer upon the books of the Association without any further action or consent by the transferring Owner.

Section 2.3 - Voting Rights. An Owner's right to vote shall vest immediately upon the date Regular Assessments commence upon such Owner's Residence as provided in this Declaration. All voting rights shall be subject to the restrictions and limitations provided herein and in the Articles, Bylaws and Association Rules.

Section 2.4 - Classes of Voting Membership. The Association shall have two (2) classes of voting membership.

Class A. Class A Members shall be all Owners with the exception of the Declarant. Class A Members shall be entitled to one (1) vote for each Residence in which they hold the interest required for membership. When more than one person owns a portion of the interest in a Residence required for membership, each such person shall be a Member and the vote for such Residence shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Residence. In the event that joint Owners or co-Owners or multiple Owners of a Residence are unable to agree among themselves at the time that votes are cast on any matter in question as to how their vote or votes with respect to such Residence shall be cast, they shall not be entitled to vote on the matter in question. If any Owner casts a vote representing his Residence, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other

Owners of the same Residence. Any votes cast with regard to any such Residence in violation of this provision shall be null and void.

2. ARTICLE II, "MEMBERSHIP," Section 2.4, subheading, "Class B," is amended to read as follows:

"Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Residence in which it holds the interest required for Membership; provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership; or

(b) July 1, 1988, but in no event later than the second anniversary of the original issuance of the most recent Final Subdivision Public Report for the most recent phase of the Development; or

(c) July 1, 1991, but in no event later than the fourth anniversary of the issuance of the Final Subdivision Public Report for the first phase of the Development."

Section 2.5 - Special Class A Voting Rights.

Notwithstanding the provisions of this Article, if the Class A Members do not have sufficient voting power pursuant to the voting rights set forth in this Declaration and the Bylaws to elect at least twenty percent (20%) of the total number of directors on the Board, at any meeting of Members at which directors are to be elected, then such Class A Members shall, by majority vote, among themselves, elect the number of directors required to equal at least twenty percent (20%) of the total number of directors on the Board. In the event twenty percent (20%) of the total number of directors is equal to any fractional number, the number of directors to be elected pursuant to the special Class A voting right shall be rounded to the next higher whole number.

Section 2.6 - Approval of Members. Unless otherwise specifically provided in this Declaration or the Bylaws, any provision of this Declaration or the Bylaws which requires the vote or written assent of a specified majority of the voting power of the Association or any class or classes of membership shall be deemed satisfied by the following:

(a) the vote of the specified percentage at a meeting duly called and noticed pursuant to the provisions of the Bylaws dealing with annual or special meetings of the Members. Such percentage must include the specified number of all Members entitled to vote at such meeting and not such a percentage of those Members present;

(b) written consents signed by the specified percentage of Members as provided in the Bylaws; and

(c) in any matter require the consent of the Members, but not specifically provided for in this Declaration or the Articles, Bylaws or any contract executed by the Association, a simple majority of the voting power of Members present at a meeting, in person or by proxy, shall suffice.

Section 2.7 - Approval By Each Class of Members.

Except for Section 17.15 entitled "Enforcement of Bonded Obligations" of Article XVIII entitled "General Provisions" of this Declaration, and as long as there is a Class B membership, any provision of the Articles, By-Laws, this Declaration, or the Association Rules which expressly requires the approval of a specified percentage of the voting power of the Association before being undertaken, shall require the approval of said specified percentage of each of the Class A and Class B Membership.

XVII
AMENDED
JUNE 1987

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 3.1 - Creation of the Lien and Personal Obligation of Assessments. Each Owner including the Declarant to the extent Declarant is an Owner as defined herein, of any Residence by acceptance of a deed or other conveyance, creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: Regular Assessments, Special Assessments, Capital Improvement Assessments, Reconstruction Assessments, Penalty Assessments and Cable Television Service Assessments, if applicable, such Assessments to be fixed, established and collected from time to time as provided in this Declaration. The Assessments, except Penalty Assessments, together with interest thereon, late charges, attorneys' fees and court costs, and other costs of collection thereof, as hereinafter provided, shall be a continuing lien upon the Residence against which each such Assessment is made. The Assessments, including Penalty Assessments, together with such interest, late charges, costs and attorneys' fees, shall also be the personal obligation of the Owner of such Residence at the time when the Assessment becomes due. The personal obligation shall not pass to the successors in title of an Owner unless expressly assumed by such successors.

Section 3.2 - Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purposes of promoting the recreation, health, safety and welfare of the Members, the management of the Covered Property enhancing the quality of life in the Covered Property, and the value of the Covered Property including, without limitation, the improvement and maintenance of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Community Facilities, or in furtherance of any other duty or power of the Association.

3. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," Section 3.3, is amended to read as follows:

Section 3.3 - Regular Assessments. Not later than sixty (60) days prior to the beginning of each fiscal year, the Board shall distribute to each Member a pro forma operating statement or budget for the upcoming fiscal year which shall, among other things, estimate the total Common Expense to be incurred for such fiscal year. The Board shall at that time determine the amount of the Regular Assessment to be paid by each Member. Each Member shall thereafter pay to the Association his Regular Assessment in installments as established by the

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 3.1 - Creation of the Lien and Personal Obligation of Assessments. Each Owner including the Declarant to the extent Declarant is an Owner as defined herein, of any Residence by acceptance of a deed or other conveyance, creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: Regular Assessments, Special Assessments, Capital Improvement Assessments, Reconstruction Assessments, Penalty Assessments and Cable Television Service Assessments, if applicable, such Assessments to be fixed; established and collected from time to time as provided in this Declaration. The Assessments, except Penalty Assessments, together with interest thereon, late charges, attorneys' fees and court costs, and other costs of collection thereof, as hereinafter provided, shall be a continuing lien upon the Residence against which each such Assessment is made. The Assessments, including Penalty Assessments, together with such interest, late charges, costs and attorneys' fees, shall also be the personal obligation of the Owner of such Residence at the time when the Assessment becomes due. The personal obligation shall not pass to the successors in title of an Owner unless expressly assumed by such successors.

Section 3.2 - Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purposes of promoting the recreation, health, safety and welfare of the Members, the management of the Covered Property enhancing the quality of life in the Covered Property, and the value of the Covered Property including, without limitation, the improvement and maintenance of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Community Facilities, or in furtherance of any other duty or power of the Association.

3. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," Section 3.), is amended to read as follows:

Section 3.3 - Regular Assessments. Not later than sixty (60) days prior to the beginning of each fiscal year, the Board shall distribute to each Member a pro forma operating statement or budget for the upcoming fiscal year which shall, among other things, estimate the total Common Expense to be incurred for such fiscal year. The Board shall at that time determine the amount of the Regular Assessment to be paid by each Member. Each Member shall thereafter pay to the Association his Regular Assessment in installments as established by the Board. Each such installment shall be due and payable on the date established by the Board in the written notice sent to Members. In the event the Board shall determine that the estimate of total charges for the current year is, or will become inadequate to meet all Common Expenses for any reason, it shall then immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the Common Expenses and determine the revised amount of Regular Assessment against each Member, and the date or dates when due. After the Association's first fiscal year of operation, it shall not impose a Regular Assessment which is increased more than ten percent (10%) over the amount of the Regular Assessment in the immediately preceding fiscal year, without the approval of a majority of the total voting power of the Association and the approval of a majority of the voting power of Members other than the Declarant at a meeting or election of the Association conducted in accordance with Chapter 5 of Part 3 of Division 2 of Title 1 of the Corporations Code, and Section 7613 of the Corporations Code. Nothing contained herein shall be deemed to limit Assessment increases for any of the following purposes:

(a) Maintenance or repair of the common areas, including without limitation the payment of insurance

premiums, the payment of utility bills, costs incurred in maintaining or repairing structure

ment in the immediately preceding fiscal year, without the approval of a majority of the total voting power of the Association and the approval of a majority of the voting power of Members other than the Declarant.

Section 3.4 - Capital Improvement Assessments. In addition to the Regular Assessments, the Association may levy in any calendar year, a Capital Improvement Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or replacement (other than due to destruction) of a described capital improvement upon the Community Facilities to the extent the same is not covered by the provisions affecting Reconstruction Assessments in Article IX hereof, entitled "Destruction of Improvements", including the necessary fixtures and personal property related thereto. The Association shall not impose a Capital Improvement Assessment, the total amount of which exceeds five percent (5%) of the estimated Common Expenses, as estimated in accordance with Section 3.3 hereof, entitled "Regular Assessments", without the approval of a majority of the total voting power of the Association and the approval of a majority of Members other than the Declarant. Any reserves collected by the Association for the future maintenance and repair of the Community Facilities, or any portion thereof, shall not be included in determining said annual capital improvement limitation. All amounts collected as Capital Improvement Assessments may only be used for capital improvements and shall be deposited by the Board in a separate bank account to be held in trust for such purposes. Said funds shall not be commingled with any other funds of the Association and shall be deemed a contribution to the capital account of the Association by the

4. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," Section 3.4 is amended by adding thereto the following sentence:

"Any vote of Members called for by this Section shall be a vote of the required number or percentage of members at a meeting or election of the Association conducted in accordance with Chapter 5 of Part 3 of Division 2 of Title 1 of the California Corporations Code and Section 7613 of the California Corporations Code."

5. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," Section 3.5, is amended to read as follows:

"Section 3.5 - Uniform Assessments/Excessive Assessments. Regular, Reconstruction and Capital Improvement Assessments shall be fixed at an equal amount for each Residence and may be collected at intervals selected by the Board; provided, however, that the Association shall not impose or collect an Assessment penalty or fee that exceeds the amount necessary for the purpose or purposes for which it is levied."

dedicated to and accepted by, or otherwise owned or acquired by, a public authority shall be exempt from the Assessments created herein.

Section 3.8 - Special Assessments. Special Assessments shall be levied by the Board against a Residence to reimburse the Association for:

(a) any other charge designated as a Special Assessment in this Declaration, the Articles, Bylaws or Association Rules; and

(b) attorneys' fees, interest and other charges relating thereto as provided in this Declaration.

In the event the Association undertakes to provide materials or services which benefit individual Residences and which can be accepted or not by individual Owners, such as tree trimming, such Owners in accepting such materials or services agree that the costs thereof shall be a Special Assessment.

Section 3.9 - Penalty Assessments. Penalty Assessments may be levied by the Board against an Owner and his Residence to reimburse the Association for:

(a) any costs to the Association caused by the failure of such Owner to comply with this Declaration, the Articles, Bylaws or Association Rules;

(b) any costs incurred by the Association in the repair of damage to the Common Area for which said Owner is responsible; or

(c) any costs incurred by the Association in bringing said Owner and his Residence into compliance with this Declaration, the Articles, Bylaws or Association Rules.

Section 3.10 - Cable Television Service Assessment. In the event the Board elects to contract for cable television service, Cable Television Service Assessments shall be levied by the Board against the Owners who have subscribed with the Association for such service. The Cable Television Service Assessment shall exclude charges for the main distribution system for the community antenna television system and the installation thereof within the Covered Property. In such circumstances, the Cable Television Service Assessment shall commence as to such Owner on the first day of the month following the month in which he so subscribes and shall continue against such Owner and any subsequent transferee of his Residence until the first day of the month following the month in which any such Owner or transferee notifies the Board in writing that he no longer wishes to subscribe to such service, or the month in which the Board elects to cancel the Association's contract for cable television service.

Section 3.11 - Date of Commencement of Regular Assessments. The Regular Assessments shall commence as to all Residences on the first day of the month following the conveyance of the first Residence by Declarant to an individual Owner; provided, however, the Regular Assessment, as to Residences in annexed areas, if any, shall commence with respect to all Residences within each such annexed area on the first day of the month following the conveyance of the first Residence therein by Declarant to an individual Owner. It is provided, further, that in the event the amount budgeted to meet Common Expenses for the then current year proves to be excessive in light of the actual Common Expenses, the Board in its discretion may either reduce the amount of the Regular Assessment or may abate collection of Regular Assessment as it deems appropriate. ~~Until such time as the Class B Membership has ceased and been converted into Class A Membership, in no event shall a reduction in~~

AMENDED JUNE 1987

The third sentence of Section 3.11 is hereby amended as follows:

Until such time as the Class B Membership has been converted into Class A Membership, in event shall a reduction in the amount or the amount in the collection of Regular Assessments pursuant to this Section result in a quantity or quality of services diminished from those upon which Common Expense Budget for the year in question is based.

Section 3.12 - No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that (i) the Association is not properly exercising its duties and powers as provided in this Declaration; (ii) a Member has made or elects to make no use of the Community Facilities; or (iii) any construction or maintenance performed pursuant to Section 7.7 hereof, entitled "Assumption of Maintenance Obligation", shall in any way postpone Assessments or entitle a Member to claim any such offset or reduction.

Section 3.13 - Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of California now in effect, or in effect from time to time hereafter.

Section 3.14 - Reserves. The Regular Assessments shall include reasonable amounts as determined by the Board collected as reserves for the future periodic maintenance, repair or replacement of all or a portion of the Community Facilities, or any other purpose as determined by the Board. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in separate bank accounts to be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the Members.

6. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," is hereby amended by adding thereto new Section 3.15 to read as follows:

"Section 3.15 - Provision of Documents to Members. On written request, the Association shall, within ten days of the mailing or delivery of such a written request, provide a member with a copy of the following documents:

- (a) This Declaration, and all amendments thereto;
- (b) A copy of the Articles of Incorporation and Bylaws of the Association and of all Amendments thereto;
- (c) A copy of the most recent financial statement distributed by the Association to the Members pursuant to the Bylaws;
- (d) A statement in writing from an authorized representative of the Association as to the amount of any Assessments levied on the Member which are unpaid as of the date of the statement. The statement shall also include correct information on late charges, interest and costs of collection which, as of the date of the statement, are or may be made a lien on the Member's interest.

The Association may charge a fee for providing the documents required pursuant to this Section, which fee shall not exceed the Association's reasonable cost to prepare and reproduce the enumerated items."

7. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," is hereby amended by adding thereto new Section 3.16 to read as follows:

"Section 3.16 - Relief Provisions.

(a) Dwelling Units. The Declarant and any successor in interest which at any time is an owner subject to the payment of regular and special assessments by reason of ownership of any Lot or Lots which at the time the Assessment is made do not include a structural improvement for human occupancy ("dwelling unit") is hereby exempted from such portion of any assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of such a dwelling unit, including without limitation roof replacement, exterior maintenance, walkway and carport lighting, refuse disposal, and domestic water supplied to dwelling units. The exemption from payment of the portion of Assessments attributable to dwelling units shall continue in effect as to any Lot only until the earliest of the following events:

- (1) Recordation of a Notice of Completion of a dwelling unit on such Lot;
- (2) Occupation or use of a dwelling unit on such Lot; or

(b) Common Facility. The Declarant or any successor in interest of the Declarant which is the owner of a Lot or Lots is hereby exempted from the payment of any portion of any Assessment for the purposes of defraying expenses and reserves directly attributable to the existence and use of a common facility which is not completed when such assessments commence. The foregoing exemption shall be in effect only until the earliest of the following events:

- (1) recordation of a Notice of Completion of the common facilities; or
- (2) the time the common facilities are placed into use.

8. ARTICLE IV, "NONPAYMENT OF ASSESSMENTS," SECTION 4.1, is amended to read as follows:

"Section 4.1 - Delinquency. Any Assessment, other than a Penalty Assessment, provided for in this Declaration which is not paid on the date when due shall become delinquent (fifteen (15) days after the due date (the "Delinquency Date"). If any such Assessment is not paid within thirty (30) days after delivery of notice of such delinquency from the Association, a late charge of 10% of the delinquent assessment amount, or \$10.00, whichever is greater, shall be levied and the Assessment, together with all late charges so imposed and all reasonable costs of collection, shall bear interest from the Delinquency Date at the rate of twelve percent (12%) per annum. The Association may, at its option, and without waiving the right to judicially foreclose its lien against the Residence, pursue any available remedies, including, without limitation, bringing an action at law against the Member personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in Section 4.2 hereof, entitled "Notice of Lien," to foreclose the lien against the Residence. If action is commenced, there shall be added to the amount of such Assessment the late charge, interest, the cost of such action, and attorneys' fees incurred in connection with such action; and in the event that judgment is obtained, such judgment shall include said late charge, interest and a reasonable attorneys' fee, together with the costs of action. Each Member vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure against such Member or other Members for the collection of such delinquent Assessments."

9. ARTICLE IV, "NONPAYMENT OF ASSESSMENTS," SECTION 4.2 is amended to read as follows:

"Section 4.2 - Notice of Lien. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a Notice of Claim of Lien, signed by the president of the Association is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Residence and recorded by the Association in the office of the County Recorder in the County; said Notice of Claim of Lien must recite a good and sufficient legal description of any such Residence, the record Owner or reputed Owner thereof, the amount claimed (which shall include interest on the unpaid Assessment at the rate of twelve percent (12%) per annum, late charges, plus reasonable attorneys' fees and expenses of collection in connection with the debts secured by said lien), and the name and address of the claimant."

ARTICLE IV

NONPAYMENT OF ASSESSMENTS

~~Section 4.1 - Delinquency. Any Assessment, other than a Penalty Assessment, provided for in this Declaration which is not paid when due shall be delinquent on said date (the "delinquency date"). If any such Assessment is not paid within thirty (30) days after delivery of notice of such delinquency from the Association, a late charge of Ten Dollars (\$10.00) shall be levied and the Assessment shall bear interest from the delinquency date at the rate of ten percent (10%) per annum. The Association may, at its option, and without waiving the right to judicially foreclose its lien against the Residence, pursue any available remedies, including, without limitation, bringing an action at law against the Member personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in Section 4.2 hereof, entitled "Notice of Lien", to foreclose the lien against the Residence. If action is commenced, there shall be added to the amount of such Assessment the late charge, interest, the cost of such action, and attorneys' fees incurred in connection with such action; and in the event a judgment is obtained, such judgment shall include said late charge, interest and a reasonable attorney's fee, together with the costs of action. Each Member vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure against such Member or other Members for the collection of such delinquent Assessments.~~

SEE PREVIOUS
PAGE - AS
Amended

~~Section 4.2 - Notice of Lien. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Residence, and a copy thereof is recorded by the Association in the office of the County Recorder in the County; said notice of claim of lien must recite a good and sufficient legal description of any such Residence, the record Owner or reputed Owner thereof, the amount claimed [which shall include interest on the unpaid Assessment at the rate of ten percent (10%) per annum, a late charge of Ten Dollars (\$10.00), plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by said lien], and the name and address of the claimant.~~

Section 4.3 - Foreclosure Sale. Said Assessment lien may be enforced by sale by the Association, its attorney or any other person authorized by the Board to make the sale after failure of the Owner to make the payments specified in the notice of claim of lien within said thirty (30) day period. Any such sale provided for above is to be conducted in accordance with the provisions of Sections 2924, 2924b, 2924c, 2924f, 2924g and 2924h of the Civil Code of the State of California as said statutes may from time to time be amended, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted or provided by law. The Association, through its duly authorized agents, shall have the power to bid on the

Residence, using Association funds, or fur. borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage and convey the same.

Section 4.4 - Penalty Assessment Delinquency.

Any Penalty Assessment provided for in this Declaration which is not paid when due shall be delinquent on said date (the "delinquency date"). If any such Penalty Assessment is not paid within thirty (30) days after delivery of notice of such delinquency from the Association, a late charge of Ten Dollars (\$10.00) shall be levied and the Penalty Assessment shall bear interest from the delinquency date at the rate of ten percent ~~(10%)~~ per annum. The Association may pursue any available remedies, including, without limitation, bringing an action at law or in equity in a court of appropriate jurisdiction against the Owner personally obligated to pay the same. If action is commenced, there may be added to the amount of said Penalty Assessment the late charge, interest, the cost of such action, and attorneys' fees incurred in connection with such action; and in the event a judgment is obtained, such judgment shall include said late charge, interest and a reasonable attorney's fee, together with the costs of action. Each Owner vests in the Association or its assigns, the right and power to bring all actions at law or in equity against such Owner or other Owners for the collection of such delinquent Penalty Assessments.

1290
P.F.R. 2nd
Amendment
30 June 1987

Section 4.5 - Curing of Default. Upon the timely payment or other satisfaction of:

(a) all delinquent Assessments specified in the notice of claim of lien;

(b) all other Assessments which have become due and payable with respect to the Residence as to which such notice of claim of lien was recorded; and

(c) interest, late charges, attorneys' fees and other costs of collection pursuant to this Declaration and the notice of claim of lien which have accrued, officers of the Association or any other persons designated by the Board are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed One Hundred Dollars (\$100.00) to cover the costs of preparing and filing or recording such release.

ARTICLE V

ARCHITECTURAL CONTROL

Section 5.1 - Appointment of Architectural Committee. The Architectural Committee shall consist of not less than three (3) nor more than five (5) persons as fixed from time to time by resolution of the Board. The Declarant shall initially appoint the Architectural Committee. The Declarant shall retain the right to appoint, augment or replace all members of the Architectural Committee until one (1) year after the date of the issuance of a Final Subdivision Public Report covering the property described on Exhibit "A". The Declarant shall retain the right to appoint, augment or replace a majority of the members of the Architectural Committee until five (5) years after the date of the issuance of said Subdivision Public Report, or until ninety percent (90%) of the Residences within the Development have been conveyed by the Declarant, whichever shall first occur. Notwithstanding the foregoing, commencing one (1) year following the issuance of said Final Subdivision Public Report, the Board shall have the right but not the obligation to appoint the remaining persons to the Architectural Committee. Five (5) years after the date of the issuance of, said Final Subdivision Public Report, or when ninety percent (90%) of the Residences within the Development have been conveyed by Declarant, whichever shall first occur, the right to appoint, augment or replace all members of the Architectural Committee shall automatically be transferred to the Board. Persons appointed by the Board to the Architectural Committee must be Members; however, persons appointed by Declarant to the Architectural Committee need not be Members, in Declarant's sole discretion.

Section 5.2 - General Provisions.

(a) The Architectural Committee may establish reasonable procedural rules and may assess a fee not to exceed Fifty Dollars (\$50.00) per submission of plans in connection with review of plans and specifications including, without limitation, the number of sets of plans to be submitted; however, the Architectural Committee may delegate its plan review responsibilities to one or more members of such Architectural Committee. Upon such delegation, the approval or disapproval of plans and specifications by such persons shall be equivalent to approval or disapproval by the entire Architectural Committee. Unless any such rules are complied with, such plans and specifications shall be deemed not submitted.

(b) The address of the Architectural Committee shall be the principal office of the Association as designated by the Board pursuant to the Bylaws. Such address shall be the place for the submittal of plans and specifications and the place where the current Architectural Standards shall be kept.

(c) The establishment of the Architectural Committee and the systems herein for architectural approval shall not be construed as changing any rights

or restrictions upon Owners to maintain, repair, alter or modify or otherwise have control over the Residences as may otherwise be specified in this Declaration, in the Bylaws or in any Association Rules.

(d) In the event the Architectural Committee fails to approve or disapprove such plans and specifications within thirty (30) days after the same have been duly submitted in accordance with any rules regarding such submission adopted by the Architectural Committee, such plans and specifications will be deemed approved.

Section 5.3 - Approval and Conformity of Plans.

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Covered Property, nor shall there be any addition to or change in the exterior of any Residence, structure or other improvement including, without limitation, the painting of exterior walls and fences, unless plans and specifications therefor have been submitted to and approved by the Architectural Committee. The Board shall, from time to time, adopt and promulgate architectural standards ("Architectural Standards") to be administered through the Architectural Committee. The Architectural Standards shall include among other things those restrictions and limitations upon the Owners set forth below:

(a) Time limitations for the completion of the architectural improvements for which approval is required pursuant to the Architectural Standards;

(b) Conformity of completed architectural improvements to plans and specifications approved by the Architectural Committee; provided, however, as to purchasers and encumbrancers in good faith and for value, unless notice of noncompletion or nonconformance identifying the violating Residence and its Owner and specifying the reason for the notice, executed by the Architectural Committee, shall be filed of record in the Office of the County Recorder of the County, and given to such Owner within thirty (30) days of the expiration of the time limitation described in subsection (a) above, or unless legal proceedings shall have been instituted to enforce compliance or completion within said thirty (30) day period, the completed architectural improvements shall be deemed to be in compliance with plans and specifications approved by the Architectural Committee and in compliance with the Architectural Standards of the Association, but only with respect to purchasers and encumbrancers in good faith and for value; and

(c) Such other limitations and restrictions as the Board in its reasonable discretion shall adopt, including, without limitation, the regulation of the following: construction, reconstruction, exterior addition, change or alteration to or maintenance of any building, structure, wall or fence, including, without limitation, the nature, kind, shape, height, materials, exterior color and surface and location of such dwelling or structure and the harmony of exterior design and

color in relation to other dwellings and structures within the Covered Property, and the reservation of natural view.

(d) Other than the Improvements originally constructed by Declarant, no building, structure or improvement shall be constructed, erected, altered, placed or permitted to remain on any Lot in such location or manner as will unreasonably obstruct or interfere with the view of any other Lot.

Section 5.4 - Nonliability for Approval of Plans.

Plans and specifications are not approved for engineering design, and by approving such plans and specifications neither the Architectural Committee, the members thereof, the Association, the Members, the Board nor Declarant assumes liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications.

Section 5.5 - Appeal. In the event plans and specifications submitted to the Architectural Committee are disapproved thereby, the party or parties making such submission may appeal in writing to the Board. The written request shall be received by the Board not more than thirty (30) days following the final decision of the Architectural Committee. The Board shall submit such request to the Architectural Committee for review, whose written recommendations will be submitted to the Board. Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. The failure of the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the appellant.

ARTICLE VI

DUTIES AND POWERS OF THE ASSOCIATION

Section 6.1 - General Duties and Powers. In addition to the duties and powers enumerated in its Articles and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the specific duties and powers specified in this Article.

Section 6.2 - General Duties of the Association. The Association through the Board shall have the duty and obligation to:

(a) enforce the provisions of this Declaration, the Articles, Bylaws, and Association Rules, by appropriate means and carry out the obligations of the Association hereunder;

(b) maintain and otherwise manage the following:

(i) all easements and real property and all facilities, improvements and landscaping thereon in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association;

(ii) all personal property in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association; and

(iii) all property, real or personal, which the Association is obligated to repair or maintain pursuant to this Declaration, including, without limitation, Article VII hereof, entitled "Repair and Maintenance";

(c) pay any real and personal property taxes and other charges assessed to or payable by the Association;

(d) obtain, for the benefit of the Community Facilities, water, gas and electric, refuse collections and other services; and

(e) act as a managing agent for all of the Projects.

Section 6.3 - General Powers of the Association. The Association through the Board shall have the power but not the obligation to:

(a) employ a manager or other persons and contract with independent contractors or managing agents who have professional experience in the management of residential developments similar to the Covered Property, to perform all or any part of the duties and responsibilities of the Association, provided that any contract not approved by PHA or VA with a person or firm appointed as a manager or managing agent shall

11. ARTICLE VI, "DUTIES AND POWERS OF THE ASSOCIATION," Section 6.2, is amended by the addition of new subparagraph 6.2(f) which shall read as follows:

"(f) Prepare and distribute financial statements, operating budgets, and other statements as detailed in the Bylaws."

have a term of not more than one (1) year with successive one (1) year renewal periods upon mutual agreement of the parties and shall be terminable (i) for cause, on not more than (30) days' written notice by the Association, or (ii) without cause, on not more than ninety (90) days' written notice by the Association and without payment of any termination fee;

(b) acquire interests in real or personal property for offices or other facilities that may be necessary or convenient for the management of the Covered Property, the administration of the affairs of the Association or for the benefit of the Members;

(c) borrow money as may be needed in connection with the discharge by the Association of its powers and duties;

(d) establish in cooperation with the County a special tax assessment district for the performance of all or a portion of the maintenance or other functions now within the responsibility of the Association;

(e) provide trash pickup and disposal service for the benefit of the Owners and their Residences;

(f) contract for cable television service for the benefit of the Owners who have subscribed for such service; and

(g) negotiate and enter into contracts with Institutional Mortgagees and mortgage insurers and guarantors as may be necessary or desirable to facilitate the availability of loans secured by Mortgages within the Covered Property.

Section 6.4 - General Limitations and Restrictions on the Powers of the Board. In addition to the limitations and restrictions enumerated in the Articles and Bylaws or elsewhere provided for herein, and without limiting the generality thereof, the Board shall be prohibited from taking any of the following actions without the approval of a majority of the voting power of the Association and the approval of a majority of Members other than the Declarant:

(a) enter contracts for materials or services which have a term in excess of one (1) year, with the following exceptions:

(i) a management contract, the terms of which have been approved by the FHA or VA;

(ii) a contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; and

(iii) prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration, provided that the applicable policy permits short rate cancellation by the insured;

(iv) lease agreements for laundry room fixtures and equipment of not to exceed five years duration provided that the lessor under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more;

(b) incur aggregate expenditures for capital improvements to the Covered Property in any fiscal year in excess of five percent (5%) of the estimated Common Expenses for the fiscal year as set forth in Section 3.4 hereof, entitled "Capital Improvement Assessments";

(c) sell any real or personal property of the Association with an aggregate fair market value in excess of five percent (5%) of said estimated Common Expenses during any fiscal year; and

(d) pay compensation to directors or to officers of the Association for services performed in the conduct of the Association's business; provided, however, the Board may cause a director or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

Section 6.5 - Association Rules. The Board shall also have the power to adopt, amend and repeal such rules and regulations as it deems reasonable (the "Association Rules") which may include the establishment of a system of fines and penalties enforceable as Special Assessments, all as provided in the Bylaws. The Association Rules shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the use of the Community Facilities; provided, however, that the Association Rules may not discriminate among Owners, and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of the Association Rules shall be delivered to each Owner in the same manner established in this Declaration for the delivery of notices. Upon completion of the notice requirements, said Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and their successors in interest whether or not actually received thereby. The Association Rules, as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner and Institutional Mortgagee upon request. In the event of any conflict between any such Association Rules and any other provisions of this Declaration, or the Articles or Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of any such conflict.

Section 6.6 - Delegation of Powers. The Association shall have the right, according to law, to delegate to committees, officers, employees or agents any of its duties and powers under this Declaration, the Articles and Bylaws; provided, however, no such delegation to a professional management company, the Architectural Committee or otherwise shall relieve the Association of its obligation to perform such delegated duty.

Section 6.7 - Pledge of Assessment Rights. The Association shall have the power to pledge the right to exercise its Assessment powers in connection with obtaining funds to repay a debt of the Association; provided, however, any such pledge shall require the prior affirmative vote or written assent of not less than seventy-five percent (75%) of the Class A Members and seventy-five (75%) of the Class B Members. Said power shall include, but not be limited to, the ability to make an assignment of Assessments which are then payable to or which will become payable to the Association; which assignment may be then presently effective but shall allow said Assessments to continue to be paid to and used by the Association as set forth in this Declaration, unless and until the Association shall default on the repayment of the debt which is secured by said assignment. The Association may levy Special Assessments against the Members to obtain such funds. Upon the failure of any Member to pay said Special Assessment when due, the Association may exercise all its rights, including, without limitation, the right to foreclose its lien, pursuant to Article IV hereof, entitled "Nonpayment of Assessments". Without limiting the generality of the foregoing, any pledge of Assessment rights in excess of an amount equal to twenty-five percent (25%) of the total Regular Assessments collected by the Association in the then preceding fiscal year, shall require the prior written approval of seventy-five percent (75%) of the Institutional Mortgagees based on one (1) vote for each first mortgage held.

Section 6.8 - Emergency Powers. The Association or any person authorized by the Association may enter any Residence in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association unless covered by insurance carried by the Owner.

ARTICLE VII.

REPAIR AND MAINTENANCE

Section 7.1 - Repair and Maintenance by Association.

Except to the extent that an Owner may be obligated, or the City has accepted the obligation, to maintain and repair as hereinafter provided, and without limiting the generality of the statement of duties and powers contained in this Declaration, the Articles, Bylaws or Association Rules, the Association shall have the duty to accomplish the following upon the Covered Property or other land in such manner and at such times as the Board shall prescribe:

(a) maintain, repair, restore, replace and make necessary improvements to the Community Facilities, including, without limitation, the following:

(i) private streets and adjacent streetscapes within the Covered Property;

(ii) drainage facilities and easements in accordance with the requirements, if any, of the County Flood Control District;

(b) maintain, or cause to be maintained, substantially as originally improved by Declarant or as may be further improved or modified with the consent of the Architectural Committee and the Board, the landscaped and slope areas of the Community Facilities and all landscaping and improvements thereon (including drainage or irrigation facilities and systems), in a neat, safe, sanitary and orderly condition (including the repair and replacement of landscaping and improvements when necessary or appropriate) and to preserve established slope ratios, prevent erosion and sliding problems, and facilitate the orderly discharge of water through established drainage systems and patterns;

(c) maintain all other areas, facilities, equipment, services or aesthetic components of whatsoever nature as may from time to time be requested by the vote or written consent of two-thirds (2/3) of the voting power of the Members;

(d) the costs of any such maintenance and repair pursuant to this Section shall be paid out of the funds of the Association.

Section 7.2 - Repair and Maintenance by Owner.

Except as the Association shall be obligated to maintain and repair as may be provided in this Declaration, every Owner shall:

(a) maintain the exterior of his Residence, walls, fences and roof of such Residence in good conditions and repair;

PER AMENDMENT JUNE 1987

(b) install and thereafter maintain in attractive condition landscaping (other than such areas on Exhibit "B" installed by Declarant and maintained by the Association) in accordance with the provisions of this Article;

Section 7.3 - Right of Association to Maintain and Install. In the event that an Owner fails to accomplish any maintenance or repair required by this Section, the Association or its delegates may, but shall not be obligated to, cause such maintenance and installation to be accomplished as hereinafter set forth.

(a) Upon finding by the Board of a deficiency in such maintenance or installation, the Board shall give notice of deficiency to the Owner which shall briefly describe the deficiency and set a date for hearing before the Board or a committee selected by the Board for such purpose. The Board may delegate its powers under this subsection to a duly appointed committee of the Association.

(b) Such hearing shall be held not less than ten (10) nor more than thirty (30) days from the date of said notice.

(c) Such hearing shall be conducted according to such reasonable rules and procedures as the Board shall adopt which shall provide the Owner with the right to present oral and written evidence and to confront and cross-examine any person offering at such hearing evidence adverse to such Owner. If the Board or any such committee renders a decision against the Owner, it shall further set a date by which the deficiency is to be corrected by the Owner. A decision of such committee may be appealed to the Board, but a decision of the Board shall be final.

(d) If the deficiency continues to exist after the time limitation imposed by a final decision of the Board or any such committee, the board or such committee may cause such maintenance or installation to be accomplished.

(e) In the event the Board or such committee elects to cause such maintenance or installation to be accomplished, the following shall apply:

(i) The Owner shall have no more than ten (10) days following the receipt thereby of written notice of such election from the Board or such committee to select a day or days upon which such maintenance or installation work shall be accomplished;

(ii) The date which said Owner selects shall be not less than fifteen (15) days nor more than forty-five (45) days following the last day of said ten (10) day period;

(iii) If said Owner does not select such day or days within said ten (10) day period, the Board or such committee may select a day or days

upon which such work may be accomplished which shall be not less than twenty-five (25) nor more than fifty-five (55) days from the last day of said ten (10) day period;

(iv) Unless the Owner and the board otherwise agree, such maintenance or installation shall take place only during daylight hours on any day, Monday through Friday, excluding holidays.

(f) If the Association pays for all or any portion of such maintenance or installation, such amount shall be a Penalty Assessment against the affected Owner and Residence.

Section 7.4 - Standards for Maintenance and Installation.

(a) Maintenance of the exterior of the Residences, including without limitation walls, fences and roofs shall be accomplished in accordance with the Architectural Standards and, if required by the Architectural Standards, only after approval of the Architectural Committee.

(b) All portions of a Lot which are unimproved shall be landscaped by the Owner thereof on or before a date six (6) months from the original conveyance of such Residence by Declarant. Such landscaping shall consist of some of the species described in Exhibit "D", incorporated herein by this reference, unless the Owner obtains prior approval from the Architectural Committee. Thereafter, such landscaping shall be maintained by the Owner in an attractive condition according to any rules promulgated by the Board.

(c) Slope and landscaped and improved areas within any Lot, including any drainage facilities located thereon, shall be maintained continuously by the Owner thereof, in the case of Residences, and by the Association, in the case of Community Facilities, in a neat, orderly and safe condition and in such a manner as to enhance their appearance, maintain established slope ratios, prevent erosion or sliding problems, and to facilitate the orderly discharge of water through drainage systems and patterns established by Declarant. No structure, planting or other material shall be placed or permitted to remain, or other activities undertaken on any area within the Covered Property which might create erosion or sliding problems, or interfere with established drainage systems or patterns. Any area drains and other drainage facilities and systems shall be maintained by the Owner thereof, in the case of Residences, and by the Association, in the case of Community Facilities, in a neat, orderly and safe condition and in such a manner as to facilitate the orderly discharge of water by means of same.

Section 7.5 - Right of Entry. The Association shall have the right to enter upon any Residence in connection with any maintenance, repair or construction in the exercise of the powers and duties of the Association.

Section 7.6 - Maintenance of Public Utilities. Nothing contained herein shall require or obligate the Association to maintain, replace or restore the underground facilities of public utilities which are located within easements in the Community Facilities owned by such public utilities. However, the Association shall take such steps as are necessary or convenient to ensure that such facilities are properly maintained, replaced or restored by such public utilities.

Section 7.7 - Assumption of Maintenance Obligations. Declarant, its subcontractors and the agents and employees of the same shall have the right to come on the Community Facilities to complete the construction of any landscaping or other improvement to be installed on the Community Facilities as provided in this Declaration. In the event that Declarant's subcontractors are contractually obligated to maintain the landscaping and/or other improvements on the Community Facilities such maintenance shall not be assumed by the Association until the termination of such contractual obligation. If any excess of Assessments collected over actual Common Expenses incurred by the Association is caused by reason of construction or maintenance pursuant to this Section, or otherwise, such excess shall be placed in reserve to offset the future expenses of the Association in any manner designated by the Board.

Section 7.8 - Repair and Maintenance of Drainage and Storm Drain Facilities. The Association shall be obligated to maintain and repair drainage and storm drain facilities (including without limitation pipes, lines, catches, grates, concrete structures and the like) lying within that certain easement for drainage purposes over, under, through and across the Covered Property.

ARTICLE VIII

INSURANCE

Section 8.1 - Types. The Association, to the extent available, shall obtain and continue in effect in its own name the following types of insurance so long as such amounts or type of insurance coverage are not, in the good faith judgment of the Board, prohibitively expensive or no longer necessary or appropriate for the protection of the Covered-Property, the Association and the Members:

(a) a comprehensive policy of public liability insurance covering the Community Facilities with a limit of not less than One Million Dollars (\$1,000,000) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage liability, liability for non-owned and hired automobile and liability for property of others, and such other risks as shall customarily be covered with respect to similar planned unit developments in the area of the Covered Property, and shall contain a "severability of interest" endorsement or the equivalent which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of the Association or other Owners;

(b) a master or blanket policy of fire and casualty insurance with extended coverage in an amount equal to one hundred percent (100%) of the full replacement value (replacement cost new including debris removal and demolition) of the Community Facilities (including all building service equipment and the like) and within the portions of the Maintenance Area that the Association is required by this Declaration or any Supplementary Declaration to repair or restore in the event of partial or total destruction thereof, with an "agreed amount endorsement" or its equivalent and clauses waiving subrogation against Members and the Association and persons upon the Covered Property with the permission of a Member, such insurance to afford protection against at least loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm water damage, and such other risks as shall customarily be covered with respect to similar planned unit developments in the area of the Covered Property;

(c) fidelity coverage against dishonest acts on the part of directors, officers, employees or volunteers who handle or who are responsible to handle the funds of the Association, and such fidelity bonds shall name the Association as obligee shall be written in an amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, including reserves and shall contain waivers of any defense based on the exclusion of persons who serve without compensation or from any definition of "employee" or similar expression.

Section 8.2 - Waiver by Members. All insurance obtained by the Association shall be maintained by the Association for the benefit of the Association, the Owners and the Mortgagees as their interests may appear. As to each of said policies which will not be voided or impaired thereby, the Owners hereby waive and release all claims against the Association, the Board, other Owners, the Declarant and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only.

Section 8.3 - Other Insurance. The Board may and, if required by any Institutional Mortgagee, shall purchase and maintain in force demolition insurance in adequate amounts to cover demolition in the event of total or partial destruction and a decision not to rebuild, as well as a blanket policy of flood insurance. The Board shall also purchase and maintain workmen's compensation insurance, to the extent that the same shall be required by law, for all employees of the Association. The Board shall also purchase and maintain in effect such insurance on personal property owned by the Association, and such other insurance, as it deems necessary or as is required by any Institutional Mortgagee including, without limitation, earthquake insurance, plate-glass insurance and officers' and directors' liability insurance.

Section 8.4 - Premiums, Proceeds and Settlement. Insurance premiums for any such blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Association shall be a Common Expense to be included in the Regular Assessments levied by the Association. Casualty insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried, or otherwise disposed of as provided in the Article hereof entitled: "Destruction of Improvements". The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. Any two (2) directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Association and the Members.

Section 8.5 - Annual Insurance Review. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage for the Covered Property in light of increased construction costs, inflation, practice in the area in which the Covered Property is located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interests of the Owners and of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 8.6 - Abandonment of Replacement Cost Insurance. Unless at least fifty-one (51%) of the Institutional Mortgagees based on one (1) vote for each First Mortgage held have given their prior written approval,

the Association shall not be entitled to fail to maintain the extended coverage fire and casualty insurance required by this Article on less than one hundred percent (100%) current replacement cost basis.

Section 8.7 - Federal Requirements. Notwithstanding the foregoing provisions of this Article, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit development projects established by any of the Federal Agencies, so long as any of the Federal Agencies is a Mortgagee, Owner, or insures or guarantees a Mortgage within the Covered Property.

Section 8.8 - Trustee. Except as provided below, all insurance proceeds payable under Section 8.1 hereof, requiring fire and extended coverage insurance, shall be paid to a Trustee. The Trustee shall hold, distribute and expend such proceeds for the benefit of the Owners, Mortgagees and others, as their respective interests shall appear, pursuant to the provisions of Article IX hereof, entitled "Destruction of Improvements". The Trustee shall be appointed by the Board and shall be a commercial bank, or branch thereof, or a trust company, or branch thereof, in the County, which has agreed in writing to accept such trust. When proceeds from a single claim do not exceed Ten Thousand Dollars (\$10,000), such proceeds shall be paid to the Association to be used as provided in Article IX hereof, entitled "Destruction of Improvements".

Section 8.9 - Required Waiver. All policies of physical damage insurance shall provide for waiver of the following rights to the extent such waivers are obtainable from the respective insurers:

(a) subrogation of claims against the Owners or tenants of the Owners;

(b) any defense based on co-insurance;

(c) any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;

(d) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner or arising from any act, neglect or omission of any named insured or the respective agents, contractors and employees of any insured;

(e) any right of the insurer to repair, rebuild or replace and, in the event the building is not repaired, rebuilt or replaced following loss, any right to pay under the insurance the lesser of the replacement value of the improvements insured or the fair market value thereof;

(f) notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Lot; and

ARTICLE IX

DESTRUCTION OF IMPROVEMENTS

Section 9.1 - Duty of Association. In the event of partial or total destruction of improvements upon the Community Facilities, it shall be the duty of the Association to restore and repair the same as promptly as practical pursuant to this Article. The proceeds of any casualty insurance maintained pursuant to this Declaration shall be used for such purpose, subject to the prior rights of Mortgagees whose interest may be protected by said policies.

Section 9.2 - Automatic Reconstruction. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be at least eighty-five percent (85%) of the estimated cost of restoration and repair or the cost not covered by insurance proceeds is less than the sum of Two Hundred Fifty Dollars (\$250.00) per year per Residence, a Reconstruction Assessment, with each Owner contributing a like sum, may be levied by the Association to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose, and the Board shall cause the damaged or destroyed Community Facilities to be restored as closely as practical to its condition prior to the destruction or damage.

Section 9.3 - Vote of Members. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be less than eighty-five percent (85%) of the estimated cost of restoration and repair or greater than the sum of Two Hundred Fifty Dollars (\$250.00) per year per Residence, the improvements shall not be replaced or restored unless a majority of the voting power of the Association agrees in writing to such replacement or restoration or gives its affirmative vote at a meeting duly called therefor. Such majority vote must include at least a seventy-five percent (75%) majority of the Class A Members. If the Members approve such replacement or restoration, the Board shall cause the damaged or destroyed Community Facilities to be restored as closely as practical to its former condition prior to the destruction or damage. In the event of a determination, as provided above, not to replace or restore the improvements on the Community Facilities, the Community Facilities shall be cleared and landscaped for community park use and the costs thereof shall be paid for with the insurance proceeds, and any deficiency may be raised by Reconstruction Assessment in an amount determined by the Board.

Section 9.4 - Excess Insurance Proceeds. In the event any excess insurance proceeds remain, after any reconstruction by the Association pursuant to this Article, the Board, in its sole discretion, may retain such sums in the general funds of the Association or distribute pro rata all or a portion thereof to the Members subject to the prior rights of Mortgagees whose interest may be protected by insurance policies carried by the Association. In the absence of such prior rights, the rights of an Owner and the

(g) any right to require any assignment of any Mortgage to the insurer.

Section 8.10 - Owner's Duty to Insure.

(a) Each Owner shall, at its sole cost and expense, obtain, maintain and keep in full force and effect, the following insurance, covering such Owner's Residence:

(i) comprehensive public liability insurance, including but not by way of limitation, personal injury, bodily injury and broad form property damage, in limits not less than One Million Dollars (\$1,000,000) per personal injury or death of any one person, Two Million Dollars (\$2,000,000) for personal injury or death of any number of persons in any one incident and One Million Dollars (\$1,000,000) for property damage.

(ii) fire insurance, including extended coverage, vandalism and malicious mischief upon such Owner's Residence, in an amount not less than one hundred percent (100%) of the full replacement thereof.

(b) All policies carried under Section 8.10 (a):

(i) shall be carried with financially responsible insurance companies;

(ii) shall insure against claims for bodily injury or death and property damage occasioned by occurrences relating to the easements burdening each Owner's Lot; and

(iii) shall provide that the same may not be cancelled or reduced in amount or coverage without at least thirty (30) day's prior written notice being given to the Association;

(c) Each Owner shall promptly furnish the Association a certificate or certificates evidencing compliance by the Owner with the insurance coverage requirements of this Article.

Mortgagee his Residence as to such pro rata distribution shall be governed by the provisions of the Mortgage encumbering such Residence.

Section 9.5 - Use of Reconstruction Assessments.
All amounts collected as Reconstruction Assessments shall only be used for the purposes set forth in this Article and shall be deposited by the Board in a separate bank account to be held in trust for such purposes. Such funds shall not be commingled with any other funds of the Association and shall be deemed a contribution to the capital account of the Association by the Members.

Section 9.6 - Fifty-One Percent (51%) Vote Required.
All insurance proceeds available from any total or partial destruction shall be applied to the purposes set forth in this Article, except upon the vote or written assent of not less than fifty-one percent (51%) of the Institutional Mortgagees based on one (1) vote for each First Mortgage held thereby.

Section 9.7 - Costs of Collecting Insurance Proceeds. If it should become necessary in the judgment of the Board to incur costs for appraisals, legal fees, court costs and similar expenses in order to determine or collect insurance proceeds, such costs shall be first deducted before distribution or application of insurance proceeds as provided in this Article.

ARTICLE X

EMINENT DOMAIN

Section 10.1 - Definition of Taking. The term "taking" as used in this Article shall mean condemnation by eminent domain or sale under threat of condemnation of all or any portion of the Community Facilities.

Section 10.2 - Representation by Board in Condemnation-Proceedings. In the event of a threatened taking of all or any portion of the Community Facilities, the Members hereby appoint the Board and such persons as the Board may delegate to represent all of the Members in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action.

Section 10.3 - Inverse Condemnation. The Board is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

Section 10.4 - Award for Community Facilities. Any awards received on account of the taking of Community Facilities shall be paid to the Association. The Board may in its sole discretion retain any award in the general funds of the Association or distribute pro rata all or a portion thereof to the Members. The rights of an Owner and the Mortgagee of his Residence as to any pro rata distribution shall be governed by the provisions of the Mortgage encumbering such Residence.

ARTICLE XI

USE RESTRICTIONS

Section 11.1 - Commercial Use. Subject to Section 13.3(e) hereof, entitled "Construction and Sales", no part of a Residence nor any part of the Covered Property shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or any non-residential purposes; provided, however, that the Association shall have the right to provide or authorize such services on the Community Facilities as it deems appropriate for the enjoyment of the Community Facilities or for the benefit of the Members.

Section 11.2 - Signs. No sign or billboard of any kind shall be displayed to the public view on any portion of the Covered Property except such signs as may be used by Declarant or its sales agents in connection with the development of the Covered Property and sale of the Residences; provided, however, that a Member may display in his Residence, a sign advertising its sale or lease by him so long as such sign shall comply with any customary and reasonable standards, promulgated by the Board as to the size, color, shape or other qualification for permitted signs.

Section 11.3 - Nuisance. No noxious or offensive trade or activity shall be carried on upon any Residence, or any part of the Covered Property, nor shall anything be done thereon which may be, or may become an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of his respective Residence, or which shall in any way increase the rate of insurance.

Section 11.4 - Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other out-building shall hereafter be used on any Residence at any time, either temporarily or permanently.

Section 11.5 - Vehicles. No trailer, camper, boat or similar equipment shall hereafter be permitted to remain upon the Covered Property, including, without limitation, streets, alleys or driveways, unless placed or maintained within an enclosed area, or unless obscured from view of adjoining Residences, streets, or alleys by a fence or appropriate screen, nor permitted to be parked other than temporarily, on any street, alley, or any other portion of the Covered Property. Temporary parking shall mean parking of vehicles belonging to guests of Owners, delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of services to the Association or the Owners and parking of vehicles belonging to or being used by Owners for loading and unloading purposes. The Board may adopt rules for the regulation of the admission and parking of vehicles within the Covered Property, including the assessment of charges to Owners who violate or whose invitees violate, such rules, and the designation of parking areas which may only be used for the parking of vehicles by the guests of Owners. Any charges so assessed shall be Special Assessments. Any fence or screen required under this

Section shall comply with any standards promulgated pursuant to Article V hereof, entitled "Architectural Control", as to size, color, or other qualification for permitted fences or screens. In addition, the Board may designate areas within the Covered Property for parking of campers and similar equipment without the requirement of fencing or screening.

Section 11.6 - Animals. No animals, livestock, reptiles, insects or poultry of any kind, shall be raised, bred or kept upon the Covered Property, except that dogs, cats or other household pets may be kept on the Residences, provided they are not kept, bred or maintained for any commercial purpose, or in numbers deemed unreasonable by the Board. Notwithstanding the foregoing, no animals or fowl may be kept on the Residences which in the good faith judgment of the Board or a committee selected by the Board for this purpose, result in an annoyance or are obnoxious to residents in the vicinity. All animals permitted to be kept by this Section shall be kept on a leash when on any portion of the Covered Property except within a Residence.

Section 11.7 - Oil and Mineral Rights. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in the Covered Property nor, subsequent to the recording of this Declaration, shall oil wells, tanks, tunnels, or mineral excavations or shafts be installed upon the surface of the Covered Property or within five hundred (500) feet below the surface of such properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Covered Property.

Section 11.8 - Unsightly Items. All weeds, rubbish, debris or unsightly material or objects of any kind shall be regularly removed from the Residences and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, woodpiles, storage areas, machinery and equipment shall be prohibited upon any Residence unless obscured from view of adjoining streets or portions of the Covered Property from a height of six (6) feet or less. Any fence or screen required by this Section shall comply with any standards promulgated pursuant to Article V hereof, entitled "Architectural Control", as to size, color or other qualification for permitted fences or screens.

Section 11.9 - Antennae. No television, radio or other electronic antenna or device of any type shall hereafter be erected, constructed, placed or permitted to remain on the Covered Property unless and until the same shall have been approved in writing by the Architectural Committee, or unless the same be contained within a building.

Section 11.10 - Drainage. As used herein, the term "drainage pattern and system" includes, but is not necessarily limited to, underground drain pipes, above or below ground, patterns of drainage over or through lots and roofs from and to adjoining properties and improvements. Each Owner with respect to his Residence and the Association with respect to the Community Facilities shall have the right to use the established drainage pattern and system for

the purpose of draining their respective lots and improvements thereon; provided that such right of drainage shall not include the right to discharge noxious or offensive matter. Water from any Lot and the improvements thereon may drain or flow into adjacent streets. Water shall not be allowed to drain or flow onto adjacent Lots except to the extent provided for by the established drainage pattern and system. All slopes or terraces on any Lot shall be maintained as provided herein so as to prevent the modification or erosion of the established drainage patterns and system and to prevent any erosion of the Lot upon adjacent streets or adjoining property.

Section 11.11 - Garages. No garage doors shall be permitted to remain open except for a temporary purpose, and the Board may adopt rules for the regulation of the opening of garage doors, including the assessment of charges to Owners who violate or whose invitees violate such rules. Any charges so assessed shall be Special Assessments.

Section 11.12 - Window Covers. Curtains, drapes, shutters or blinds may be installed as window covers. No window shall be covered with aluminum foil or similar material.

Section 11.13 - California Vehicle Code. The County shall be allowed to impose and enforce all provisions of the applicable California Vehicle Code sections on any private streets contained within the Covered Property.

Section 11.14 - Single-Family Residential. All Residences shall only be used for the residential purposes of a family.

*PER AMENDMENT SINGLE
JUNE 1987*

Section 11.15 - Use of Community Facilities. The Community Facilities shall be used for community purposes only, and shall not be used for residential dwelling purposes and no residential dwellings shall be constructed thereon.

ARTICLE XII

RIGHTS OF ENJOYMENT

Section 12.1 - Members' Right of Enjoyment. Every Member shall have a non-exclusive easement for use and enjoyment in and to the Community Facilities and such right shall be appurtenant to and shall pass with the interest required to be an Owner to every Residence, subject to all of the easements, covenants, conditions, restrictions and other provisions contained in this Declaration, including, without limitation, the following provisions:

(a) the right of the Association to limit the number of guests of Members and to limit the use to the Community Facilities by persons not in possession of a Residence, but owning a portion of the interest in a Residence required for membership;

(b) the right of the Association to establish reasonable rules and regulations pertaining to the use of the Community Facilities;

(c) the right of the Association to borrow money for the purpose of improving, replacing, restoring or expanding the Community Facilities or adding new Community Facilities and in aid thereof, to mortgage said property, provided that the prior affirmative vote or written approval of a majority of each of the Class A and the Class B Members has been obtained to mortgage said property, and provided further that the rights of the lender thereunder shall be subordinated to the rights of the Members. In the event of a default upon any such mortgage of the Community Facilities, the lender's rights thereunder shall be limited to a right, after taking possession of such properties, to charge admission and other fees as a condition to continued enjoyment by the Members and, if necessary, to open the enjoyment of the Community Facilities to a wider public until the mortgage debt is satisfied, whereupon the possession of such properties shall be returned to the Association and all rights of the Members hereunder shall be fully restored;

(d) the rights of the Association to suspend the right of a Member to use the Community Facilities or any portion thereof designated by the Board during any time in which any Assessment against his Residence remains unpaid and delinquent or for a period not to exceed thirty (30) days for any single infraction of the rules and regulations of the Association, provided that any suspension of such right to use such Community Facilities, except for failure to pay Assessments, shall be made only by the Association or a duly appointed committee thereof, after notice and hearing given and held in accordance with the Bylaws. Notwithstanding the foregoing, the Association shall not have the right hereunder to suspend any Member's right to use any portion of the Covered Property necessary for such Member to gain access to his Residence;

(e) the right of the Association subject to the approval rights of Institutional Mortgagees pursuant to Article XV hereof, entitled "Rights of Lenders", to dedicate or transfer all or any part of the Community Facilities to any public agency, authority or utility or other entity. No such dedication or transfer, including, without limitation, the conveyance, lease or other transfer of any portion of the Community Facilities to a special tax assessment district or to the County, shall be effective unless an instrument signed by a majority of the voting power of the Association and two-thirds (2/3) of the voting power of Members other than the Declarant has been recorded, agreeing to such dedication or transfer. The certificate of the President and the Secretary of the Association attached to such instrument certifying that the Members signing such instrument represent Members other than the Declarant two-thirds (2/3) of the voting power of Members other than the Declarant shall be deemed conclusive proof thereof;

(f) the right of the Association to establish in cooperation with the County, a special tax assessment district for the performance of all or a portion of the maintenance and other functions now within the responsibility of the Association, together with the right of the Association to convey, lease or otherwise transfer, subject to the provisions of this Section, all or any portion of the Community Facilities to said district;

(g) the right of the Association to grant easements on, over and under the Community Facilities to public utilities or governmental entities or agencies; provided that such easement shall not unreasonably interfere with the right of any Owner to the use and enjoyment of his Residence and the Community Facilities. No such easement shall be effective unless an instrument signed by a majority of the total voting power of the Association and two-thirds (2/3) of the voting power of the Members other than the Declarant residing in the Project in which the easement will be granted has been recorded agreeing to the granting of such easement. The certificate of the President and Secretary of the Association attached to such instrument certifying that the Members signing such instrument represent a majority of the total voting power of the Association and two-thirds (2/3) of the voting power of the Members other than the Declarant residing in the Project in which the easement will be granted shall be deemed conclusive proof thereof.

Section 12.2 - Delegation of Use. Any member may delegate his right of enjoyment to the Community Facilities to the members of his family or his tenants who reside in his Residence, or to his guests, subject to rules and regulations adopted by the Board. Each Member shall be liable to the Association for any damage to the Community Facilities or to any of the equipment or improvements thereon which may be sustained by reason of the negligence or willful misconduct of said Member or of his family, relatives, guests or invitees, both minor or adult.

Section 12.3 - Waiver of Use. No Member may exempt himself from personal liability for Assessments duly levied by the Association, nor release the Residence owned by him from the liens, charges and other provision of this Declaration, the Articles, Bylaws and Association Rules, by waiver of the use and enjoyment of the Community Facilities, or the abandonment of his Residence.

ARTICLE XIII

EASEMENTS

Section 13.1 - Amendment to Eliminate Easements.

This Declaration cannot be amended to modify or eliminate the easements reserved to Declarant without prior written approval of Declarant and any attempt to do so shall have no effect. Any attempt to modify or eliminate this Section shall likewise require the prior written approval of Declarant.

Section 13.2 - Nature of Easements. Unless otherwise set forth herein, any easement reserved to Declarant herein shall be nonexclusive.

Section 13.3 - Certain Rights and Easements Reserved to Declarant.

(a) Utilities. Easements over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities as are needed to service the Covered Property are hereby reserved by Declarant, together with the right to grant and transfer the same; provided, however, such easements shall not unreasonably interfere with the use and enjoyment by the Members of their Residences or the Community Facilities.

(b) Cable Television. There is hereby reserved to Declarant over the Covered Property, together with the right to grant and transfer the same, the right, but not the obligation, to emplace on, under or across the Covered Property transmission lines and other facilities for a community antenna television system and thereafter to own and convey such lines and facilities and the right to enter upon the Covered Property to service, maintain, repair, reconstruct and replace said lines or facilities; provided, however, that the exercise of such rights shall not unreasonably interfere with any Owner's reasonable use and enjoyment of his Residence.

(c) Oil and Mineral Rights. There is hereby reserved to Declarant, together with the right to grant and transfer the same, all oil, oil rights, minerals, mineral rights, natural gas rights, and other hydrocarbons by whatsoever name known, geothermal steam, and all products derived from any of the foregoing, that may be within or under the Covered Property, together with the perpetual right of drilling, mining, exploring and operating therefor and storing in and removing the same from said land or any other land, including the right to whipstock or directionally drill and mine from lands other than the Covered Property, oil or gas wells, tunnels and shafts into, through or across the subsurface of the Covered Property and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines

without, however, the right to drill, mine, store, explore and operate through the surface or the upper five hundred (500) feet of the subsurface of the Covered Property.

(d) Water Rights. There is hereby reserved to Declarant with full right and power, among others, to transfer or assign to others or to use or utilize on any other property owned or leased by Declarant, any and all water rights or interests in water rights no matter how acquired by Declarant, and owned or used by Declarant in connection with or with respect to the Covered Property, whether such water rights shall be riparian, overlying, appropriative, percolating, prescriptive or contractual; provided, however, that the reservation made herein shall not reserve to or for the benefit of Declarant any right to enter upon the surface of the Covered Property in the exercise of such rights.

(e) Construction and Sales. There is hereby reserved to Declarant, together with the right to grant and transfer the same to Declarant's sales agents and representatives and prospective purchasers of Residences, over the Covered Property as the same may from time to time exist, easements for construction, display, maintenance, temporary storage of materials and equipment during the course of construction or maintenance, sales and exhibit purposes in connection with the erection and sale or lease of Residences within the Covered Property; provided, however, that such use shall not be for a period beyond the earlier of (i) two (2) years from the conveyance of the first Residence by Declarant or (ii) the sale by Declarant of all Residences within the Covered Property, and provided further that no such use by Declarant and others shall otherwise restrict the Members in the reasonable use and enjoyment of the Covered Property.

Section 13.4 - Certain Easements for Owners.

(a) Rights and Duties: Utilities and Cable Television. Wherever sanitary sewer house connections, water house connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Covered Property, the Owners of any Residence served by said connections, lines or facilities shall have the right and there is hereby reserved to Declarant, together with the right, subject to the rights of any entity with whom the Declarant or Association has contracted for the installation and maintenance of a community antenna system, or who otherwise has an ownership interest in said system, to grant and transfer the same to Owners an easement to the full extent necessary for the full use and enjoyment of such portion of such connections which service his Residence, and to enter upon the Residences owned by others, or to have utility companies enter upon the Residences owned by others, in or upon which said connections, lines or facilities, or any portion thereof lie, to repair, replace and generally maintain said connections as and when the same may be necessary

as set forth below, provided that such Owner or utility company shall promptly repair any damage to a Residence caused by such entry as promptly as possible after completion of work thereon.

(b) Ingress, Egress and Recreational Rights. Declarant hereby reserves to itself, its successors and assigns, and agrees that it will grant to all Owners nonexclusive easement for ingress, egress, pedestrian walkways and general recreational purposes over and upon the Community Facilities. Such easements when granted to Owners shall be subject to the rights of the Association as set forth in the Article hereof entitled "Rights of Enjoyment".

(c) Drainage. There is hereby reserved to Declarant, together with the right and obligation to grant and transfer the same to Owners, easements for drainage over the Covered Property from the drainage patterns and systems described in Section 7.4 hereof, entitled "Standards for Maintenance and Installation".

Section 13.5 - Certain Easements for Association.

(a) Association Rights. There is hereby reserved to Declarant easements over the Covered Property, together with the right and obligation to grant and transfer the same to the Association, for the purpose of permitting the Association to discharge its obligations as described in this Declaration.

(b) Rights and Duties: Utilities and Cable Television. Wherever sanitary sewer house connections, water house connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Covered Property, and said connections, lines or facilities serve the Community Facilities, the Association shall have the right and there is hereby reserved to Declarant, together with the right subject to the rights of any entity with whom the Declarant or Association has contracted for the installation and/or maintenance of a community television antenna system, or who otherwise has an ownership interest in said system, to grant and transfer the same to the Association an easement to the full extent necessary for the full use and enjoyment of such portion of such connections which service Community Facilities and to enter upon the Residences owned by others, or to have utility companies enter upon the Residences owned by others, in or upon which said connections, lines or facilities, or any portion thereof lie, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below, provided the Association or utility company shall promptly repair any damage to a Residence caused by such entry as promptly as possible after completion of work thereon.

(c) Drainage. There is hereby reserved to Declarant, together with the right and obligation to grant and transfer the same to the Association, easements for drainage over the Covered Property from the drainage patterns and systems described in Section 7.4 hereof, entitled "Standards for Maintenance and Installation".

Section 13.6 - Support, Settlement and Encroachment. There is hereby reserved to Declarant, together with the right and obligation to grant and transfer the same to Owners, the following reciprocal easements for the purposes set forth below:

(a) an easement appurtenant to each Residence which is contiguous to another Residence or Community Facilities which Residence shall be the dominant tenement and the contiguous Residence or Community Facilities shall be the servient tenement;

(b) an easement appurtenant to the Community Facilities contiguous to a Residence, which Community Facilities shall be the dominant tenement and which contiguous Residence shall be the servient tenement;

(c) it is provided, however, that in the event Community Facilities are the dominant tenement in an easement described in this Section, Declarant shall have the right to transfer said easement to the Association and not to Owners;

(d) said easements shall be for the purposes of:

(i) support and accommodation of the natural settlement of structures;

(ii) encroachment by reason of a roof, eave overhang, or similar projections created during the original construction of the Community Facilities, if any, or the reconstruction or repair of Community Facilities in accordance with plans and specifications approved by the Architectural Committee; and

(iii) encroachments due to original engineering or surveying errors, errors in original construction, errors in reconstruction or repair in accordance with plans and specifications approved by the Architectural Committee.

ARTICLE XIV

INTEGRATED NATURE OF THE COVERED PROPERTY

The real property described on Exhibit "C" (hereinafter in this Article referred to as the "Annexation Property") and/or any other real property may be annexed to and become subject to this Declaration by any of the methods set forth hereinafter in this Article, as follows:

Section 14.1 - Development of the Covered Property. Declarant intends to sequentially develop the Annexation Property on a phased basis; however, Declarant may elect not to develop all or any part of such real property, to annex such real property to this Declaration in increments of any size whatsoever, or to develop more than one such increment at any given time and in any given order. In the event Declarant does develop the Annexation Property as provided herein, the future improvements will be consistent with the initial improvements in terms of quality of construction. Moreover, Declarant reserves the right to subject all or any portion of the Annexation Property to the plan of this Declaration or one or more separate declarations of covenants, conditions and restrictions which subjects said property to the jurisdiction and powers of a homeowners association or other entity with powers and obligations similar to the Association and which is not subject to the provisions of this Declaration. Although Declarant shall have the ability to annex the Annexation Property as provided in this Article, Declarant shall not be obligated to annex all or any portion of such property, and such property shall not become subject to this Declaration unless and until a Supplementary Declaration shall have been so executed and recorded.

Section 14.2 - Supplementary Declarations. A Supplementary Declaration shall be a writing in recordable form which annexes real property to the plan of this Declaration and which incorporates by reference all of the covenants, conditions, restrictions, easements and other provisions of this Declaration and shall contain such other provision as set forth in this Declaration relating to Supplementary Declarations. Such Supplementary Declarations contemplated above may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed property and as are not inconsistent with the plan of this Declaration. In no event, however, shall any such Supplementary Declaration, or any merger or consolidation, revoke, modify or add to the covenants established by this Declaration with respect to the existing property.

Section 14.3 - Annexation Without Approval and Pursuant to General Plan. All or any part of the Annexation Property may be annexed to and become subject to this Declaration and subject to the jurisdiction of the Association without the approval, assent or vote of the Association or its Members, provided that a Supplementary Declaration covering the portion of the Annexation Property to be annexed, shall be executed and recorded by Declarant; provided, however, such Supplementary Declaration shall be so executed and recorded pursuant to this Section prior

to the third (3rd) anniversary of the original issuance of the most recently issued Final Subdivision Public Report for a Project. The recordation of said Supplementary Declaration shall constitute and effectuate the annexation of the said real property described therein, making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter said annexed real property shall be part of the Covered Property and all of the Owners of Residences in said annexed real property shall automatically be Members.

Section 14.4 - Annexation Pursuant to Approval.

Upon approval in writing a majority of the total voting power of the Association and a two-thirds (2/3) majority of the voting power of Members other than the Declarant, or the written assent of such Members, any person who desires to add real property, other than the Annexation Property to the plan of this Declaration and to subject such property to the jurisdiction of the Association, may file of record a Supplementary Declaration. The provisions of this Section shall also apply to the Annexation Property subsequent to the expiration of the power of Declarant to annex such property without the approval of the Members as provided in this Article. The certificate of the President and the Secretary of the Association attached to any Supplementary Declaration recorded pursuant to this Section certifying that the required vote of Members has approved the recordation of such Supplementary Declaration shall be deemed conclusive proof thereof.

Section 14.5 - Mergers or Consolidations.

Upon a merger or consolidation of the Association with another association, which merger or consolidation must be approved by a majority of the total voting power of the Association and two-thirds (2/3) of the Members other than the Declarant, the Association's properties, rights and obligations may, by operation of law, be transferred to the surviving or consolidated association, or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants, conditions and restrictions established by this Declaration within the Covered Property, together with the covenants and restrictions established upon any other property as one plan.

Section 14.6 - Limitation Upon Annexation.

Notwithstanding the foregoing Sections of this Article, no annexation of additional real property to this Declaration, unless there has been approval thereof by a majority of the voting power of the Association, shall have the effect of either overburdening the common interests of the then existing Owners, except as set forth in this Declaration, or substantially increasing the Assessments of such Owners if such increase had not been disclosed in the California Department of Real Estate's Final Subdivision Public Report applicable to such Owner's Residence.

ARTICLE XV

RIGHTS OF LENDERS

Section 15.1 - Filing Notice; Notices and Approvals. A Mortgagee shall not be entitled to receive any notice which this Declaration requires the Association to deliver to Mortgagees unless and until such Mortgagee, or its mortgage servicing contractor, has delivered to the Board a written notice stating that such Mortgagee is the holder of a Mortgage encumbering a Residence within the Covered Property. Such notices need not state which Residence or Residences are encumbered by such Mortgage, but shall state whether such Mortgagee is a First Mortgagee. Wherever the approval of all or a specified percentage of Mortgagees is required pursuant to this Declaration, it shall be deemed to mean the vote or approval of all or a specified percentage only of those Mortgagees which have delivered such notice to the Board. Notwithstanding the foregoing, if any right of a Mortgagee under this Declaration is conditioned on a specific written request to the Association, in addition to having delivered the notice provided in this Section, a Mortgagee must also make such request, either in a separate writing delivered to the Association or in the notice provided above in this Section, in order to be entitled to such right. Except as provided in this Section, a Mortgagee's rights pursuant to this Declaration, including, without limitation, the priority of the lien of Mortgages over the lien of Assessments levied by the Association hereunder shall not be affected by the failure to deliver a notice to the Board. Any notice or request delivered to the Board by a Mortgagee shall remain effective without any further action by such Mortgagee for so long as the facts set forth in such notice or request remain unchanged.

Section 15.2 - Priority of Mortgage Lien. No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provision herein, shall affect, impair, defeat or render invalid the lien or charge of any Mortgage made in good faith and for value encumbering any Residence, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to a Residence except as otherwise provided in this Article.

Section 15.3 - Curing Defaults. A Mortgagee or the immediate transferee of such Mortgagee, who acquired title by judicial foreclosure, deed in lieu of foreclosure or trustee's sale shall not be obligated to cure any breach of the provisions of this Declaration which is noncurable or of a type which is not practical or feasible to cure. The determination of the Board made in good faith as to whether a breach is noncurable or not feasible to cure shall be final and binding on all Mortgagees.

Section 15.4 - Resale. It is intended that any loan to facilitate the resale of any Residence after judicial foreclosure or trustee's sale is a loan made in good faith and for value and entitled to all of the rights and protections afforded to other Mortgagees.

Section 15.5 - Relationship with Assessment Liens.

(a) The lien provided for in Article IV hereof, entitled "Nonpayment of Assessments", for the payment of Assessments shall be subordinate to the lien of any First Mortgage which was recorded prior to the date any such Assessment becomes due.

(b) If any Residence subject to a monetary lien created by any provision hereof shall be subject to the lien of a First Mortgage: (1) the foreclosure of any lien created by anything set forth in this Declaration shall not operate to affect or impair the lien of such Mortgage; and (2) the foreclosure of the lien of said Mortgage or sale under a power of sale included in such Mortgage (such events being herein-after referred to as "Events of Foreclosure") shall not operate to affect or impair the lien hereof, except that any persons who obtain an interest through any of the Events of Foreclosure and their successors in interest, shall take title free of the lien hereof or any personal obligation for said charges as shall have accrued up to the time of any of the Events of Foreclosure, but subject to the lien hereof for all said charges that shall accrue subsequent to the Events of Foreclosure.

(c) Any First Mortgagee who obtains title to a Residence by reason of any of the Events of Foreclosure, or any purchaser at a private or judicial foreclosure sale of a First Mortgage, shall take title to such Residence free of any lien or claim for unpaid Assessments against such Residence which accrue prior to the time such First Mortgagee or purchaser takes title to such Residence, except for liens or claims for a share of such Assessments resulting from a pro rata reallocation of such Assessments to all Residences within the Covered Property.

(d) Nothing in this Section shall be construed to release any Owner from his obligations to pay for any assessment levied pursuant to this Declaration.

Section 15.6 - Fifty-One Percent (51%) Vote of Institutional Mortgagees. Except upon the prior written approval of at least fifty-one percent (51%) of Institutional Mortgagees, based on one (1) vote for each First Mortgage held, neither the Association nor the Members shall be entitled to do any of the following:

(a) dissolve the Association or abandon or terminate the maintenance of the Community Facilities by the Association after substantial destruction or condemnation occurs;

(b) amend the provisions of Article VIII hereof, entitled "Insurance", this Article, or any other rights granted specifically to First Mortgagees pursuant to any other provision of this Declaration, the Articles, or Bylaws which is a requirement of FNMA, GNMA, GHLMC, FHA or VA which shall be deemed to be material, including, without limitation, the following:

(1) the fundamental purpose for which the Project was created (such as a change from residential use to a different one);

(2) voting;

(3) assessments, assessment liens, and subordination thereof;

(4) the reserve for repair and replacement of improvements to the Community Facilities;

(5) property maintenance obligations;

(6) casualty and liability insurance;

(7) reconstruction in the event of damage or destruction;

(8) rights to use Community Facilities;

(9) expansion or contraction of the Project, or the annexation or withdrawal of real property thereto or therefrom;

(10) imposition of any restrictions on a Owner's right to lease, sell or transfer his or her Lot;

(11) conversion of a lot into a Community Facility or vice versa;

(12) a change to the boundaries of any Lot;

(13) any provision, which by its terms, is specifically for the benefit of First Mortgagees, or specifically confers rights of First Mortgagees;

(c) effectuate any decision to terminate professional management and assume self-management of the Covered Property;

(d) abandon, partition, sell, alienate, subdivide, release, transfer, hypothecate or otherwise encumber the Community Facilities; provided, however, the granting of easements for public utilities or other public purposes consistent with the intended use of the Community Facilities shall not require such approval.

Section 15.7 - Other Rights of Institutional Mortgagees. Any Institutional Mortgagee, its insurer, guarantor or its mortgage servicing contractor, shall, upon written request to the Association, be entitled to:

(a) inspect the books and records of the Association during normal business hours;

(b) receive the annual audited financial statement of the Association ninety (90) days following the end of the Association's fiscal year;

(c) receive written notice of all annual and special meetings of the Members or of the Board, and

Institutional Mortgagees shall further be entitled to designate a representative to attend all such meetings in order to, among other things, draw attention to violations of this Declaration which have not been corrected or made the subject of remedial action by the Association; provided, however, nothing contained in this Section shall give an Institutional Mortgagee the right to call a meeting of the Board or of the Members for any purpose or to vote at any such meeting; and

(d) receive written notification from the Association of any default in the performance of the obligations imposed by this Declaration by the Owner whose Residence is encumbered by such Institutional Mortgagee's Mortgage, which default has not been cured within sixty (60) days of a request therefor by the Association; provided, however, the Association shall only be obligated to provide such notice to Institutional Mortgagees who have delivered a written request therefor to the Association specifying the Residence or Residences to which such request relates.

(e) receive written notification from the Association of a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association, or of any proposed action that requires the consent of a specified percentage of Institutional Mortgagees.

Section 15.8 - Mortgagees Furnishing Information. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage.

Section 15.9 - Right of First Refusal. In the event this Declaration is amended to provide for any right of first refusal to purchase or lease a Residence in the Association, a Mortgagee who comes into possession of a Residence pursuant to a judicial foreclosure or a trustee's sale shall be exempt therefrom. In addition conveyances to and from third party foreclosure purchasers and mortgage insurers and guarantors shall also be exempt.

Section 15.10 - Conflicts. In the event of any conflict between any of the provisions of this Article and any of the other provisions of this Declaration, the provisions of this Article shall control.

Section 15.11 - Voting Rights of Institutional Mortgagees. In the event of a default by an Owner in any payment due under the terms of any Institutional Mortgage held by an Institutional Mortgagee or the promissory note secured thereby, the Institutional Mortgagee or his representative shall have the right, upon giving written notice to such defaulting Owner and the Association and placing of record a notice of default, to exercise the voting rights of such defaulting Owner attributable to such Residence at any regular or special meeting of the Members held during such time as such default may continue. Any such Owner's voting rights shall be restored to him at such time as such default is cured.

Section 15.12 - Notice of Destruction or Taking. In the event that any Community Facilities, or any portion

thereof, is substantially damaged or is made the subject of any condemnation proceeding in eminent domain or is otherwise sought to be acquired by a condemning authority, the Board shall promptly notify any Institutional Mortgagee affected by and upon written request, notify any Institutional Mortgagee's guarantor or insurer of, such destruction, taking or threatened taking. As used herein, "substantially damaged" or "taking" shall mean damage or taking exceeding Ten Thousand Dollars (\$10,000.00). If requested in writing by an Institutional Mortgagee, the Association shall evidence its obligations under this Section in a written agreement in favor of such Institutional Mortgagee.

Section 15.13 - Payment of Taxes or Premiums by Institutional Mortgagees. Institutional Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Community Facilities, unless such taxes or charges are separately assessed against the Owners, in which case the rights of Institutional Mortgagees shall be governed by the provisions of their Mortgages. Institutional Mortgagees may, jointly or singly, also pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Community Facilities and Institutional Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of any Institutional Mortgagee which requests the same to be executed by the Association.

Section 15.14 - Sixty-Seven Percent (67%) Vote Required. Except upon the prior written approval of at least sixty-seven percent (67%) of Institutional Mortgagees based in one (1) vote for each First Mortgage held, neither the Association nor the member shall be entitled to take any action to dissolve the Association unless a substantial destruction or condemnation has occurred, in which case the voting requirements of Section 15.6 shall apply.

ARTICLE XVI

EFFECTS OF FEDERAL PROGRAMS

Section 16.1 - PHA/VA Approval. Although Declarant has not obtained the approval of PHA or VA in connection with the development of the initial Covered Property, such approval may be sought by Declarant with respect to real property which is subsequently annexed to the Covered Property pursuant to Article XIV, hereof, entitled "Integrated Nature of the Covered Property". In the event that the approval of PHA or VA is so sought for the purpose of having PHA and/or VA insure or guarantee any mortgage or providing any form of assistance within the purview of such agencies with respect to the Covered Property, the rules and regulations of PHA and VA as the same exist at the date of recording of this Declaration would require this Declaration to be amended in certain respects and additionally require that PHA and/or VA participate in certain decisions affecting the entire Covered Property and the Management of the Association.

Section 16.2 - Automatic Amendments. Effective as of the date there is recorded by Declarant a Supplementary Declaration declaring that this Declaration is thereby amended as follows, this Declaration shall be so amended without the necessity of any vote or written assent of the Owners or Mortgagees to provide that as long as any Class B votes are outstanding, the following actions will require the prior approval of the PHA, if the PHA is insuring any mortgage on a Residence, or VA, if the VA is guaranteeing any mortgage on a Residence, or both, as specified in said Supplementary Declaration:

(a) dedication or other transfer of any portion of the Community Facilities pursuant to Articles VI and XII hereof; entitled "Duties and Powers of the Association" and "Rights of Enjoyment";

(b) alteration of the Community Facilities, construction of additional improvements, the establishment of additional licenses, reservations and rights-of-way, or alteration of construction plans and designs, all pursuant to Section 17.17 hereof, entitled "Construction by Declarant";

(c) mergers or consolidations of the Association pursuant to Article XIV hereof, entitled "Integrated Nature of the Covered Property";

(d) any amendment or modification of this Declaration pursuant to Section 17.18 hereof, entitled "Amendment";

(e) any amendment or modification of the Articles and Bylaws; and

(f) any dissolution of the Association.

ARTICLE XVII

GENERAL PROVISIONS

Section 17.1 - Enforcement. The Association, or any Owner, shall have the right to enforce by proceedings at law or in equity, all restrictions, conditions, covenants and reservations, now or hereafter imposed by the provisions of this Declaration or any amendment thereto, including the right to prevent the violation of any such restrictions, conditions, covenants, or reservations and the right to recover damages or other dues for such violation. The Association or any Owner shall also have the right to enforce by proceedings at law or in equity the provisions of the Articles or Bylaws and any amendments thereto. With respect to architectural control, Assessment liens or any other liens or charges and Association Rules, the Association shall have the exclusive right to the enforcement thereof.

Section 17.2 - No Waiver. Failure by the Association or by any Member to enforce any covenant, condition, or restriction herein contained, or the Articles, Bylaws or Association Rules in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future breach of the same or any other covenant, condition or restriction.

Section 17.3 - Cumulative Remedies. All rights, options and remedies of Declarant, the Association, the Owners or Mortgagees under this Declaration are cumulative, and not one of them shall be exclusive of any other, and Declarant, the Association, the Owners and the Mortgagees shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

Section 17.4 - Severability. Invalidation of any one or a portion of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 17.5 - Covenants to Run with the Land; Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Covered Property and shall inure to the benefit of and be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then Owners and seventy-five percent (75%) of the Institutional Mortgagees, based on one (1) vote for each First Mortgage held, has been recorded at least one (1) year prior to the end of any such period, agreeing to terminate said covenants, conditions and restrictions in whole or in part.

Section 17.6 - Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan for the development of a residential community or tract and for the maintenance of the Covered Property. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 17.7 - Singular Includes Plural. Whenever the context of this Declaration requires same, the singular shall include the plural and the masculine shall include the feminine and the neuter.

Section 17.8 - Nuisance. The result of every act or omission, whereby any provision, condition, restriction, covenant, easement or reservation contained in this Declaration is violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, and may be exercised by the Association or any Member. Such remedy shall be deemed cumulative and not exclusive.

Section 17.9 - Attorneys' Fees. In the event action is instituted to enforce any of the provisions in this Declaration, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorneys' fees and costs of such suit.

Section 17.10 - Notices. Any notice to be given to an Owner or a Mortgagee or mortgage servicing contractor under the provisions of this Declaration shall be in writing and may be delivered as follows:

(a) Notice to an Owner shall be deemed to have been properly delivered when delivered personally or placed in the first class United States mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Residence. Any notice so deposited in the mail within the County shall be deemed delivered forty-eight (48) hours after such deposit. In the case of co-Owners, any such notice may be delivered or sent to any one of the co-Owners on behalf of all co-Owners and shall be deemed delivery on all such co-Owners.

(b) Notice to a Mortgagee or its mortgage servicing contractor shall be deemed to have been properly delivered when placed in the first class United States mail, postage prepaid, to the address furnished to the Association by such Mortgagee or such contractor for the purposes of notice or, if no such address is furnished, to any office of the Mortgagee in the County, or if no such office is located in the County, to any office of such mortgagee.

(c) The affidavit of an officer or authorized agent of the Association declaring under penalty of perjury that a notice has been mailed to any Owner or

Owners, to any Mortgagee or Mortgagees, or to all Members or all Mortgagees, to the address or addresses shown on the records of the Association, shall be deemed conclusive proof of such mailing, whether or not such notices are actually received.

Section 17.11 - Obligations of Declarant. So long as Declarant is utilizing the easement described in Section 13.3(e) hereof, entitled "Construction and Sales", Declarant shall not be subject to the provisions of Article V hereof, entitled "Architectural Control" or the provisions of Article XI hereof, entitled "Use Restrictions".

Section 17.12 - Effect of Declaration. This Declaration is made for the purposes set forth in the Recitals to this Declaration and Declarant makes no warranties or representations, express or implied, as to the binding effect of enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances and regulations applicable thereto.

Section 17.13 - Personal Covenant. To the extent the acceptance of a conveyance of a Residence creates a personal covenant between the Owner of such Residence and Declarant or other Owners, such personal covenant shall terminate and be of no further force or effect from and after the date when a person or entity ceases to be an Owner except to the extent this Declaration may provide otherwise with respect to the payment of money to the Association.

Section 17.14 - Nonliability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, any other committees of the Association or any member of such Board or committee shall be liable to any Member or the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or persons reasonably believed to be the scope of their duties.

Section 17.15 - Enforcement of Bonded Obligations. In the event that the improvements to the Community Facilities have not been completed prior to the issuance of a Final Subdivision Public Report covering the Covered Property by the Department of Real Estate of the State of California, and the Association is obligee under a bond or other arrangement (hereinafter the "Bond") to secure performance of the commitment of Declarant to complete such improvements, the following provisions shall apply:

(a) The Board shall consider and vote on the question of action by the Association to enforce the obligations under the bond with respect to any improvements for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for such improvements in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Community Facilities improvement, the Board

shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of such extension.

(b) In the event that the Board determines not to initiate action to enforce the obligations under the Bond, or in the event the Board fails to consider and vote on such questions as provided above, the Board shall call a special meeting of the Members for the purpose of voting to override such decision or such failure to act by the Board. Such meeting shall be called according to the provisions of the Bylaws dealing with meetings of the Members, but in any event such meeting shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing five percent (5%) or more of the total voting power of the Association.

(c) The only Members entitled to vote at such meeting of Members shall be the Owners other than Declarant. A vote at such meeting of a majority of the voting power of such Members other than Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

Section 17.16 - Leases. Any agreement for the leasing or rental of a Residence (hereinafter in this Section referred to as a "lease") shall provide that the terms of such lease shall be subject in all respects to the provisions of this Declaration, the Articles, the Bylaws, the Association Rules and any applicable agreements between the Association and any of the Federal Agencies. Said lease shall further provide that any failure by the lessee thereunder to comply with the terms of the foregoing documents shall be a default under the lease. All leases shall be in writing. Any Owner who shall lease his Residence shall be responsible for assuring compliance by such Owner's lessee with this Declaration, the Articles, the Bylaws and the Association Rules; provided, however, the obligation of the foregoing sentence shall not apply to Declarant in the event Declarant leases a Residence for a term of twenty (20) years or more and such lease, or memorandum thereof, is recorded. With the exception of a Mortgagee in possession of a Residence following a default in a First Mortgage, a foreclosure proceeding or any deed in lieu of foreclosure, no Owner may lease such Owner's Residence for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days or any rental whatsoever, if the occupants of the Residence are provided customary hotel service such as room service for food and beverage, maid service, furnishing laundry and linen and bellboy service.

Section 17.17 - Construction By Declarant. Nothing in this Declaration shall limit the right of Declarant to alter the Community Facilities, or to construct such additional improvements as Declarant deems advisable prior to completion of improvements upon and sale of the entire Development. Such right shall include but shall not be limited to erecting, constructing and maintaining on the

Covered Property such structures and displays as may be reasonably necessary for the conduct of the business of completing the work and disposing of the same by sale, lease or otherwise. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a purchaser from Declarant to establish on the Covered Property additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Development. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. The rights of Declarant hereunder may be assigned to any successor or successors to all or part of said entity's respective interest in the Development, by an express assignment incorporated in a recorded deed or lease, as the case may be, transferring such interest to such successor. Declarant shall exercise its rights contained in this provision in such a way as not to unreasonably interfere with the Members' rights to use and enjoy the Covered Property.

Section 17.18 - Amendments. Subject to the other provisions of this Declaration, including without limitation, the rights of Mortgagees pursuant to Articles VIII and XV hereof, entitled "Insurance" and "Rights of Lenders", or otherwise, this Declaration may be amended as follows:

(a) Until such time as there is a Class A Membership pursuant to this Declaration, amendments or modifications shall be effective when executed by Declarant and when recorded in the Official Records of the County. Thereafter, any amendments of this Declaration may be amended only by the affirmative vote or written consent of Members representing not less than two-thirds (2/3) of the voting power of each class of membership. From and after such time as the Class B voting rights terminate as provided for in Article II hereof, entitled "Membership", this Declaration may be amended by the affirmative vote or written consent of a majority of the voting power of the Association and at least two-thirds (2/3) of the voting power of Members other than Declarant, except as may be otherwise provided by law.

(b) In addition to the foregoing, any amendment or modification of Articles III, IV, V, VII, IX, and X hereof, entitled "Covenant for Maintenance Assessments", "Nonpayment of Assessments", "Architectural Control", "Repair and Maintenance", "Destruction of Improvements" and "Eminent Domain", respectively, shall additionally require the prior written approval of not less than seventy-five percent (75%) of the Class A Members.

(c) An amendment or modification that requires the vote and written assent of the Members as hereinabove provided shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment or modification has been approved as hereinabove provided, and when recorded in the Official Records of the County.

(d) Notwithstanding the foregoing, any provision of this Declaration, or the Articles, Bylaws or Association Rules which expressly requires the approval of a specified percentage of the voting power of any particular class of Membership of the Association for action to be taken under said provision can be amended only with the affirmative vote or written assent of not less than the same percentage of the voting power of each such class of Membership of the Association.

IN WITNESS WHEREOF, Declarant has executed this instrument the day and year first hereinabove written.

SANDCO AMERICAN, INC.,
a California corporation

By: Steven Newman
Its President

By: Stanley D. Grecian
Its Secretary

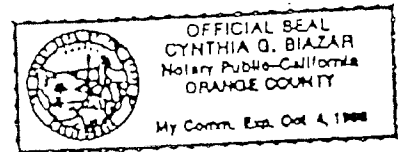
STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On April 24, 1985 before me, the undersigned, a Notary Public in and for said County and State, personally appeared Steven A. Newman, known to me to be President, and Stanley D. Grecian, known to me to be the Secretary, of Sandco American, Inc., a California corporation, known to me to be the persons that executed the within instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal.



Cynthia G. Biazar
Notary Public



LENDER'S CONSENT

The undersigned, Winchester Savings Bank, beneficiary under that certain Deed of Trust recorded the 25th day of May, 1984, in Book 5661, Page 1838, Official Records of Kern County, California, hereby consents to the within Declaration of Covenants, Conditions and Restrictions for Valley View Estates and hereby subordinates the lien of said Deed of Trust to the provisions contained herein.

Winchester SA. Bank
By [Signature]
Its Assistant Vice President

By _____
Its _____

Massachusetts)
STATE OF ~~CALIFORNIA~~)
COUNTY OF Middlesex) SS.

On this 14th day of May, 1985, before me, the undersigned, a Notary Public in and for said State, personally appeared Russ Rosenberger, Jr., known to me to be the Assistant Vice President of the corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of said corporation and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

Carol Schieder
Notary Public in and-for said
County and State

My commission expires 12/01/89.

From 2nd Amendment

5024 1731

EXHIBIT "A"

Lots 73 through 84, inclusive, 89 through 126, inclusive, and 127 of Tract 4167, as shown on Map recorded in Book 14 of Maps, Pages 8-12, inclusive, office of the County Recorder of the County of Kern.



From 2nd Amendment

...6024 ...1732

EXHIBIT "B"

Lot 127 of Tract 4167, as shown on Map recorded in Book 14 of Maps, Pages 8-12, inclusive, office of the County Recorder of the County of Kern.



5024 1733

From 2nd Amendment

EXHIBIT "C"

Lots 1 through 72, inclusive and Lots 85 through 88, inclusive, of Tract 4167 as shown on Map recorded in Book 14 of Maps, pages 8-12, inclusive, office of the County Recorder of the County of Kern.



100-116

100-116

"First Amendment"

When Recorded Mail To:

Santiago Corporation
1108 W. Seventeenth Street
Santa Ana, CA 92706

AMENDMENT TO DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
VALLEY VIEW ESTATES
KERN COUNTY, CALIFORNIA
TRACT NO. 4167

BEING SUCCESSOR IN INTEREST TO THE ORIGINAL
The undersigned, being ~~XXX~~ Declarant as to that certain
Declaration of Covenants, conditions and Restrictions of Valley
View Estates, Kern County, California, Tract No. 4167, as
recorded in Book 5762, Pages 2396 through 2458, of the official
records of Kern County, California (the "Declaration"), pursuant
to the provisions of Section 17.18 thereof, does hereby amend
the Declaration in the following particulars:

1. The name of the subdivision shall be and hereby is changed to Santiago Estates-Rosamond.
2. Recital D. is hereby amended in its entirety to read as follows:

Santiago Estates-Rosamond Community Association, nonprofit mutual benefit corporation, has been incorporated under the laws of the State of California for the purpose of exercising the power and functions aforesaid.

CERTIFIED TO BE A TRUE AND
CORRECT COPY.
TICOR TITLE INSURANCE
BY *Helen Padilla*

SANTIAGO/TXTJAH
March 12, 1987 #1

Section 1.4 is hereby amended in its entirety to read:

"Association" shall mean and refer to Santiago State-Rosamond Community Association, nonprofit mutual benefit corporation, incorporated under the laws of the State of California, its successors and assigns.

Section 2.7 is hereby amended as follows:

The roman numeral "XVIII" in the second line thereof is amended to be "XVII".

The third sentence of Section 3.11 is hereby amended as follows:

Until such time as the Class B Membership has expired and been converted into Class A Membership, in the event shall a reduction in the amount or the amount due in the collection of Regular Assessments pursuant to this Section result in a quantity or quality of services diminished from those upon which the Common Expense Budget for the year in question is based.

Section 7.2(b) is hereby amended so that the blank parenthetical expression is "B".

Section 11.14 is hereby amended in its entirety to read:

All Residences shall only be used for the residential purposes of a single family.

The third sentence of Section 12.1(c) is hereby amended as follows:

The Certificate of the President and Secretary of Association attached to such instrument certifying that the members signing such instrument represent two-thirds (2/3) of the voting power of Members other than the Declarant shall be deemed conclusive proof thereof.

I, the undersigned hereby certify that there is no conflict of interest pursuant to the Declaration.

IN WITNESS WHEREOF, Declarant has executed this instrument as of this 10th day of June, 1987.

Santiago Estates-Rosamond
a California Limited Partnership

By Santiago Corporation
General Partner

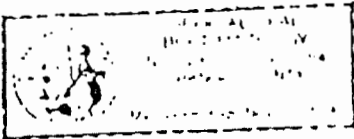
By: [Signature]
Richard Simonian, President

By: [Signature]
Janice Gates, Assistant
Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On June 10, 1987, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Richard Simonian, known to me to be the president, and Janice Gates, known to me to be the Assistant Secretary, of Santiago Corporation, a California corporation, the General Partner of Santiago Estates-Rosamond, known to me to be the persons that executed the within instrument on behalf of said corporation and limited partnership, and acknowledged to me that such corporation and limited partnership executed the same.

WITNESS my hand and official seal.



[Signature]
Notary Public)

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:
Santiago Estates-Rosamond,
a California Limited Partnership
1108 W. Seventeenth Street
Santa Ana, California 92706

Attention: _____

Above Space for Recorder's Use Only

SUPPLEMENTARY DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

SANTIAGO ESTATES-ROSAMOND

KERN COUNTY, CALIFORNIA

TRACT NO. 4167

Table of Contents

RECITALS	1
Article I Integrated Nature of The Covered Property. .	4
Article II General Provisions	5

003113

Recording requested by:

Radington, Merhab & Radington

When Recorded Mail to:

Santiago Corporation
c/o Radington, Merhab & Radington
14131 Yorba Street, Suite 204
Tustin, CA 92680
Attn: Michael P. McCoy
(714) 730-7000

SECOND AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
SANTIAGO ESTATES-ROSAMOND
KERN COUNTY, CALIFORNIA
TRACT NO. 4167

The undersigned, being the successor in interest to Declarant as to that certain Declaration of Covenants, Conditions and Restrictions of Santiago Estates-Rosamond, Kern County, California, Tract No. 4167, as recorded in Book 5762, Pages 2396 through 2458, of the official records of Kern County, California (the "Declaration"), pursuant to the provisions of Section 17.18 thereof, does hereby amend the Declaration in the following particulars:

1. Recital A is amended to read as follows:

"A. Declarant is the fee owner of the real property described in Exhibit "A" to this Second Amendment to Declaration, which shall be the Initial Covered Property under this Declaration, and the real property which may from time to time be annexed pursuant to this Declaration and become a part of the Covered Property, which is a planned development as defined in Civil Code Section 1351(x) of the California Code."

2. ARTICLE II, "MEMBERSHIP," Section 2.4, subheading, "Class B," is amended to read as follows:

"Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Residence in which it holds the interest required for Membership; provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership; or

(b) July 1, 1988, but in no event later than the second anniversary of the original issuance of the most recent Final Subdivision Public Report for the most recent phase of the Development; or

(c) July 1, 1991, but in no event later than the fourth anniversary of the issuance of the Final Subdivision Public Report for the first phase of the Development."

3. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," Section 3.3, is amended to read as follows:

"Section 3.3 - Regular Assessments. Not later than sixty (60) days prior to the beginning of each fiscal year, the Board shall distribute to each Member a pro forma operating statement or budget for the upcoming fiscal year which shall, among other things, estimate the total Common Expense to be incurred for such fiscal year. The Board shall at that time determine the amount of the Regular Assessment to be paid by each Member. Each Member shall thereafter pay to the Association his Regular Assessment in installments as established by the Board. Each such installment shall be due and payable on the date established by the Board in the written notice sent to Members. In the event the Board shall determine that the estimate of total charges for the current year is, or will become inadequate to meet all Common Expenses for any reason, it shall then immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the Common Expenses and determine the revised amount of Regular Assessment against each Member, and the date or dates when due. After the Association's first fiscal year of operation, it shall not impose a Regular Assessment which is increased more than ten percent (10%) over the amount of the Regular Assessment in the immediately preceding fiscal year, without the approval of a majority of the total voting power of the Association and the approval of a majority of the voting power of Members other than the Declarant at a meeting or election of the Association conducted in accordance with Chapter 5 of Part 3 of Division 2 of Title 1 of the Corporations Code, and Section 7613 of the Corporations Code. Nothing contained herein shall be deemed to limit Assessment increases for any of the following purposes:

(a) Maintenance or repair of the common areas, including without limitation the payment of insurance

premiums, the payment of utility bills, costs incurred in maintaining or repairing structures or improvements, and funding reserves; and

(b) Addressing emergency situations.

4. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," Section 3.4 is amended by adding thereto the following sentence:

"Any vote of Members called for by this Section shall be a vote of the required number or percentage of members at a meeting or election of the Association conducted in accordance with Chapter 5 of Part 3 of Division 2 of Title 1 of the California Corporations Code and Section 7613 of the California Corporations Code."

5. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," Section 3.5, is amended to read as follows:

"Section 3.5 - Uniform Assessments/Excessive Assessments. Regular, Reconstruction and Capital Improvement Assessments shall be fixed at an equal amount for each Residence and may collected at intervals selected by the Board; provided, however, that the Association shall not impose or collect an Assessment penalty or fee that exceeds the amount necessary for the purpose or purposes for which it is levied."

6. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," is hereby amended by adding thereto new Section 3.15 to read as follows:

"Section 3.15 - Provision of Documents to Members. On written request, the Association shall, within ten days of the mailing or delivery of such a written request, provide a member with a copy of the following documents:

- (a) This Declaration, and all amendments thereto;
- (b) A copy of the Articles of Incorporation and Bylaws of the Association and of all Amendments thereto;
- (c) A copy of the most recent financial statement distributed by the Association to the Members pursuant to the Bylaws;
- (d) A statement in writing from an authorized representative of the Association as to the amount of any Assessments levied on the Member which are unpaid as of the date of the statement. The statement shall also include correct information on late charges, interest and costs of collection which, as of the date of the

statement, are or may be made a lien on the Member's interest.

The Association may charge a fee for providing the documents required pursuant to this Section, which fee shall not exceed the Association's reasonable cost to prepare and reproduce the enumerated items."

7. ARTICLE III, "COVENANT FOR MAINTENANCE ASSESSMENTS," is hereby amended by adding thereto new Section 3.16 to read as follows:

"Section 3.16 - Relief Provisions.

(a) Dwelling Units. The Declarant and any successor in interest which at any time is an owner subject to the payment of regular and special assessments by reason of ownership of any Lot or Lots which at the time the Assessment is made do not include a structural improvement for human occupancy ("dwelling unit") is hereby exempted from such portion of any assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of such a dwelling unit, including without limitation roof replacement, exterior maintenance, walkway and carport lighting, refuse disposal, and domestic water supplied to dwelling units. The exemption from payment of the portion of Assessments attributable to dwelling units shall continue in effect as to any Lot only until the earliest of the following events:

(1) Recordation of a Notice of Completion of a dwelling unit on such Lot;

(2) Occupation or use of a dwelling unit on such Lot; or

(b) Common Facility. The Declarant or any successor in interest of the Declarant which is the owner of a Lot or Lots is hereby exempted from the payment of any portion of any Assessment for the purposes of defraying expenses and reserves directly attributable to the existence and use of a common facility which is not completed when such assessments commence. The foregoing exemption shall be in effect only until the earliest of the following events:

(1) recordation of a Notice of Completion of the common facilities; or

(2) the time the common facilities are placed into use.

8. ARTICLE IV, "NONPAYMENT OF ASSESSMENTS," SECTION 4.1, is amended to read as follows:

"Section 4.1 - Delinquency. Any Assessment, other than a Penalty Assessment, provided for in this Declaration which is not paid on the date when due shall become delinquent fifteen (15) days after the due date (the "Delinquency Date"). If any such Assessment is not paid within thirty (30) days after delivery of notice of such delinquency from the Association, a late charge of 10% of the delinquent assessment amount, or \$10.00, whichever is greater, shall be levied and the Assessment, together with all late charges so imposed and all reasonable costs of collection, shall bear interest from the Delinquency Date at the rate of twelve percent (12%) per annum. The Association may, at its option, and without waiving the right to judicially foreclose its lien against the Residence, pursue any available remedies, including, without limitation, bringing an action at law against the Member personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in Section 4.2 hereof, entitled "Notice of Lien," to foreclose the lien against the Residence. If action is commenced, there shall be added to the amount of such Assessment the late charge, interest, the cost of such action, and attorneys' fees incurred in connection with such action; and in the event that judgment is obtained, such judgment shall include said late charge, interest and a reasonable attorneys' fee, together with the costs of action. Each Member vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure against such Member or other Members for the collection of such delinquent Assessments."

9. ARTICLE IV, "NONPAYMENT OF ASSESSMENTS," SECTION 4.2 is amended to read as follows:

"Section 4.2 - Notice of Lien. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a Notice of Claim of Lien, signed by the president of the Association is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Residence and recorded by the Association in the office of the County Recorder in the County; said Notice of Claim of Lien must recite a good and sufficient legal description of any such Residence, the record Owner or reputed Owner thereof, the amount claimed (which shall include interest on the unpaid Assessment at the rate of twelve per-

cent (12%) per annum, late charges, plus reasonable attorneys' fees and expenses of collection in connection with the debts secured by said lien), and the name and address of the claimant.

10. ARTICLE IV, "NONPAYMENT OF ASSESSMENTS," Section 4.4, is amended by changing the reference in said Section to interest at ten percent (10%) per annum to twelve percent (12%) per annum.

11. ARTICLE VI, "DUTIES AND POWERS OF THE ASSOCIATION," Section 6.2, is amended by the addition of new subparagraph 6.2(f) which shall read as follows:

"(f) Prepare and distribute financial statements, operating budgets, and other statements as detailed in the Bylaws."

12. Exhibits "B" and "C," attached to this Second Amendment, constitute the Community Facilities as defined in Section 1.8 of the Declaration, and the Annexation Property described in the introductory paragraph to Article XIV of the Declaration, respectively, and, together with Exhibit "A," attached to this Second Amendment, supercede Exhibits "A," "B" and "C" referenced in the Declaration, for all purposes.

The undersigned hereby certifies that there is no Class A Membership pursuant to the Declaration outstanding.

The undersigned further certifies that the undersigned, as the sole Class "B" member pursuant to the Declaration, has approved the foregoing Amendments.

IN WITNESS WHEREOF, Declarant has executed this instrument as of this 20 day of June, 1987.

Santiago Estates-Rosamond
a California Limited Partnership
By Santiago Corporation, General Partner

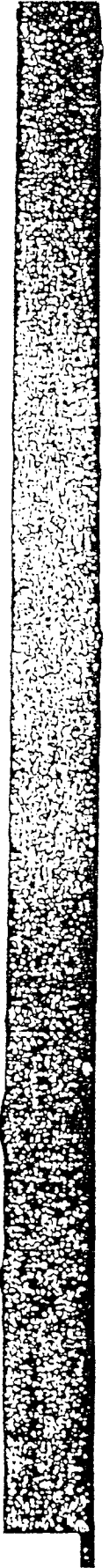
By: [Signature]
Richard Simonian, President

By: [Signature]
Janice Gates, Asst. Secretary

6024 1731

EXHIBIT "A"

Lots 73 through 84, inclusive, 89 through 126, inclusive, and 127 of Tract 4167, as shown on Map recorded in Book 14 of Maps, Pages 8-12, inclusive, office of the County Recorder of the County of Kern.



6024 1732

EXHIBIT "B"

Lot 127 of Tract 4167, as shown on Map recorded in Book 14 of Maps, Pages 8-12, inclusive, office of the County Recorder of the County of Kern.

EXHIBIT "C"

Lots 1 through 72, inclusive and Lots 85 through 88, inclusive, of Tract 4167 as shown on Map recorded in Book 34 of Maps, pages 8-12, inclusive, office of the County Recorder of the County of Kern.

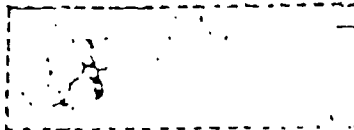


100,6024 1734

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On June 2, 1987, before me the undersigned, a Notary Public in and for said State, personally appeared Richard Simonian and Janice Gates, personally known to me, or proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument as President and Assistant Secretary, on behalf of Santiago Corporation the corporation therein named, and acknowledged to me that said corporation executed the within instrument pursuant to the bylaws or a resolution of its board of directors, said corporation being known to me to be the General Partner of Santiago Estates-Rosamond, a California Limited Partnership the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such General Partner and that such partnership executed the same.

WITNESS my hand and official seal.

 _____
Richard Simonian

SUPPLEMENTARY DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
SANTIAGO ESTATES-ROSAMOND
KERN COUNTY, CALIFORNIA

THIS SUPPLEMENTARY DECLARATION is made this _____ day of March, 1987, by SANTIAGO ESTATES-ROSAMOND, a California Limited Partnership, which, together with its successors and assigns, is hereinafter referred to as "Declarant".

RECITALS

A. Declarant is the fee owner of the real property described in Exhibit "A" to this Supplementary Declaration, which was the Initial Covered Property (the "Initial Covered Property") under a Declaration made the 24th day of April, 1985, by Declarant's predecessor and recorded on May 23, 1985, on page 2396 of Book 5762 in the office of the Kern County Clerk Recorder, as amended on _____, 1987, such Declaration as so amended being hereinafter referred to as the "Declaration".

B. Terms defined in the Declaration unless otherwise defined herein are used herein with the same meaning as in the Declaration.

C. Declarant is the fee owner of the real property described in Exhibit "B" to this Supplementary Declaration (the "Annexed Property"), which, pursuant to the Declaration, Declarant by this Supplementary Declaration intends to annex to and have become a part of the Covered Property. This Supplementary Declaration and the Declaration is being imposed by Declarant on the Initial Covered Property and the Annexed Property.

D. Declarant has adopted this Supplementary Declaration and annexed and subjected to the Declaration the Annexed Property pursuant to Article XIV of the Declaration.

E. This Supplementary Declaration has been executed and recorded prior to the third (3rd) anniversary of the original issuance of the most recently issued Final

Subdivision Report for a Project and such annexation does not have the effect of either overburdening the common interests of the now existing Owners, except as set forth on the Declaration, or substantially increasing the Assessments of such Owners (unless such increase has been disclosed in the California Department of Real Estate's Final Subdivision Public Report applicable to such Owner's Residence) and, accordingly, no vote, or approval, of the Association was required for the action hereby taken.

F. Declarant has deemed it desirable to establish covenants, conditions and restrictions upon the Initial Covered Property and Annexed Property and each and every portion thereof, which will constitute a general scheme for the management of the Initial Covered Property and Annexed Property, and for the use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Initial Covered Property and Annexed Property and enhancing the quality of life within the Initial Covered Property and Annexed Property.

G. It is desirable for the efficient management of the Initial Covered Property and Annexed Property and the preservation of the value, desirability and attractiveness of the Initial Covered Property and Annexed Property to create a corporation to which should be delegated and assigned the powers of managing the Initial Covered Property and Annexed Property, maintaining and administering the Initial Covered Property and Annexed Property and administering and enforcing the covenants, conditions and restrictions set forth in the Declaration and herein and collecting and disbursing funds pursuant to the assessment and charges created and referred to in the Declaration and in this Supplementary Declaration and to perform such other acts as shall generally benefit the Initial Covered Property and Annexed Property.

H. Santiago Estates-Rosamond Community Association, a nonprofit mutual benefit corporation, has been incorporated under the laws of the State of California for the purpose of exercising the powers and functions aforesaid.

I. Declarant has held and conveyed title to some or all of the Initial Covered Property and will hereafter hold and convey title to the Annexed Property subject to certain protective covenants, conditions and restrictions hereinafter set forth.

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that all of its interest as the same may from time to time appear in the Initial Covered Property and Annexed Property shall be held and conveyed subject to the following covenants, conditions, restrictions and easements

which are hereby declared to be for the benefit of said interests in the Initial Covered Property and Annexed Property, and the owners of said interests, their successors and assigns. These covenants, conditions, restrictions and easements shall run with said interests and shall be binding upon all parties having or acquiring any right or title in said interests or any part thereof, and shall inure to the benefit of each owner thereof and are imposed upon said interests and every part thereof as a servitude in favor of each and every of said interests and the dominant tenement or tenements.

ARTICLE I

Integrated Nature of the Covered Property

Section 1.1 Incorporation of Declaration by Reference. By this reference all of the covenants, conditions restrictions, easements and other provisions of the Declaration are hereby incorporated into this Supplementary Declaration and made applicable to the Annexed Property.

Section 1.2 Status of Annexed Property and Owners of Annexed Property. The Annexed Property shall be treated in the same manner as the Initial Covered Property and both shall be Covered Property pursuant to the Declaration. The Owners of the Annexed Property shall have in all respects the same rights and obligations as Owners and Members of the Association as Owners of the Initial Covered Property.

Section 1.3 Assessments. Regular, Reconstruction and Capital Improvement Assessments adopted by the Board and/or Association for the fiscal year in which this Supplementary Declaration becomes effective shall be applicable to the Annexed Property on the same basis as it is applicable to the Initial Covered Property, provided, however, each such Assessment shall be prorated by multiplying each such assessment by a fraction the numerator of which is the number of days remaining in such fiscal year and the denominator of which is 365. The Board shall establish a collection schedule for the aforesaid assessments applicable to the Annexed Property for the fiscal year in which this Supplementary Declaration is executed. Thereafter, Assessments with regard to the Annexed Property shall be collected in the same manner as Assessments for any other Covered Property. Notwithstanding the foregoing, in accordance with Section 3.11 of the Declaration, the Regular Assessment as to Residences in the Annexed Property, if any, shall commence with respect to all Residences within the Annexed Property on the first day of the month following the

conveyance of the first Residence within the Annexed Property by Declarant to an individual Owner.

ARTICLE II

GENERAL PROVISIONS

Section 2.1 Status of Declaration. As supplemented hereby the Declaration remains in full force and effect.

Section 2.2 Severability. Invalidation of any one or a portion of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 2.3 Covenants to Run With The Land; Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Annexed Property and shall inure to the benefit of and be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date the Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then Owners and seventy-five percent (75%) of the Institutional Mortgagees, based on one (1) vote for each First Mortgage held, has been recorded at least one (1) year prior to the end of any such period, agreeing to terminate said covenants, conditions and restrictions in whole or in part.

Section 2.4 Construction. The provisions of this Supplementary Declaration shall be liberally construed to effectuate its purpose of creating a plan for the development of a residential community or tract and for the maintenance of the Initial Covered Property and Annexed Property. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 2.5 Singular includes Plural. Whenever the context of this Supplementary Declaration requires the same, the singular shall include the plural and the masculine shall include the feminine and the neuter.

Section 2.6 Effect of Supplementary Declaration.

This Supplementary Declaration is made for the purposes set forth in the Recitals to this Supplementary Declaration and Declarant makes no warranties or representations, express or implied, as to the binding effect of enforceability of all or any portion of this Supplementary Declaration, or as to the compliance of any of these provisions with public laws, ordinances and regulations applicable thereto.

Section 2.7 Personal Covenant.

To the extent the acceptance of a conveyance of a Residence creates a personal covenant between the Owner of such Residence and Declarant or other Owners, such personal covenant shall terminate and be of no further force or effect from and after the date when a person or entity ceases to be an Owner except to the extent the Declaration may provide otherwise with respect to the payment of money to the Association.

Section 2.8 Construction by Declarant.

Nothing in this Declaration shall limit the right of Declarant to alter the Community Facilities, or to construct such additional improvements as Declarant deems advisable prior to completion of improvements upon and sale of the entire Development. Such right shall include but shall not be limited to erecting, constructing and maintaining on the Initial Covered Property and Annexed Property such structures and displays as may be reasonably necessary for the conduct of the business of completing the work and disposing of the same by sale, lease or otherwise. This Supplementary Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a purchaser from Declarant to establish on the Annexed Property additional licenses, reservations and rights-of-way to itself, to utility companies, or others as may from time to time be reasonably necessary to the proper development and disposal of the Development. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. The rights of Declarant hereunder may be assigned to any successor or successors to all or part of said entity's respective interest in the Development, by an express assignment incorporated in a recorded deed or lease, as the case may be, transferring such interest to such successor. Declarant shall exercise its rights contained in this provision in such a way as not to unreasonably interfere with the Members' rights to use and enjoy the Initial Covered Property and Annexed Property.

IN WITNESS WHEREOF, Declarant has executed this instrument the day and year first hereinabove written.

SANTIAGO ESTATES-ROSAMOND, a
California Limited Partnership,
By Santiago Corporation, General
Partner

By: _____
Its: _____

By: _____
Its: _____

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 19____, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Richard Simonian, known to me to be the President and _____, known to me to be the Secretary of Santiago Corporation, a California corporation, the General Partner of Santiago Estates-Rosamond known to me to be the persons that executed the within instrument on behalf of said corporation and limited partnership, and acknowledged to me that such corporation and limited partnership executed the same.

WITNESS my hand and official seal.

Notary Public

LENDER'S CONSENT

The undersigned, _____,
beneficiary under that certain Deed of Trust recorded
_____, 19__, in Book _____, Page _____, Official
Record of _____ County, California, hereby consents to
the within Supplementary Declaration of Covenants, Conditions
and Restrictions for Santiago Estates-Rosamond and hereby
subordinates the lien of said Deed of Trust to the provisions
contained herein.

By: _____
Its: _____

By: _____
Its: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 19__, before me,
the undersigned, a Notary Public in and for said State,
personally appeared _____, known
to me to be the _____ and _____,
known to be to be the _____ of the corporation
that executed the within instrument, known to me to be the
persons who executed the within instrument on behalf of said
corporation and acknowledged to me that said corporation
executed the within instrument pursuant to its Bylaws or a
resolution of its Board of Directors.

WITNESS my hand and official seal.

Notary Public in and for said
County and State
My commission expires _____