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DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS AND RESERVATION OF EASEMENTS
FOR
WICKFORD AT VILLAGE AT THE PARK

THIS DECLARATION CONTAINS A BINDING ARBITRATION PROVISION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT. ARBITRATION INCLUDES A WAIVER OF THE CONSTITUTIONAL RIGHT TO A JURY. YOU MUST READ THE ARBITRATION PROVISION CAREFULLY AND SHOULD CONSULT LEGAL COUNSEL WITH ANY QUESTIONS.

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FOR
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EXHIBIT "B" PEDESTRIAN ACCESS POINT

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
WICKFORD AT VILLAGE AT THE PARK**

THIS DECLARATION is made by WESTERN PACIFIC HOUSING, INC., a Delaware corporation ("Declarant").

P R E A M B L E:

A. Declarant is the owner of certain real property located in the City of Camarillo, ("City"), County of Ventura ("County"), State of California, described as follows:

The Phase 1 Property as shown and described on the Condominium Plan for Wickford at Village at the Park, recorded on 06-23-05, as Instrument No. 20050623-062923, in the Office of the Ventura County Recorder (the "Plan"), encumbering Lot 1 of Tract No. 5486, as shown on a Subdivision Map filed on March 30, 2005, in Book 153 at Pages 1 to 3, inclusive, of Miscellaneous Records (Maps), in the Office of the Ventura County Recorder.

B. It is the desire and intention of Declarant to subdivide the Property (as hereinafter defined) to create condominium estates in accordance with the Davis-Stirling Common Interest Development Act and to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all the condominium estates created. To such end, Declarant deems it desirable to create a corporation under the Nonprofit Mutual Benefit Corporation Law of the State of California which will be delegated and assigned the powers of owning and maintaining the Common Property (as hereinafter defined), administering and enforcing the covenants and restrictions established by this Declaration, and collecting and disbursing the assessments and charges hereinafter created.

C. Declarant hereby declares that all of the Property is to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, reservations, rights, easements, conditions and covenants, all of which are declared and agreed to be in furtherance of a plan for the protection, subdivision, maintenance, improvement and sale of the Property for the purpose of enhancing the value, desirability and attractiveness of the Property. All provisions of this Declaration, including without limitation the easements, uses, obligations, covenants, conditions and restrictions hereof, are hereby imposed as equitable servitudes upon the Property. All of the limitations, restrictions, reservations, rights, easements, conditions and covenants herein shall run with and burden the Property and shall be binding on and for the benefit of all of the Property and all Persons having or acquiring any right, title or interest in the Property, or any part thereof, and their successive owners and assigns.

D. Declarant, its successors, assigns and grantees, covenant and agree that the undivided interest in the Common Area, the membership in the Association, any easements conveyed therewith and the fee title to each respective Unit conveyed therewith shall not be separated or separately conveyed, and each such undivided interest, membership and easement shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit, provided, however, that this restriction upon the severability of the component interests of the Condominiums shall not extend beyond the period for which the right to partition the Property is suspended in accordance with Section 1359 of the California Civil Code and the provisions of Article X hereof. Any conveyance by an Owner of a Condominium, or any portion thereof, shall be presumed to convey the entire Condominium, together with a membership in the Association.

E. The Property is also subject to that certain Master Declaration described and defined herein. Declarant, its successors, assigns, and grantees each hereby acknowledge and agree that its interest in the Property is subject to the terms of the Master Declaration and all of the limitations, restrictions, reservations, rights, easements, conditions, and covenants therein shall also run with and burden the Property and all Persons having or acquiring any right, title, or interest in the Property, or any part thereof, and their successive owners and assigns shall be subject thereto.

ARTICLE I

1. Definitions.

Unless otherwise expressly provided, the following words and phrases, when used in this Declaration, shall have the following specified meanings.

1.1. Annexable Territory.

Annexable Territory shall mean the real property described in Exhibit "A" attached hereto and incorporated herein by this reference, all or any portion of which may from time to time be made subject to this Declaration pursuant to Article XVI hereof.

1.2. Architectural Committee or Committee.

Architectural Committee or Committee shall mean the Architectural Review Committee created pursuant to Article IV hereof.

1.3. Articles.

Articles shall mean the Articles of Incorporation of the Association, filed or to be filed in the Office of the Secretary of State of the State of California, as such Articles may be amended from time to time.

1.4. Assessment, Annual.

Annual Assessment shall mean a charge against a particular Owner and his Condominium, representing his share of the total Common Expenses which are to be levied among all the Owners and their Condominiums in the Project in the manner and proportions provided herein.

1.5. Assessment, Capital Improvement.

Capital Improvement Assessment shall mean a charge which the Board may from time to time levy against each Owner and his Condominium, representing a portion of the cost to the Association for installation or construction of any Improvements on the Common Property. Such charge shall be levied among all of the Condominiums in the Project in the same proportions as are Annual Assessments.

1.6. Assessment, Reconstruction.

Reconstruction Assessment shall mean a charge which the Board may from time to time levy against each Owner and his Condominium, representing a portion of the cost to the Association for reconstruction of any Improvements on the Common Property. Reconstruction Assessments shall be levied among the Owners and their Condominiums in the same proportions as Annual Assessments.

1.7. Assessment, Special.

Special Assessment shall mean (i) a charge which the Board may from time to time levy against each Owner and his Condominium in order to raise funds for unexpected operating or other costs, insufficient operating or reserve funds, or other purposes as the Board in its discretion considers appropriate; or (ii) a charge against a particular Owner directly attributable to, or reimbursable by, the Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration, or a reasonable fine or penalty assessed by the Board, plus interest and other charges on such Special Assessments as provided for in this Declaration. Special Assessments shall not include any late payment penalties, interest charges or costs (including attorneys' fees) incurred by the Association in the collection of Annual, Capital Improvement and Reconstruction Assessments.

1.8. Association.

Association shall mean the Wickford Homeowners Association, a California nonprofit corporation (formed pursuant to the Nonprofit Mutual Benefit Corporation Law of the State of California), its successors and assigns (as defined below). The Association is a "Subassociation" as defined in Section 1.39 of the Master Declaration.

1.9. Associations.

Associations shall mean the Association and the Master Association (as defined below).

1.10. Association Property.

Association Property shall mean all of the real and personal property and Improvements to which the Association shall hold fee title or over which the Association shall hold an easement for the common use and enjoyment of the Members as provided herein. The Association Property located in the Project shall include, without limitation, all of the following (i) the Property, exclusive of the Units and Common Areas, as more particularly described and depicted on the Condominium Plan, and all Improvements now or hereafter located thereon, and (ii) such other property or easements which are conveyed to the Association pursuant to or in connection with the operation of this Common Interest Development and any Notice of Addition Recorded pursuant to Article XVI of this Declaration. The Association Property includes, without limitations, the Condominium Building (excluding the Units), common trash receptacles and areas, bearing walls, columns, vertical supports, girders, ceiling joists, subfloors, unfinished floors, unfinished walls, roofs, slabs, foundations, foundation membranes, common heating and cooling equipment, common water heaters, reservoirs, tanks, pumps, motors, ducts (including gas and ventilation ducts and appurtenances), flues and chutes, conduits, pipes, plumbing, ventilation systems, wires (except internal and external telephone wiring designed to serve a specific Unit exclusively, but located outside the boundaries thereof), and other utility installations (except the utility installations and outlets thereof when located within a Unit or used or operated exclusively for such Unit) required to provide power, telephone, telecommunications, cable television, light, gas, water, sewage, drainage and heat, interior sprinklers, sprinkler pipes, and sprinkler heads which protrude into the airspace of a Unit, other built-in fire protection devices and equipment, exterior sprinklers and sprinkler pipes, landscaping, poles and signs. Declarant hereby expressly reserves for the benefit of the Association a nonexclusive easement for access, ingress and egress over the Property to the extent necessary to perform the maintenance, repair and replacement of the Association Property in the Project. Declarant further expressly reserves for the benefit of certain Owners exclusive easements for air conditioning pad purposes over and across those portions of the Association Property constituting Exclusive Use Common Areas designated for air conditioning pad purposes as more particularly described in this Declaration and depicted on the Condominium Plan.

1.11. Beneficiary.

Beneficiary shall mean a Mortgagee under a Mortgage or a Beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgagee or Beneficiary.

1.12. Board or Board of Directors.

Board of Directors or Board shall mean the Board of Directors of the Association.

1.13. Budget.

Budget shall mean a written, itemized estimate of the income and Common Expenses of the Association in performing its functions under this Declaration, which Budget shall be prepared pursuant to the Bylaws.

1.14. Bylaws.

Bylaws shall mean the Bylaws of the Association, as such Bylaws may be amended from time to time.

1.15. Close of Escrow.

Close of Escrow shall mean the date on which a deed is Recorded conveying a Condominium pursuant to a transaction requiring the issuance of a Final Subdivision Public Report by the DRE.

1.16. Common Area.

Common Area shall mean the entire Common Interest Development, except the Separate Interests and the Association Property located therein. The Common Area in Phase 1 is identified on the Phase 1 Condominium Plan.

1.17. Common Expenses.

Common Expenses shall mean those expenses for which the Association is responsible under this Declaration, the Master Declaration, and the Shared Use Maintenance Agreement including, but not limited to, the actual and estimated costs of: maintenance, cleaning, utilities, management, operation, and repair of the Common Property; unpaid Special Assessments, Reconstruction Assessments and Capital Improvement Assessments; assessments levied by the Master Association; the Association's proportionate cost for maintenance under the Shared Use Maintenance Agreement; the cost of maintenance of the recreational facilities on the Common Property, the costs of any and all utilities metered to more than one Unit (if any) and other commonly metered charges for the Property; the cost of maintenance of clustered mailboxes and address

identification signs (if any); the cost of each annual inspection of the Project; the costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all gardening, security and other services benefitting the Common Property; the costs of fire, casualty and liability insurance, workers' compensation insurance, errors and omissions and director, officer and agent liability insurance, and other insurance covering the Property and the directors, officers and agents of the Association, including earthquake insurance, if provided; the costs of bonding of the members of the Board; taxes paid by the Association, including any blanket tax assessed against the Property; amounts paid by the Association for discharge of any lien or encumbrance levied against the Property, or portions thereof; and the costs of any other item or items incurred by the Association, for any reason whatsoever in connection with the Property, for the common benefit of the Owners.

1.18. Common Interest Development.

Common Interest Development shall mean the Project located on the Property.

1.19. Common Property

Common Property shall mean the Common Area and the Association Property. Declarant hereby expressly reserves for the benefit of the Association a nonexclusive easement for access, ingress and egress over the Common Property and the Units to the extent necessary to perform the maintenance, repair, and replacement of the Common Property in accordance with this Declaration.

1.20. Condominium.

Condominium shall mean an estate in real property as defined in California Civil Code Section 1351(f), and shall consist of an undivided fee simple ownership interest in the Common Area in a Phase of Development, together with a separate ownership interest in fee in a Unit and all easements appurtenant thereto, including the Exclusive Use Areas. Subject to the provisions of Section 11.4 hereof, the undivided fee simple interest in the Common Area in a Phase of Development (i) shall be appurtenant to each Unit (ii) shall be a fraction having one (1) as its numerator and the total number of Units in the Project as its denominator, and (iii) shall be held by the Owners of Condominiums in that Phase of Development as tenants in common.

1.21. Condominium Building.

Condominium Building shall mean each of the building containing Units and Association Property within the Project.

1.22. Condominium Plan.

Condominium Plan shall mean the Recorded plan for the Project, as such may be amended from time to time; for all or a portion of a Phase of Development, consisting of (1) a description or survey map of the Phase of Development or portion thereof, which shall refer to or show monumentation on the ground, (2) a three-dimensional description of the Phase of Development or portion thereof, one or more dimensions of which may extend for an indefinite distance upwards or downwards, in sufficient detail to identify the Common Area, Association Property and each Separate Interest, as applicable, and (3) a certificate consenting to the recordation thereof signed and acknowledged by the record owner of fee title to the Phase of Development or portion thereof, and by either the trustee or the Beneficiary of each Recorded Deed of Trust, and the Mortgagee of each recorded Mortgage encumbering the Project or portion thereof.

1.23. Customer Care Program.

Customer Care Program shall mean and refer to the customer service program provided by Declarant to Owners. The Customer Care program is more particularly described in the Homeowners Manual And Customer Care Program Guide provided by Declarant.

1.24. Declarant.

Declarant shall mean WESTERN PACIFIC HOUSING, INC., a Delaware corporation, its successors, and any Person to which it shall have assigned all or any of its rights hereunder by an express written assignment.

1.25. Declaration.

Declaration shall mean this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, as it may be amended from time to time. The Declaration is a "Subassociation Declaration" as defined in Section 1.40 of the Master Declaration.

1.26. Declarations.

Declarations shall mean the Declaration and the Master Declaration.

1.27. Deed of Trust.

Deed of Trust shall mean a Mortgage or a Deed of Trust, as the case may be.

1.28. Delegate.

Delegate shall mean the natural person selected pursuant to the Master Bylaws (as defined below) to represent the Owners in this Project with respect to the Master Association and their membership therein and to perform the duties of a Delegate as set forth in the Master Bylaws.

1.29. DRE.

DRE shall mean the California Department of Real Estate and any successors thereto.

1.30. Exclusive Use Area(s).

Exclusive Use Area(s) shall mean and include those portions of the Common Property over which exclusive easements are reserved for the benefit of certain Owners as shown in this Declaration, any Notice of Addition, any Condominium Plan or in a written instrument from the Declarant to the affected Owner. Exclusive Use Areas for this Project include:

Exclusive Use Areas for internal and external telephone wiring designed to serve a single Unit but located outside the boundaries of that Unit, in accordance with California Civil Code Section 1351 (i), and any other areas designated by Declarant or shown as Exclusive Use Areas in a Notice of Addition Recorded pursuant to this Declaration, a Condominium Plan for a Phase of Development, or another written instrument.

1.31. Family.

Family shall mean one or more natural Persons each related to the other by blood, marriage or adoption, or one or more natural Persons not all so related, but who maintain a common household in a Unit.

1.32. FHLMC.

FHLMC shall mean the Federal Home Loan Mortgage Corporation (also known as The Mortgage Corporation) created by Title II of the Emergency Home Finance Act of 1970, and any successors to such corporation.

1.33. Fiscal Year.

Fiscal Year shall mean the fiscal accounting and reporting period of the Association selected by the Board from time to time.

1.34. FNMA.

FNMA shall mean the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and any successors to such corporation.

1.35. GNMA.

GNMA shall mean the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, and any successor to such association.

1.36. Governmental Agency.

Governmental Agency shall mean any local, county, state and/or federal governmental or quasi-governmental agency, authority or regulatory body (including the City, Agency, and any public or private utility company including cable television) that has jurisdiction over the Project or any part thereof.

1.37. Improvements.

Improvements shall mean all structures and appurtenances thereto of every type and kind, including, but not limited to, the following (if applicable) located within the Project: dwelling units and other buildings, awnings, terraces, balconies, decks, patios, lobbies, walkways, stairways, storage areas, trash areas, roads, driveways, parking areas, fences, screening walls, block walls, retaining walls, bearing walls, columns, vertical supports, girders, ceiling joists, subfloors, floors, walls, roofs, slabs, foundations, paint on surfaces of any structure, heating and cooling equipment, water heaters, water softeners, reservoirs, tanks, pumps, motors, ducts, flues and chutes, conduits, pipes, plumbing, sprinkler systems, irrigation systems, drainage systems, landscaping, hedges, trees, shrubs, windbreaks, poles, signs, fire protection systems, television antennas, satellite dishes, wires and other utility installations.

1.38. Limited Warranty.

Limited Warranty shall mean that certain express written warranty known as the "D. R. Horton 10-4-1 Limited Warranty" which is provided by Declarant to Owners.

1.39. Maintenance Funds.

Maintenance Funds shall mean the accounts created for receipts and disbursements of the Association pursuant to Section 5.2 hereof.

1.40. Maintenance Manual.

Maintenance Manual shall mean the maintenance guidelines set forth in the homeowners manual binder which may be prepared by the Declarant or its authorized agents and provided to the Association and to Owners, specifying obligations for maintenance of the Common Property by the Association and the Units by the Owners, as updated and amended from time to time. Each Owner who receives a Maintenance Manual is obligated to provide a copy of such Maintenance Manual to any successor purchaser of such Owner's Unit.

1.41. Manager.

Manager shall mean the Person, employed by the Association, pursuant to and limited by Section 2.10 hereof, and delegated the duties, power or functions of the Association as limited by said Section.

1.42. Master Association.

Master Association shall mean the VILLAGE AT THE PARK MASTER ASSOCIATION, a California nonprofit corporation, its successors and assigns.

1.43. Master Bylaws.

Master Bylaws shall mean the bylaws of the Master Association, as such may be amended from time to time.

1.44. Master Declaration.

Master Declaration shall mean that certain Master Declaration of Covenants, Conditions and Restrictions and Reservations of Easements for The Village At The Park, recorded on June 30, 2004, as Instrument No. 2004-0630-0182400, in the Office of the Ventura County Recorder, as such may be amended from time to time. The Master Declaration encumbers Phase 1 and the Annexable Territory, and its provisions are hereby incorporated herein by this reference.

1.45. Member, Membership.

Member shall mean every Person holding a membership in the Association, pursuant to Section 2.3 hereof. Membership shall mean the property voting and other rights and privileges

of Members as provided herein, together with the correlative duties and obligations contained in the Restrictions.

1.46. Mortgage.

Mortgage shall mean any Recorded mortgage or deed of trust or other conveyance of a Condominium or other portion of the Property to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance. The term "Deed of Trust" or "Trust Deed" when used shall be synonymous with the term "Mortgage."

1.47. Mortgagee, Mortgagor.

Mortgagee shall mean a Person to whom a Mortgage is made and shall include the Beneficiary of a Deed of Trust; Mortgagor shall mean a Person who mortgages his or its property to another (i.e., the maker of a Mortgage), and shall include the Trustor of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor" and the term "Beneficiary" shall be synonymous with the term "Mortgagee."

1.48. Notice and Hearing.

Notice and Hearing shall mean written notice and a hearing before the Board, at which the Owner concerned shall have an opportunity to be heard in person, or by counsel at the Owner's expense, in the manner further provided in the Bylaws.

1.49. Notice of Addition.

Notice of Addition shall mean an instrument Recorded pursuant to Article XVI hereof to annex any added territory to the Property.

1.50. Owner.

Owner shall mean the record owner(s), whether one or more Persons or entities, of a fee simple interest in a Condominium, including Declarant, but excluding those having such interests merely as security for the performance of an obligation with respect to each Condominium owned by Declarant. The term "Owner" shall include the seller (but not the buyer) under an executory contract of sale. The term "Owner" shall not include a Mortgagee prior to its acquisition of fee title to the Unit encumbered by its Mortgage.

1.51. Phase of Development.

Phase of Development or Phase shall mean (a) Phase 1, or (b) all the real property covered by a Notice of Addition Recorded pursuant to Article XVI hereof for which a Final

Subdivision Public Report has been issued by the DRE, unless otherwise defined in such Notice of Addition.

1.52. Project.

Project shall mean the Property and all Improvements located therein, including, without limitation, the Common Property and the Units. The Project is a "condominium project" as defined in Section 1351(f) of the California Civil Code.

1.53. Property.

Property shall mean (a) Phase 1, and (b) each other Phase of Development described in a Notice of Addition.

1.54. Record, File, Recordation.

Record, File or Recordation shall mean, with respect to any document, the recordation or filing of such document in the Office of the County Recorder of the county in which the Property is located.

1.55. Residence.

Residence shall mean the residential dwelling portion of a Unit, intended for use by a single Family.

1.56. Restrictions.

Restrictions shall mean this Declaration, the Articles, Bylaws and the Rules and Regulations of the Association from time to time in effect.

1.57. Rules and Regulations.

Rules and Regulations shall mean the rules and regulations adopted by the Board pursuant to this Declaration or the Bylaws, as such Rules and Regulations may be amended from time to time.

1.58. Separate Interest or Unit.

Separate Interest or Unit shall mean a separate interest in space as defined in Section 1351(f) of the California Civil Code. Each Separate Interest or Unit shall be a separate freehold estate, as separately shown, numbered and designated in the Condominium Plan, and shall consist of the airspace cube designated on the Condominium Plan, including the Residence and the Terrace, if any, and all other Improvements located within such cube. In interpreting deeds, declarations and

plans, the existing physical boundaries of the Unit (including the Exclusive Use Areas appurtenant thereto) or a Unit or Exclusive Use Area constructed or reconstructed in substantial accordance with the Declaration, the Condominium Plan and the original plans thereof, shall be conclusively presumed to be its boundaries, rather than the description expressed in the deed, Condominium Plan or Declaration, regardless of settling or lateral movement of the Condominium Building and regardless of minor variances between boundaries, as shown on the Condominium Plan or defined in the deed and Declaration, and the boundaries of a building as constructed or reconstructed.

1.59. Shared Use Agreement.

Shared Use Agreement shall mean the Shared Use Agreement for Recreational Facilities at Village at the Park entered into by and between the Association and the Village at the Park Single Family Homeowners Association ("Shared Use Agreement") recorded as Instrument No. 20050517-0119472, in the Ventura County Recorder's Office. The Shared Use Agreement provides for the joint use and sharing of expenses for the recreation facilities located on Lot 194 of Tract No. 5367-3, Lot 37 of Tract No. 5368-1 and Lot 60 of Tract No. 5369-1 (collectively the "Recreation Lots") by the Owners in this Project and the owners of residential lots in the Village at the Park Single Family Homes development. The Recreation Lots will be maintained and repaired by the Village at the Park Single Family Homeowners Association. The costs incurred for the operation, maintenance and repair of the Recreation Lots shall be shared as set forth in the Shared Use Agreement.

1.60. Subdivision Map.

Subdivision Map shall mean the subdivision map for Tract No. 5486, filed on March 30, 2005, in Book 153 at Pages 1 to 3, inclusive, of Miscellaneous Records (Maps), in the Office of the Ventura County Recorder.

1.61. Terrace(s).

Terraces shall mean those patio, deck, balcony, or terrace elements within the Project as shown and depicted on the Condominium Plan and constituting a portion of the Units located within the Project.

ARTICLE II

2. Homeowners Association.

2.1. Organization of Association.

The Association is or shall be incorporated under the name of Wickford Homeowners Association, as a corporation not for profit under the Nonprofit Mutual Benefit Corporation Law of the State of California.

2.2. Duties and Powers

(a) General Duties and Powers. The duties and powers of the Association are those set forth in the Declaration, the Articles and Bylaws, together with the general and implied powers of a nonprofit mutual benefit corporation, generally to do any and all things that a corporation organized under the laws of the State of California may lawfully do which are necessary or proper, in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws and in this Declaration. The Association shall further have the right to install or construct capital improvements on the Common Property. The Association may at any time, and from time to time reconstruct, replace or refinish any Improvement or portion thereof upon the Common Property in accordance with the original design, finish or standard of construction of such Improvement; and may also replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Common Property. The Association may employ personnel necessary for the effective operation and maintenance of the Common Property, including, without limitation, the employment of legal, management and accounting services. The Association shall also be responsible for exercising all rights and discharging all responsibilities applicable thereto under the terms of the Declaration. The Association shall make available for inspection by any prospective purchaser of a Condominium, any Owner of a Condominium, and the Beneficiaries, insurers and guarantors of the first Mortgage on any Condominium, current copies of the Declaration, the Articles, the Bylaws, the Rules and Regulations and all other books, records, and financial statements of the Association. The Association shall, acting through the Board, execute all necessary documents in order to effectuate the Limited Warranty, including without limitation, the "Limited Warranty Validation Form" attached to the Limited Warranty.

(b) Litigation. Subject to the provisions of this Declaration, the Association shall have the power, but not the duty, to initiate, defend, settle or intervene in mediation, arbitration, judicial or administrative proceedings on behalf of the Association in matters pertaining to (a) the application or enforcement of this Declaration and (b) damage to the Common Property; provided, however that no representative of Declarant on the Board shall vote on the initiation of any claim under California Civil Code Section 895, et seq., such that Declarant shall have no control over the Association's ability to decide whether to initiate a claim under such statutory provisions and in the event of such a vote, the affirmative vote of a majority of the non-Declarant representatives on the Board shall be binding so long as a quorum of the Board is present at any meeting where such vote is taken. The Association and not the individual Members shall have the power to pursue any claims or other actions using the non-adversarial proceedings for construction defects in the Common Property pursuant to Civil Code Section 895, et seq., and any successor statutes or laws. Any recovery by the Association with respect to any damage to or defect in the Common Property shall be utilized solely for the purpose of paying for the costs of obtaining the recovery and for correcting such damage or defect.

(c) Maintenance Manuals. The Association shall maintain at the offices of the Association a copy of the Maintenance Manual provided by Declarant to the Owners, and shall make

available to each such Owner upon request a copy of the Maintenance Manual applicable to the Units. The Association shall have the right to charge the requesting Owner a fee for the copying of such Maintenance Manual. The Association shall also comply with provisions of the Maintenance Manual provided by Declarant to the Association. The Board may, from time to time, make appropriate revisions to the Association's Maintenance Manual based on the Board's review thereof, to update such manual to provide for maintenance according to current industry practices so long as such changes do not reduce the useful life or functionality items being maintained.

(d) Members' Approval of Construction Defect Actions. In the event that any claim or other actions brought by the Association under California Civil Code Section 895, et seq., and any successor statutes or laws, involving allegations of construction defects relating to the Common Property is not resolved pursuant to the non-adversarial procedures set forth in California Civil Code Sections 910 through 938 and any successor statutes or laws, the Association shall not initiate an action or arbitration under Section 15.4 or otherwise without first obtaining the consent of the Owners other than Declarant, constituting a quorum of more than fifty per cent (50%) of the Owners of the Association casting a majority of the votes at a meeting or election of the Association conducted in accordance with the provisions of California Corporations Code Sections 7510, et seq. and 7613 and any successor statutes or laws.

2.3. Membership.

Every Owner, upon becoming the Owner of a Condominium, shall automatically become a Member of the Association and the Master Association (pursuant to Section 3.2 of the Master Declaration), and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his Membership in the Association shall automatically cease. Ownership of a Condominium shall be the sole qualification for Membership in the Association. All Memberships shall be appurtenant to the Condominium conveyed, and with the exception of Declarant, a Person shall be deemed an Owner of a Condominium only upon Recordation of a deed conveying the Condominium to such Person. Except as may otherwise be expressly provided herein, the rights, duties, privileges and obligations of all Members of the Association shall be as provided in the Restrictions.

2.4. Transfer.

The Membership held by any Owner shall not be transferred, pledged or alienated in anyway, except upon the sale or encumbrance of such Owner's Condominium, and then only to the purchaser or Beneficiary of such Condominium. A prohibited transfer is void, and will not be reflected upon the books and records of the Association. A Class A Member who has sold his Condominium to a contract purchaser under an agreement to purchase shall be entitled to delegate to the contract purchaser his Membership rights in the Association. The delegation shall be in writing and shall be delivered to the Board before the contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments attributable to his Condominium until fee title to the Condominium sold is transferred, as further provided in Section 5.1 of this Declaration.

If the Owner of any Condominium fails or refuses to transfer the Membership registered in his name to the purchaser of the Condominium upon transfer of fee title thereto, then upon receipt of satisfactory evidence of such transfer the Board of Directors shall have the right to record the transfer upon the books of the Association and to allow the purchaser to vote at meetings of the Association. Until satisfactory evidence of such transfer has been presented to the Board, the purchaser shall not be entitled to vote at meetings of the Association. The Association may levy a reasonable transfer fee against a new Owner and his Condominium (which fee shall be added to the Annual Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the membership to the new Owner on the records of the Association, provided such fee does not exceed the Association's actual cost involved in changing its records of ownership.

2.5. Classes of Membership.

The Association shall have two (2) classes of voting Membership.

Class A. Class A Members shall originally be all Owners except the Declarant, for so long as there exists a Class B Membership. Class A Members shall be entitled to one (1) vote for each Condominium owned by such Class A Member and subject to assessment. Declarant shall become a Class A Member with regard to Condominiums owned by Declarant upon conversion of Declarant's Class B Membership as provided below. When more than one (1) Person owns any Condominium, all of those Persons shall be Members. The vote of such Condominium shall be exercised as they among themselves determine in accordance with Section 2.6, but in no event shall more than one (1) Class A vote be cast for any Condominium.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Condominium owned and subject to assessment, provided that the Class B Membership shall cease and be converted to Class A Membership immediately upon the first to occur of the following events:

- (1) The sale and closing of one hundred three (103) Units in the Project;
- or
- (2) The fourth anniversary of the first Close of Escrow pursuant to the Final Subdivision Public Report for the Project.

2.6. Voting Rights.

(a) All voting rights shall be subject to the Restrictions. Except as provided in Section 14.2 of this Declaration and Section 4.8 of the Bylaws, as long as there exists a Class B Membership, any provision of this Declaration, the Articles or Bylaws which expressly requires the vote or written consent of a prescribed majority of the voting power of the Members of the Association other than Declarant for action to be taken by the Association, is not intended to preclude Declarant from casting votes attributable to Units which Declarant owns, and shall require

the approval of such prescribed majority of the voting power of each class of Membership. Except as provided in Section 14.2 of this Declaration and Section 4.8 of the Bylaws, when the Class B Membership has terminated, any provision of this Declaration, the Articles or Bylaws which expressly requires the vote or written consent of a prescribed majority of the voting power of the Members of the Association other than Declarant for action to be taken by the Association, is not intended to preclude Declarant from casting votes attributable to Units which Declarant owns, and shall require the vote or written consent of Owners representing such prescribed majority of both the total voting power of the Association and the voting power of the Association residing in Owners other than Declarant.

(b) At any meeting of the Association, each Owner (except as otherwise provided in Section 2.5 with respect to the voting power of Declarant), shall be entitled to cast no more than one (1) vote for each Condominium owned as shown on the Condominium Plan. Where there is more than one (1) record Owner of a Condominium (collectively, "Co-owners" and each a "Co-owner"), all of those Co-owners shall be Members and may attend any meeting of the Association, but only one (1) of those Co-owners shall be entitled to exercise the single vote to which the Condominium is entitled. Co-owners owning the majority interests in a Condominium shall from time to time designate in writing one (1) of their number to vote. Fractional votes shall not be allowed, and the vote for each Condominium shall be exercised, if at all, as a unit. Where no voting Co-owner is designated or if the designation has been revoked, the vote for the Condominium shall be exercised as the Co-owners owning the majority interests in the Condominium mutually agree. Unless the Board receives a written objection in advance from a Co-owner, it shall be conclusively presumed that the voting Co-owner is acting with the consent of his Co-owners. No vote shall be cast for any Condominium if the Co-owners present in person or by proxy owning the majority interests in such Condominium cannot agree to said vote or other action. The nonvoting Co-owner or Co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly-owned Condominium and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or in the Bylaws of the Association, shall be deemed to be binding on all Owners, their successors and assigns.

2.7. Repair and Maintenance by the Association

(a) Maintenance Standards. Subject to Article X pertaining to destruction of Improvements and Article XI pertaining to eminent domain, the Association shall paint, maintain, repair and replace the Common Property and Improvements thereon, or shall contract for such maintenance, repair and replacement to assure maintenance of the Common Property and Improvements thereon, in a clean, functional, sanitary and attractive condition, in accordance with applicable manufacturer standards and recommendations and the schedules set forth in the Maintenance Manual, and in manner consistent with projects of like quality; provided, however, except as expressly provided herein, the Association shall not be responsible for or obligated to perform those items of maintenance, repair or replacement of the Units (the maintenance of which is the responsibility of the Owner thereof as provided in Section 2.9.), nor shall the Association be

responsible for or obligated to perform those items of maintenance, repair or replacement of the Common Property and all Improvements thereon which are the responsibility of the Master Association or a governmental or quasi-governmental entity. Subject to the qualifications set forth above in this Section 2.7(a), the Board shall determine, in its sole discretion, the level and frequency of maintenance of the Common Property.

(b) Maintenance Items. Without limiting the generality of the foregoing, the Association shall without limitation have the following maintenance rights and obligations pertaining to this Project:

(i) The Association shall be responsible for the maintenance, repair, and payment of all centrally-metered water, gas, electric and other utility services and equipment, Common Property refuse equipment and collection, and any mechanical or electrical equipment in the Common Property;

(ii) The Association shall be responsible for payment of all Common Expenses;

(iii) The Association shall be responsible for the maintenance and repair of the walkways, sidewalks, private streets, and other means of ingress and egress within the Common Property, and any Improvements therein or thereon. The streets and other means of ingress and egress within the Common Property shall be swept at least on a monthly basis, with a minimum of two (2) sweepings occurring at least two (2) weeks apart during the month of October prior to the beginning of the rainy season, ensuring that debris is trapped and collected in such a manner as to prevent entry to the storm drain system;

(iv) The Association shall be responsible for the maintenance of all storm drains in the Project which shall be cleaned at least twice a year; once immediately before the beginning of the rainy season on October 1 and once in January. The Association shall also perform any additional cleaning required by the City Engineer;

(v) The Association shall be responsible for the maintenance of all recreation areas within the Association Property; and

(vi) The Association shall maintain an adequate lighting system, in good working order, along all walkways within the Common Property;

(vii) The Association shall be responsible for the repair and maintenance of all clustered mailboxes;

(viii) The Association shall be responsible for the maintenance of all landscaping located on the Common Property (including, without limitation,

maintaining vegetation necessary to avoid erosion, controlling weed growth and providing for irrigation, within the limits of drought restrictions, if any, and providing, maintaining, and repairing sprinklers and other landscape maintenance equipment and facilities as necessary) in a fertilized, trimmed and otherwise attractive and first-class condition and in accordance with all applicable legal requirements;

(ix) The Association shall be responsible for maintenance and repair of the plumbing (excluding sink clogs, toilet clogs and garbage disposal clogs when located within Units) and drainage structures, Improvements and basins located in the Common Property, including, without limitation, any sump pump, and shall restore any surface landscaping or other Improvement damaged or destroyed in connection with the repair, replacement or removal of any plumbing or drainage structures, Improvements, or basins;

(x) The Association shall be responsible for the periodic maintenance of the exterior of the Condominium Building, including, without limitation, all portions of the terraces or balconies of any Unit (including the deck surfaces of such terraces or balconies), the exterior of all doors providing entrance to or from any Unit, the exterior of all garages, and the exterior of all windows or other trim located on the exterior of the Condominium Building;

(xi) If determined by the Board to be economically feasible, the Association may, but shall not be obligated to, provide for an inspection and preventive program for the prevention and eradication of infestation by pests and organisms in the Property;

(xii) If, and only if, requested to do so by Declarant, the Association shall (1) conduct an annual visual inspection of the Common Property to identify any possible defects in the construction of any Improvements located thereon, and (2) promptly prepare a summary of the results of the annual inspection conducted by the Association. The Association shall, at the earliest practicable date after preparing such summary, forward a copy of the summary to Declarant at its then current address, unless Declarant instructs otherwise;

(xiii) The Association shall have the right, without obligation, to perform all corrective janitorial and repair work within any Unit if the Owner thereof fails to perform such work;

(c) Pest Eradication. If the Board adopts an inspection and preventive program for the prevention and eradication of infestation by termites, insects, pests, and other organisms, the Association, upon reasonable notice (which shall be given no less than fifteen (15) days nor more than thirty (30) days before the date of temporary relocation) to each Owner and the

occupants of his Unit, may require such Owner and occupants to temporarily relocate from such Unit in order to accommodate efforts by the Association to eradicate such infestation. The notice shall state the reason for the temporary relocation, the date and time of the beginning of treatment, the anticipated date and time of termination of treatment, and that the occupants will be responsible for their own accommodations during the temporary relocation. Each Owner, by accepting a deed to a Condominium, hereby acknowledges that such activities of the Association may temporarily impair the use of such Owner's Unit and may constitute an inconvenience or nuisance to the Owners, hereby consents to such impairment, inconvenience or nuisance, and agrees to indemnify the Association against any claims with respect to such matters. Any damage caused to a Unit by such entry by the Board or by any person authorized by the Board shall be repaired by the Board as a Common Expense of the Association. All costs involved in maintaining the inspection and preventive program as well as repairing and replacing the Common Property and Improvements thereon when the need for such maintenance, repair or replacement is the result of termites, insects, pests or other organisms shall be a Common Expense subject to the restrictions applicable to Capital Improvement Assessments.

(d) Charges to Owners. All such costs of maintenance, repairs and replacements for the Property shall be paid for as Common Expenses out of the Association Maintenance Funds as provided in this Declaration. It shall be the affirmative duty of the Board of Directors to require strict compliance with all provisions of this Declaration and to cause the Property to be inspected by the Architectural Committee for any violation thereof. The cost of any maintenance, repairs or replacements by the Association which arises out of, or is caused by, the act of an Owner or such Owner's Family, tenants, guests, invitees, or agents in violation of the Restrictions shall, after Notice and Hearing, be levied by the Board as a Special Assessment against such Owner.

2.8. Unsegregated Real Property Taxes.

To the extent not assessed to or paid by the Owners, the Association shall pay all real and personal property taxes and assessments levied upon any portion of the Property. In addition, if all of the Units in the Phase of Development are taxed under a blanket tax bill covering all of the Project, each Owner shall pay his proportionate share of any installment due under the blanket tax bill to the Association at least ten (10) days prior to the delinquency date; and the Association shall transmit the taxes to the appropriate tax collection agency on or before the delinquency date. Blanket taxes shall be allocated among the Owners and their Condominiums based upon the prorated square footage of each Unit. The Association shall, at least forty-five (45) days prior to the delinquency date of any blanket tax installment, deliver to each Owner in the Project a copy of the tax bill, along with a written notice setting forth the Owner's obligation to pay his proportionate share of the tax installment and the potential additional charges to the Owner for failure to comply. The Association shall pay the taxes on behalf of any Owner who does not pay his proportionate share. The Association shall add to the Annual Assessment of a delinquent Owner the amount of any sum advanced, plus interest at the rate of ten percent (10%) per annum and any amount necessary to reimburse the Association for any penalty or late charge actually assessed in connection with the

blanket tax bill for a Phase of Development, which late charge results from the failure of the delinquent Owner to make timely payment of his proportionate share of the taxes. Until the Close of Escrow for the sale of ninety percent (90%) of the Condominiums in the Project, the foregoing provisions relating to the collection of taxes in connection with a blanket tax bill on all or any portion of the Project may not be amended without the express written consent of Declarant.

2.9. Repair and Maintenance by Owners.

Each Owner shall maintain, repair, replace, paint, paper, plaster, tile, finish and restore or cause to be so maintained, repaired, replaced and restored, at his sole expense, all portions of his Unit, including, but not limited to, all glass surfaces (excluding exterior cleaning), windows (including window frames, casings, locks, handles, latches, and caulking of windows), shutters, screens, all doors, doorways, door frames (except for periodic painting or staining of the exterior surface of any entry doors or door frames of the Unit), hardware that are part of the entry system of the Unit, weather stripping, light bulbs and fixtures actuated from switches controlled from or separately metered to such Owner's Unit, electrical switches and outlets, built-in cabinets, built-in appliances (including, without limitation, dishwashers, disposals, electric and/or gas ranges, ovens, microwave units, refrigerators, and washers and dryers), interior plumbing fixtures including bathtubs, shower stalls, toilets and sinks and related fixtures, the firebox of the fireplace (if any), interior surfaces of the walls, ceilings, floors and doors, and any other permanent fixtures within his Unit, in a properly functional, clean, sanitary and attractive condition, in accordance with the Condominium Plan, the original construction design of the Improvements in the Project, and all applicable manufacturer standards, guidelines and recommendations, and all applicable governmental rules, restrictions and requirements; provided, that, notwithstanding anything herein to the contrary, the Association shall be responsible for the periodic maintenance and painting of the exterior of all portions of the Condominium Building, including, without limitation, the exterior of all doors providing entrance to or from any Unit and the exterior of all windows or other trim located on the exterior of the Condominium Building. No bearing walls, ceilings, floors or other structural or utility bearing portions of the Condominium Building shall be pierced or otherwise altered or repaired by the Owner, without the prior written approval of the plans for the alteration or repair by the Architectural Committee. It shall be the further responsibility of each Owner, at his sole expense, to clean the Terrace of his Unit, and to clear all leaves, mud, and other debris from all gutters or other drainage devices servicing such Terrace.

Notwithstanding any other provision herein, each Owner shall also be responsible for all maintenance and repair of any internal or external telephone wiring wherever located which is designed to serve only his Unit, and shall be entitled to reasonable access over the Common Property for such purposes, subject to reasonable limitations imposed by the Association. Such area shall constitute an Exclusive Use Area of the benefitted Owner in accordance with Section 1.30 above. It shall further be the duty of each Owner to pay when due all charges for any utility service which is separately metered to his Unit.

Subject to any required approval of the Architectural Committee and the provisions

of Section 2.7 hereof concerning the Association's maintenance of any heating or cooling equipment, each Owner shall be responsible for maintaining those portions of any heating or cooling equipment (including any filters and other appurtenance thereto) and other utilities which are located within or which exclusively serve his Unit in accordance with manufacturers' specifications and instructions concerning care and maintenance of such equipment.

If the Board does not adopt an inspection and preventive program with regard to any pests and other organisms pursuant to Section 2.7 herein, such a program shall be the responsibility of each Owner.

If any Owner shall permit any Improvement, the maintenance of which is the responsibility of such Owner, to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate this Declaration, the Master Declaration, or any applicable governmental rules, restrictions, or requirements, the Board shall have the right to seek any remedies at law or in equity which it may have. In addition, the Board shall have the right, but not the duty, after Notice and Hearing as provided in the Bylaws, to enter upon such Owner's Unit to make such repairs or to perform such maintenance and to charge the cost thereof to the Owner. Said cost shall be a Special Assessment enforceable as set forth in this Declaration.

Each Owner shall complete and return to the Association within thirty (30) days after receipt thereof the annual survey or questionnaire provided to each Owner to report any possible defects discovered by such Owner with respect to construction of the Improvements located on such Owner's Unit.

No Owner shall interfere with the exercise by the Association of its right to maintain the Association Property, nor shall any Owner interfere with the exercise of the Master Association of its rights to maintain the Master Association Property. The Association hereby reserves the right to grant the Master Association such access across the Common Property and the Units as is necessary to allow maintenance of the Master Association Property.

2.10. Use of Agent.

The Board of Directors, on behalf of the Association, may contract with a Manager for the performance of maintenance and repair and for conducting other activities on behalf of the Association, as may be determined by the Board. The maximum term of any such contract ("Management Contract") shall be one (1) year, unless a longer term is (i) contained in a management contract, the terms of which have been approved by the DRE, or (ii) approved either by vote or written assent of a majority of the voting power of the Association residing in Members other than Declarant, in which case the maximum term of the Management Contract shall be three (3) years. Each such Management Contract approved by the Members pursuant to clause (ii) above, shall provide for its termination after one (1) year by either party thereto without cause and without payment of a termination fee upon no more than ninety (90) days' written notice to the other party.

2.11. Delegate to Master Association.

Pursuant to Section 3.7 of the Master Declaration, the Property comprises a "Delegate District" in which a single Delegate represents the Owners in the Project (other than Declarant) for purposes of voting on matters pertaining to the Master Association. In accordance with Section 2.7 of the Master Bylaws, the person elected by the Board as "President" of the Association shall be the Delegate of the Association. The Board shall appoint one of the Board members as the alternate Delegate. The qualification, powers and duties of the Delegate shall be as set forth in the Master Bylaws.

ARTICLE III

3. Rights in Common Property.

3.1. Association Easement.

The Association shall have an easement over the Property for performing its duties and exercising its powers described in this Declaration. The Association's obligations to maintain the Common Property in any Phase of Development shall commence on the date Annual Assessments commence on the Condominiums in the Project. Until commencement of Annual Assessments on the Condominiums in any Phase, the Common Property in such Phase shall be maintained by Declarant.

3.2. Partition.

Except as provided in this Declaration, there shall be no judicial partition of the Common Property, or any part thereof, for the term of the Project, nor shall Declarant, any Owner or any other Person acquiring any interest in any Condominium in the Project seek any such judicial partition.

3.3. Members' Easements in Common Property.

Subject to the provisions of this Declaration and for the purposes set forth herein, and subject to the terms of the Association, every Member of the Association shall have, for himself, his Family, his tenants and guests, a nonexclusive easement of access, ingress, egress, use and enjoyment of, in and to the Common Property, and such easements shall be appurtenant to and shall pass with title to every Condominium in the Project.

3.4. Extent of Members' Easements.

The rights and easements of use and enjoyment of the Common Property created for the Members by this Declaration shall be subject to the Restrictions, which include, without limitation, the following:

(a) The right of the Board to suspend the rights and easements of any Member, and the Persons deriving such rights and easements from any Member, for use and enjoyment of the recreation facilities within the Project, for any period during which the payment of any Annual, Special, Capital Improvement or Reconstruction Assessment against the Member and his Condominium remains delinquent, and, after Notice and Hearing as provided in the Bylaws, to suspend such rights and easements for the period set forth in the Bylaws for any violation of the Restrictions, it being understood that any suspension of use and enjoyment of the recreation facilities within the Project for either nonpayment of any Assessment or breach of the Restrictions shall not constitute a waiver or discharge of the Member's obligation to pay assessments as provided in this Declaration, nor shall it in any way impinge on any Member's right of access to or use of such Member's Unit;

(b) The right of the Association to consent to or otherwise cause the construction of additional Improvements on the Common Property and to consent to or otherwise cause the alteration or removal of any existing Improvements on the Common Property for the benefit of the Members of the Association;

(c) The right of the Association, acting through the Board, to grant, consent to or join in the grant or conveyance of easements, licenses or rights-of-way in, on or over the Common Property for purposes not inconsistent with the intended use of the Property as a residential Condominium project, including, without limitation, the granting of exclusive easements to Owners over portions of the Common Property to conform the boundaries of the Units and/or the Association Property to the as-built location of Improvements installed or constructed by Declarant;

(d) The rights and reservations of Declarant as set forth in this Declaration;

(e) The right of the Association, acting through the Board, to reasonably restrict access to roofs, maintenance and landscaped areas and similar areas of the Property;

(f) The right of the Association to reasonably limit the number of guests and tenants of the Owners using the Common Property;

(g) The right of the Association, acting through the Board, to establish uniform Rules and Regulations for the use of the Common Property;

(h) The right of the Association in accordance with the Articles, Bylaws and this Declaration, with a vote or written assent of at least two-thirds (2/3rds) of the voting power of the Association, to borrow money for the purpose of improving, repairing, or adding to the Common Property, and in aid thereof, subject to the provisions of Article XII of this Declaration, to mortgage, pledge, encumber by deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such Mortgagee shall be subordinated to the rights of the Owners; and

(i) The right of the Association, subject to the provisions of Article XII of this Declaration, to dedicate, release, alienate, or transfer the Common Property, or a portion thereof, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members.

3.5. Delegation of Use.

Any Member entitled to the right and easement of use and enjoyment of the Common Property may delegate his right to use and enjoyment of the recreation and common facilities to his tenants, contract purchasers or subtenants who reside in his Condominium, subject to reasonable regulation by the Board. A Member who has made such a delegation of rights shall not be entitled to use and enjoyment of the recreation and common facilities of the Property for so long as such delegation remains in effect.

3.6. Waiver of Use.

No Member may exempt himself from personal liability for Assessments duly levied by the Association, or effect the release of his Condominium from the liens and charges thereof, by waiving use and enjoyment of the Common Property or by abandoning his Condominium.

3.7. Damage by Member.

Each Member shall be liable to the Association for any damage to the Common Property not fully reimbursed to the Association by insurance (including without limitation any deductible amounts under any insurance policies against which the Association files a claim for such damage) if the damage is sustained because of the negligence, willful misconduct or unauthorized or improper installation or maintenance of any Improvement by the Member, his Family, guests, tenants or invitees, or any other Persons deriving their right and easement of use and enjoyment of the Common Property from the Member, or his or their respective Family and guests, both minor and adult. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right, after Notice and Hearing as provided in the Bylaws, to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the Person for whom the Member may be liable as described above. In the case of joint ownership of a Condominium, the liability of the owners shall be joint and several, except to the extent that the Association shall have previously contracted in writing with the joint owners to the contrary. After Notice and Hearing as provided in the Bylaws, the cost of correcting the damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against such Member's Condominium, and may be enforced as provided herein.

ARTICLE IV

4. Architectural Review Committee.

4.1. Members of Committee.

The Architectural Review Committee, sometimes referred to in this Declaration as the "Architectural Committee" or the "Committee," shall consist of three (3) members. The initial members of the Committee shall consist of representatives of Declarant. Subject to the following provisions, Declarant shall have the right and power at all times to appoint or remove a majority of the members of the Architectural Committee or to fill any vacancy of such majority until either (i) Close of Escrow has occurred for the sale of ninety percent (90%) of all the Units in the overall development, or (ii) the fifth anniversary of the first Close of Escrow pursuant to the Final Subdivision Public Report for the Project, whichever occurs earlier. Commencing one (1) year from the issuance of the Final Subdivision Public Report for the Project, the Board shall have the power to appoint and remove one (1) member of the Architectural Committee. Following termination of Declarant's right to appoint all or a portion of the members of the Committee pursuant to this Section 4.1, the Board shall have the power to appoint and remove all of the members of the Architectural Committee. Board members may also serve as Committee members.

4.2. Review of Plans and Specifications.

The Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. No construction, alteration, removal, relocation, repainting, demolition, addition, modification, decoration, redecoration or reconstruction of any Improvement (including any window covering, and any landscaping or alteration of any established drainage pattern, plan or grade on any portion of the Property) visible from the Common Property or another Unit in the Property or otherwise expressly required by this Declaration to be submitted to the Architectural Committee for its review, shall be commenced or maintained, until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to the Committee and approved in writing by the Committee; provided, however, that any Improvement may be repainted without Committee approval, so long as the Improvement is repainted the identical color with which it was last painted in compliance with all applicable Restrictions.

The Owner submitting the plans ("Applicant") shall obtain a written, dated receipt for the plans and specifications from an authorized agent of the Committee and shall submit one set of the plans and specifications by registered or certified mail, postage prepaid, return receipt requested, addressed to the principal office of the Association, or such other address as may be established from time to time by the Board. Until changed by the Board, the address for the submission of such plans and specifications shall be the principal office of the Association. The

Committee shall approve, in writing only, proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Common Property or the enjoyment thereof by the Members, and that the upkeep and maintenance thereof will not become a burden on the Association.

The Committee may condition its written approval of proposals or plans and specifications for any Improvement (1) upon the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be Recorded against the Property as a result of such work, (2) on such changes therein as it deems appropriate, (3) upon the Applicant's agreement to grant appropriate easements to the Association for the maintenance of the Improvements, (4) upon the Applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption, (5) upon the Applicant's agreement to reimburse the Association for the cost of maintenance, (6) upon the Applicant's agreement to complete the proposed work within a stated period of time, or (7) upon all of the above, and may require submission of additional plans and specifications addressing any areas of concern to the Committee or other information prior to approving or disapproving material submitted.

The Committee may from time to time adopt, promulgate and amend rules or guidelines which, among other matters, may set forth design and architectural standards, procedures for the submission of plans for approval, requirements for a fee to accompany each application for approval, and/or additional factors which it will take into consideration in reviewing submissions. The Committee may provide that the amount of the fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plan submitted for approval. To ensure uniformity throughout the properties managed by the Master Association, the Master Association has the right to review and approve proposed design guidelines and all changes to the design guidelines before they are effective.

Decisions of the Committee and the reasons for the decisions shall be transmitted by the Committee to the Applicant in writing at the address set forth in the application for approval, within forty-five (45) days after receipt by the Committee of all materials required by the Committee. No purported oral or verbal approval of the Committee shall be permitted and any approval, to be binding upon the Committee and the Association, shall be in writing. In no event will any application for approval or any proposal, plans or specifications be deemed approved based upon the passage or lapse of time; any approval must be by affirmative written action of the Committee to be effective. Notwithstanding approval of any application, proposal, plans or specifications by the

Committee, no Applicant shall undertake any construction or other activity subject to the review of the Committee unless, as a separate or independent matter, that Applicant has also met any review or permit requirements of the city or county in which the Property is located and has obtained all permits necessary to legally permit such construction or other activity.

4.3. Condition of Approval.

As a condition to approval of any requested architectural change, modification, addition, or alteration, an Owner, on behalf of himself or herself and his or her successors-in-interest, shall be deemed to have agreed to assume all responsibilities for maintenance, repair, replacement and insurance of such change, modification, addition, or alteration, unless otherwise agreed to in writing by the Board of Directors. It is the responsibility of every Owner of a Unit to determine for himself or herself what architectural modifications have been made to his or her Unit by any predecessor-in-interest. In the discretion of the Board or the Committee, an Owner may be required to confirm and acknowledge such condition of approval by written instrument in recordable form acknowledged by such Owner on behalf of himself or herself and all successors-in-interest.

4.4. Commencement of Construction.

All architectural changes, modifications and improvements approved by the Committee hereunder must be commenced within one (1) year from the date of approval. If not commenced within one (1) year from the date of such approval, then such approval shall be deemed revoked by the Committee, unless the Committee gives a written extension for commencing the work prior to the expiration of said one (1) year period. All work approved by the Committee hereunder shall be completed in its entirety within ninety (90) days from the date of commencement, unless otherwise agreed in writing by the Committee. All approved architectural changes, modifications and improvements must be completed in their entirety, and an Owner may not construct only a portion or part of an approved architectural change, modification, or improvement.

4.5. Meetings of the Committee.

The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 4.10. In the absence of such designation, the vote of a majority of the Committee confirmed by contemporaneous written record executed by one or more members of the Committee or the written consent of a majority of the Committee taken without a meeting, shall constitute an act of the Committee.

4.6. No Waiver of Future Approvals.

The approval of the Committee of any proposals or plans and specifications or

drawings for any work done or proposed in connection with any matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar proposals, plans and specifications, drawings or matter subsequently or additionally submitted for approval or consent. Each Owner acknowledges that the members of the Board of Directors and the Committee will change from time to time and that interpretation, application, and enforcement of the architectural standards may vary accordingly.

4.7. Compensation of Members.

The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

4.8. Correction of Defects.

Inspection of work and correction of defects therein shall proceed as follows:

(a) The Committee or its duly authorized representative may at any time inspect any Improvement for which approval of plans is required under this Article IV. However, the Committee's right of inspection of Improvements for which plans have been submitted and approved shall terminate one hundred twenty (120) days after the work of Improvement has been completed and the respective Owner has given written notice of its completion to the Committee. The notice of completion shall be delivered by registered or certified mail, postage prepaid, return receipt requested, addressed to the principal office of the Association, or such other address as may be established from time to time by the Board. The Committee's rights of inspection shall not terminate pursuant to this paragraph if plans for the work of Improvement have not previously been submitted to and approved by the Committee or if the notice of completion is not properly given. If, as a result of such inspection, the Committee finds that the Improvement was done without obtaining approval of the plans therefor or was not done in substantial compliance with the plans approved by the Committee, it shall notify the Owner in writing of failure to comply with this Article IV, specifying the particulars of noncompliance. The Committee shall have the authority to require the Owner to take such action as may be necessary to remedy the noncompliance.

(b) If upon the expiration of sixty (60) days from the date of such notification, the Owner has failed to remedy the noncompliance, the Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, as provided in the Bylaws, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Board, at its option, may Record a Notice of Noncompliance and may peacefully remedy the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses (including reasonable attorneys' fees) incurred in connection therewith. If such expenses are not

promptly repaid by the Owner to the Association, the Board shall levy a Special Assessment against the Owner for reimbursement as provided in this Declaration. The right of the Association to remove a noncomplying Improvement or otherwise remedy the noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity or in this Declaration.

(c) If for any reason the Committee fails to notify the Owner of any noncompliance with previously submitted and approved plans within one hundred fifty (150) days after receipt of written notice of completion from the Owner delivered in the manner required above, the Improvement shall be deemed to be in accordance with the approved plans.

4.9. Scope of Review.

The Architectural Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, on the basis of aesthetic considerations, consistency with this Declaration, and the overall benefit or detriment which would result to the immediate vicinity and the Property generally. The Committee shall take into consideration the aesthetic aspects of the architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Committee's approval or disapproval shall be based solely on the considerations set forth in this Article IV, and the Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes. The Architectural Committee may consider the impact of views from other Residences or Condominiums and reasonable privacy interests as factors in reviewing, approving or disapproving any proposed construction or other Improvements. However, there is no guaranty of any protected views within the Property and no Residence or Condominium is guaranteed the existence or unobstructed continuation of any particular view. Each Owner acknowledges that the Board of Directors and the Committee may adopt different architectural standards for different parts of the Project, based upon street visibility and location of the proposed modification in the Condominium Building. Neither the Declarant, the Association, the Board of Directors, the Committee, the Committee Representative, nor any member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner, quality or effect of approved construction on or modification to any Unit or Exclusive Use Areas appurtenant to a Unit authorized pursuant to this Article IV. In the event legal action is brought against any such party as a result of such construction or modification, the Owner causing such construction or modification shall indemnify and hold harmless the Declarant, the Association, the Board of Directors, the Committee, the Committee Representative, and all members of any of the foregoing from all costs, expenses and damages (including but not limited to attorneys' fees) incurred in connection with such action, including, without limitation, any defense thereof.

4.10. Variances.

The Committee may authorize variances from compliance with any of the

architectural provisions of this Declaration, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing, must be signed by at least a majority of the members of the Committee, and shall become effective upon Recordation. After Declarant has lost the right to appoint a majority of the members of the Committee, the Board must approve any variance recommended by the Committee before any such variance shall become effective. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of this Unit.

4.11. Appeals.

If the Committee disapproves an application, the Applicant may appeal such decision to the Board of Directors. The Board shall adopt policies and procedures for the appeal of Committee decisions for reconsideration by the Board, which appeal shall be heard at a Board meeting which is open to the Members of the Association.

ARTICLE V

5. Association Maintenance Funds and Assessments.

5.1. Personal Obligation of Assessments.

Declarant, for each Condominium owned by it, hereby covenants and agrees to pay, and each Owner, by acceptance of a deed of a Condominium, whether or not it shall be so expressed in any such deed, is deemed to covenant and agree to pay to the Association all Annual Assessments for Common Expenses and all applicable Special Assessments, Reconstruction Assessments and Capital Improvement Assessments. The Association shall not levy or collect any Annual Assessment, Capital Improvement Assessment, Special Assessment or Reconstruction Assessment that exceeds the amount necessary for the purpose for which it is levied. Except as provided in this Section 5.1, all such assessments, together with interest, costs, and reasonable attorneys' fees, shall be a separate, distinct and personal obligation of the Person who was the Owner of the Condominium at the time when the assessment fell due. This personal obligation cannot be avoided by abandonment of the Condominium or by an offer to waive use of the Common Property. The personal obligation for delinquent assessments shall not pass to any new Owner ("Purchaser") unless expressly assumed by the Purchaser.

5.2. Maintenance Funds of Association.

The Board of Directors shall establish no fewer than two (2) separate accounts (the "Maintenance Funds"), into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under this Declaration. The Maintenance Funds may be established as trust accounts at a banking or savings institution. The Maintenance Funds shall include: (1) an Operating Fund for current Common Expenses of the Association, (2) a Reserve Fund for capital Improvements, replacements, painting and repairs of the Common Property (which cannot normally be expected to occur on an annual or more frequent basis), and (3) any other funds which the Board of Directors may establish to the extent necessary under the provisions of this Declaration. Nothing contained herein shall limit, preclude or impair the establishment of additional Maintenance Funds by the Association, so long as the amounts assessed to, deposited into, and disbursed from any such Fund are earmarked for specified purposes authorized by this Declaration.

5.3. Purpose of Assessments.

The assessments levied by the Board of Directors on behalf of the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Condominiums, for the operation, replacement, improvement and maintenance of the Property, and to discharge any other obligations of the Association under this Declaration. All amounts deposited into the Maintenance Funds must be used solely for the common benefit of all of the Owners for purposes authorized by this Declaration. Disbursements from the Operating Fund shall be made by the Board of Directors for such purposes as may be necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners, other than those purposes for which disbursements from the Reserve Fund are to be used.

Disbursements from the Reserve Fund shall not be made by the Board of Directors for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the Reserve Fund was established. However, the Board may authorize the temporary transfer of money from the Reserve Fund to the Association's Operating Fund to meet short-term cash-flow requirements or other expenses, provided, that the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the Reserve Fund. The transferred funds shall be restored to the Reserve Fund within one (1) year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Association, temporarily delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in maintaining the integrity of the Reserve Fund, and shall, if necessary, levy a Capital Improvement Assessment or a Reconstruction Assessment, as applicable, to recover the full amount of the expended funds within the time limits required by this Section. Such assessment shall be subject to the limitation imposed by California

Civil Code Section 1366. The Board may, at its discretion, extend the date that payment of the Capital Improvement Assessment or Reconstruction Assessment is due.

Nothing in this Declaration shall be construed in such a way as to permit the use of Association assessments or funds to abate any annoyance or nuisance emanating from outside the boundaries of the Property. Annual Assessments shall be used to satisfy Common Expenses of the Association, as provided herein and in the Bylaws. When the decision is made to use the Reserve Fund or to temporarily transfer money from the Reserve Fund to pay for litigation, the Board shall notify Members of that decision in the next available mailing to all members pursuant to Section 5016 of the Corporations Code, and of the availability of an accounting of those expenses. The Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by the Members at the Association's office.

5.4. Allocation of Assessments.

Unless provided to the contrary in the Budget, all Annual Assessments shall be assessed equally against the Members and their Condominiums based upon the number of Condominiums owned by each Member.

5.5. Limitations on Annual Assessment Increases.

The Board shall levy Annual Assessments in accordance with the following provisions:

(a) Maximum Authorized Annual Assessment for Initial Year of Operations. Until the first day of the Fiscal Year immediately following the Fiscal Year in which Annual Assessments commence, the Board shall not levy an Annual Assessment per Condominium in an amount greater than one hundred twenty percent (120%) of the amount of Annual Assessments disclosed for the Project in the most current Budget filed with and approved by DRE at the time Annual Assessments commence without the vote of Members casting a majority of votes at a meeting or election of the Association at which a quorum of the Association is represented; provided, that, for purposes of this Section 5.5(a), a quorum shall mean more than fifty percent (50%) of the Members of the Association. Notwithstanding the foregoing, this Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 5.5(e).

(b) Maximum Authorized Annual Assessment for Subsequent Fiscal Years. Starting with the first Fiscal Year immediately following the Fiscal Year in which Annual Assessments commence and for each Fiscal Year thereafter, the Board shall not levy Annual Assessments in any Fiscal Year in excess of one hundred twenty percent (120%) of the Annual Assessments levied during the immediately preceding Fiscal Year without the vote of Members casting a majority of votes at a meeting or election of the Association at which a quorum of the

Association is represented; provided that, for purposes of this Section 5.5(b), a quorum shall mean more than fifty percent (50%) of the Members of the Association. In addition, the Board shall provide notice by first-class mail to all Members of any increase in Annual Assessments from the Annual Assessments levied during the immediately preceding Fiscal Year not less than thirty (30) nor more than sixty (60) days prior to the date on which such increased assessment shall become due. Notwithstanding the foregoing, this Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 5.5(e).

(c) Supplemental Annual Assessments. If the Board, by majority vote, determines that the important and essential functions of the Association may be properly funded by an Annual Assessment in an amount less than the maximum authorized Annual Assessment described above, it may levy such lesser Annual Assessment. If the Board determines that the estimate of total Annual Assessment charges for the current year is or will become inadequate to meet all projected expenses for the Property for any reason, it shall immediately determine the approximate amount of the inadequacy. Subject to the limitations described in Sections 5.5(a) and (b) above, the Board shall have the authority to levy, at any time during the Fiscal Year by a majority vote, a supplemental Annual Assessment reflecting a revision of the total Annual Assessment charges to be assessed against each Condominium for the balance of that Fiscal Year.

(d) Special Assessment. The Board shall not levy Special Assessments to defray the cost of any action or undertaking on behalf of the Association that in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that Fiscal Year without the vote of Members casting a majority of votes at a meeting or election of the Association at which a quorum of the Association is represented; provided that, for purposes of this Section 5.5(d), a quorum shall mean more than fifty percent (50%) of the Members of the Association. In addition, the Board shall provide notice by first-class mail to all Members of any Special Assessment levied during the Fiscal Year not less than thirty (30) nor more than sixty (60) days prior to the date on which such Special Assessment shall become due. Notwithstanding the foregoing, this Section 5.5(d) does not limit assessment increases necessary for addressing an "Emergency Situation" as defined in Section 5.5(e).

(e) Emergency Situations. For purposes of Sections 5.5(a), 5.5(b) and 5.7, an "Emergency Situation" is any one of the following:

- (i) An extraordinary expense required by an order of a court;
- (ii) An extraordinary expense necessary to repair or maintain the Property or any portion thereof for which the Association is responsible where a threat to personal safety on the Property is discovered; and
- (iii) An extraordinary expense necessary to repair or maintain the Property or any portion thereof for which the Association is responsible that could not have been reasonably foreseen by the Board when preparing the Budget. Prior to the

imposition or collection of an assessment pursuant to this subparagraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Members with the Notice of Assessment.

(iv) An extraordinary expense in making the first payment of the earthquake insurance surcharge pursuant to Section 5003 of the Insurance Code, if such an expense is applicable.

5.6. Annual Assessments/Commencement-Collection.

The Board of Directors shall authorize and levy the amount of the Annual Assessment upon each Condominium, as provided herein, by majority vote of the Board. The initial Annual Assessment shall begin on all Condominiums in a Phase of Development (including unsold Condominiums therein owned by Declarant) on the first day of the first calendar month following the first Close of Escrow for the sale of a Condominium in such Phase. Unless provided to the contrary in the Budget, all Annual Assessments shall be assessed against the Members and their Condominiums as set forth in Sections 5.4 and 5.5 above. With the written approval of the Declarant or the Architectural Committee, the Owner of contiguous Units may be permitted to combine one or more Units into a single living space by elimination of the demising walls otherwise separating those Units, provided, that such physical combination of any Units shall not alter the legal identity of the Units under this Declaration or alter in any way the amount of the assessments applicable to those Units under this Declaration which shall continue to be allocated in full to each of the original Units notwithstanding the physical combination thereof. Annual Assessments for fractions of any month involved shall be prorated. Subject to the terms of any maintenance agreement entered into between Declarant and the Association, Declarant shall pay its full pro rata share of the Annual Assessments on all unsold Condominiums for which Annual Assessments have commenced. The Board shall fix the amount of the Annual Assessment against each Condominium at least thirty (30) days in advance of each Annual Assessment period. From time to time the Board may determine that all excess funds in the Operating Fund be retained by the Association and used to reduce the following year's Annual Assessments. Upon dissolution of the Association incident to the abandonment or termination of the Property, any amounts remaining in any of the Maintenance Funds shall be distributed to or for the benefit of the Members in the same proportions as such monies were collected from the Members.

Concurrently with the first Close of Escrow for the sale of a Condominium in any Phase, Declarant shall pay to the Association an appropriate amount (as determined by DRE) for reserves for replacement or deferred maintenance of the Common Property in such Phase necessitated by or arising out of the use and occupancy of the Condominiums in such Phase under a rental program conducted by Declarant if such rental program was in effect for at least one (1) year prior to such first Close of Escrow.

Declarant and any other Owner of a Unit which has not been constructed shall be exempt from payment of that portion of the Annual Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of the Unit. Any such exemption from the payment of Annual Assessments shall be in effect only until the earlier to occur of (1) the Recordation of a notice of completion of the Condominium Building, (2) the occupation or use of the Unit, or (3) completion of all elements of the Condominium Improvements that the Association is obligated to maintain.

Notwithstanding any other provisions of this Declaration, conveyance of a Unit which is being used by Declarant for model home, sales office, design center, construction office or similar purposes (any of which uses are referred to in this Section 5.5 as "Model Unit") shall not commence the Annual Assessment against such Unit or other Units until discontinuance of use of such Unit as a Model Unit or conveyance of any non-Model Unit to a retail purchaser, whichever first occurs. During the period of time commencing on the first day of the month after conveyance of a Unit being used by Declarant as a Model Home and ending on the date Annual Assessments commence against such Unit, Declarant shall be solely responsible to maintain all portions of the Phase of Development in which a Unit is being used as a Model Home.

Notwithstanding any other provisions of this Declaration, until the earlier to occur of (1) the Recordation of a notice of completion of an Improvement on the Common Property, or (2) the placement of such Improvement into use, each Owner (including Declarant) shall be exempt from paying that portion of any Annual Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of such Improvement.

Each Member shall pay to the Association his Annual Assessment in installments at such frequency and in such amounts as established by the Board. Each installment of the Annual Assessment may be paid by the Member to the Association in one check or in separate checks as payments attributable to the deposits under the Operating Fund and the Reserve Fund. If any installment of an Annual Assessment payment is less than the amount assessed and the payment does not specify the Maintenance Fund or Funds into which it should be deposited, the receipt by the Association from that Owner shall be credited in order of priority first to the Operating Fund, until that portion of the Annual Assessment has been satisfied, and second to the Reserve Fund.

Notwithstanding any other provisions of this Declaration or the Bylaws regarding the term and termination of contracts with Declarant for providing services to the Association, Declarant may enter into a written maintenance agreement with the Association under which Declarant shall pay all or any portion of the operating Common Expenses and perform all or any portion of the Association's maintenance responsibilities in exchange for a temporary suspension of Annual Assessments. Such maintenance agreement shall extend for a term and shall be on such conditions as are approved by the DRE, and may require Owners to reimburse Declarant, through the Association, for a portion of the costs expended in satisfaction of Common Expenses.

5.7. Capital Improvement Assessments.

Should the Board of Directors determine the need for a capital Improvement or other such addition to the Property, the cost of which in the aggregate exceeds five percent (5%) of the Budgeted gross expenses of the Association for the then current Fiscal Year, then the vote or written consent of Members casting a majority of votes at a meeting or election of the Association at which a quorum of the Association is represented shall be required to approve and render effective a Capital Improvement Assessment levied by the Board of Directors to cover the cost of such expenditure; provided that, for purposes of this Section 5.7, a quorum shall mean more than fifty percent (50%) of the Members of the Association. Capital Improvement Assessments may be levied by the Board without the consent of the Members, if the aggregate of such expenditures in each Fiscal Year does not exceed five percent (5%) of the Budgeted gross expenses of the Association for such Fiscal Year; provided, that the Board shall provide notice to each Owner by first-class mail of the levying of such Capital Improvement Assessment not less than thirty (30) nor more than sixty (60) days prior to the date on which such assessment shall become due. Notwithstanding the foregoing, the Board may levy in any Fiscal Year, a Capital Improvement Assessment applicable to that Fiscal Year which exceeds five percent (5%) of the Budgeted gross expenses of the Association for such Fiscal Year if such increase is necessary to address an Emergency Situation as defined in Section 5.5(e).

5.8. Delinquency.

Any installment of an assessment provided for in this Declaration shall become delinquent if not paid within fifteen (15) days of the due date as established by the Board of Directors of the Association. With respect to any such delinquent assessment, the Board is hereby authorized to and, at its election, may require the Owner responsible for such delinquent assessment to pay both of the following: (a) reasonable costs incurred in collecting the delinquent assessment, including reasonable attorneys' fees and costs; and (b) a late charge in the maximum amount permitted by California Civil Code Section 1366(d)(2) (or any successor or replacement statute). In addition to the foregoing, commencing thirty (30) days after the assessment becomes due and continuing until paid, the Board is hereby authorized to and, at its election, may require the Owner responsible for the delinquent assessment to pay interest on all sums identified above (including the delinquent assessment, reasonable costs of collection, attorneys' fees and late charges) at the maximum rate permitted by California Civil Code Section 1366(d)(3) (or any successor or replacement statute). The Association need not accept any tender of a partial payment of an installment of an assessment and all costs and attorneys' fees attributable thereto, and any acceptance of any such tender shall not be deemed to be a waiver of the Association's right to demand and receive full payment thereafter of all such amounts owed.

5.9. Creation and Release of Lien.

All sums (other than Special Assessments imposed against a particular Owner as a penalty or disciplinary measure for such Owner's failure to comply with the Restrictions) assessed in accordance with the provisions of this Declaration shall constitute a lien on the respective

Condominium prior and superior to (a) any declaration of homestead Recorded after the Recordation of this Declaration, and (b) all other liens, except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any Recorded Mortgage or Deed of Trust with first priority or seniority over all other Mortgages or Deeds of Trust) made in good faith and for value and Recorded prior to the date on which the "Notice of Lien" (described in this Section) against the respective Condominium was Recorded. Prior to the Recordation of a Notice of Lien against a Unit, the Association shall (i) notify the Owner of such Unit in writing by certified mail with a return receipt requested of the fee and penalty procedures of the Association, (ii) provide an itemized statement of the charges owed by such Owner, including items which indicate the principal owed, any late charges and the method of calculating such charges, any attorneys' fees, the collection practices used by the Association, and the right of the Association to the reasonable costs of collection. Any payment toward the charges itemized shall be first applied to the principal owed, and only after the principal owed is paid in full shall such payments be applied to interest or collection expenses. The lien shall become effective upon Recordation by the Board or its authorized agent of a notice of assessment ("Notice of Lien") concerning delinquent payment of any Annual, Capital Improvement or Reconstruction Assessment or installment thereof, levied by the Association against any Condominium Owner, as provided in Section 1367 of the California Civil Code. The Notice of Lien shall state (i) the amount of the assessment or installment, as the case may be, and other authorized charges and interest, including the cost of preparing and Recording the Notice of Lien, (ii) the expenses of collection in connection with any delinquent installments, including without limitation reasonable attorneys' fees, (iii) a legal description of the Condominium against which the same has been assessed, (iv) the name and address of the Association, (v) the name of the Owner thereof, and (vi) in order for the lien to be enforced by nonjudicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Lien shall be signed by the President or Vice President and Secretary or Assistant Secretary of the Association and shall be mailed no later than ten (10) calendar days after Recordation, in the manner set forth in Section 2924b of the Civil Code, to all record Owners of the Condominium against which the Notice of Lien was recorded. The lien shall relate only to the individual Condominium against which the assessment was levied and not to the Property as a whole. Upon payment to the Association of the full amount claimed in the Notice of Lien, or other satisfaction thereof, the Board of Directors shall cause to be Recorded a notice of satisfaction and release of lien ("Notice of Release") stating the satisfaction and release of the amount claimed. The Board of Directors may demand and receive from the applicable Owner a reasonable charge for the preparation and Recordation of the Notice of Release before Recording it. Any purchaser or encumbrancer who has acted in good faith and extended value may rely upon the Notice of Release as conclusive evidence of the full satisfaction of the sums stated in the Notice of Lien.

5.10. Enforcement of Liens.

It shall be the duty of the Board of Directors to enforce the collection of any amounts due under this Declaration by one (1) or more of the alternative means of relief afforded by this Declaration. The lien on a Condominium may be enforced by sale of the Condominium by the

Association, the Association's attorneys, any title insurance company authorized to do business in California, or other persons authorized to conduct the sale as a trustee, after failure of the Owner to pay any Annual, Capital Improvement or Reconstruction Assessment, or installment thereof, as provided herein. The sale shall be conducted in accordance with the provisions of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any manner permitted by law. An action may be brought to foreclose the lien of the Association by the Board, or by any Owner if the Board fails or refuses to act, after the expiration of at least thirty (30) days from the date on which the Notice of Lien was Recorded; provided that at least twenty (20) days have expired since a copy of the Notice of Lien was mailed by registered or certified mail to the Owner affected thereby. The Association, through its agents, shall have the power to bid on the Condominium at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, an action may be brought by the Association or the purchaser at the sale in order to secure occupancy of the defaulting Owner's Unit, and the defaulting Owner shall be required to pay the reasonable rental value for such Unit during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving any lien securing the same, but this provision or any institution of suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this Section shall include reasonable attorneys' fees as fixed by the court.

5.11. Priority of Assessment Lien.

The lien of the Assessments, including interest and costs of collection (including attorneys' fees), provided for herein shall be subordinate to the lien of any first Mortgage of record (meaning any Recorded Mortgage or Deed of Trust) upon any Condominium made in good faith and for value and Recorded prior to the date on which the lien became effective. Sale or transfer of any Condominium shall not affect the assessment lien. However, the sale or transfer of any Condominium pursuant to judicial or nonjudicial foreclosure of a first Mortgage with priority over the Assessment lien shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Condominium from liens for any Assessments thereafter becoming due. When the Mortgagee of a first Mortgage of record with priority over the Assessment lien or other purchaser of a Condominium obtains title pursuant to a judicial or nonjudicial foreclosure of that first Mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Condominium which became due prior to the acquisition of title to such Condominium by such acquirer; provided, however, that all such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses thereafter collectible from all of the Owners of Condominiums in the Project, including such acquirer of title, and his successors and assigns.

ARTICLE VI

6. Project Easements and Rights of Entry.

6.1. Easements.

(a) Access; Parking. Declarant expressly reserves for the benefit of the Association and the Owners reciprocal, nonexclusive easements for access, ingress and egress over all of the Common Property which is not now or hereafter reserved as Exclusive Use Areas, which easements may be conveyed by Declarant to the Owners and to the Association for so long as Declarant owns any interest in the Property. Subject to the provisions of the Restrictions governing use and enjoyment thereof, including, without limitation, the provisions for restriction of Owner access to the Common Property upon the terms and for the reasons set forth in Section 3.4 above, the Owner easements may be used by all Owners and their guests, tenants and invitees residing on or temporarily visiting the Property, for walkways, vehicular access and such other purposes reasonably necessary for use and enjoyment of a Condominium in the Project. Included within the Common Property are certain unassigned parking spaces. Subject to the provisions of the Restrictions, including, without limitation, Article VII and Section 8.15(d) below and such Rules and Regulations as may from time to time be adopted by the Board, these spaces shall remain available for the nonexclusive use of the Owners and their guests, tenants and invitees residing on or temporarily visiting the Property.

Declarant hereby reserves the right to grant to the owner of the adjacent Lot 7 of Tract No. 5350 and its agents, employees, invitees, successors, lessees, and assigns, a non-exclusive easement for vehicular and pedestrian ingress and egress over and across the vehicular traffic aisles and walkways located on the Common Property, which traffic aisles and walkways may be modified, reduced, reconfigured or realigned by the Association at any time. Such right of Declarant shall expire (i) upon Close of Escrow for the sale of all Condominiums in the Project by Declarant, or (ii) upon expiration of seven (7) years from the date of original issuance by the DRE of the Final Subdivision Public Report for the Project.

(b) Maintenance and Repair. Declarant expressly reserves for the benefit of the Board of Directors and all agents, officers and employees of the Association, nonexclusive easements over the Property as necessary to maintain and repair the Common Property, and to perform all other tasks in accordance with the provisions of this Declaration. Such easements over the Property shall be appurtenant to, binding upon, and shall pass with the title to, every Condominium conveyed.

(c) Utilities. Easements over the Project for the installation and maintenance of electric, telephone and telecommunication lines, water, gas, drainage and sanitary sewer connections and facilities, as may be hereafter required or determined necessary by the Declarant or the Board to service the Project, are hereby reserved by Declarant, together with the right to grant and transfer the same. Declarant expressly reserves for the benefit of the Association

the right of Declarant and the Association to grant additional easements and rights-of-way over the Property to utility companies and public agencies, as necessary, for the proper development, disposal and operation of the Property. Said easements shall be governed by the following:

(i) Each respective utility company shall maintain all utility facilities and connections on the Project owned by such utility company; provided, however, that if any company shall fail to do so, it shall be the obligation of each Owner to maintain those facilities and connections located upon or within such Owner's Unit and it shall be the obligation of the Association to maintain those facilities and connections located upon the Common Property. Notwithstanding the foregoing, internal and external telephone wiring designed to serve a single Unit, but located outside the boundaries of the Unit, shall be maintained by the Owner of said Unit;

(ii) Wherever sanitary sewer, water or gas connections, cable television lines, electric lines, telephone or telecommunication lines are installed within the Project and it becomes necessary to gain access to said connections, cables and/or lines through a Unit owned by someone other than the Owner of the Unit served by said connections, cables and/or lines, the Owner of the Unit served by said connections, cables and/or lines shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon such other Unit or to have the utility companies enter upon such other Unit to repair, replace and generally maintain said connections, cables and/or lines;

(iii) Whenever sanitary sewer, water or gas connections, cable television lines, electric lines, telephone or telecommunication lines are installed within the Project, and said connections, cables and/or lines serve more than one (1) Unit, the Owner of each Unit served by said connections, cables and/or lines shall be entitled to the full use and enjoyment of such portions of same as service his Unit; and

(iv) In the event of a dispute between Owners with respect to the repair or rebuilding of the aforesaid connections, cables and/or lines, or the sharing of the cost thereof, upon written request of one (1) of such Owners addressed to the Association, the matter shall be submitted to the Board who shall decide the dispute, and the decision of the Board shall be final and conclusive on the Owners.

(d) Support and Encroachments. Declarant, the Association and Owners of contiguous Units shall have a reciprocal easement appurtenant to each of the Units over the adjacent Units and the Common Property for the purpose of (1) lateral and sub-adjacent support, (2) accommodating any existing encroachment of any wall or any Improvement (including, without limitation, utility equipment and other structural appurtenances) resulting from the original construction by Declarant, and (3) maintaining the same and accommodating authorized construction, reconstruction, repair, shifting, movement or natural settling of the Improvements or any other portion of the Project. Easements and reciprocal negative easements for utility services

and repairs, replacement and maintenance of the same over all of the Common Property are specifically reserved for the benefit of the Owners. Declarant expressly reserves for the benefit of the Common Property, and for the benefit of the Owners and the Association, reciprocal nonexclusive easements for drainage of water over, across and upon the Common Property. The foregoing easements shall not unreasonably interfere with each Owner's use and enjoyment of his Unit. No portion of the Common Property, including, without limitation, parking areas and other amenities contemplated as a part of the Property, are proposed to be leased by Declarant to the Owners or to the Association.

(e) Declarant's Rights. Declarant expressly reserves for its benefit the right and easement for access, ingress and egress on and over the Project to complete any Improvement which Declarant deems necessary or desirable to implementation of the Declarant's development plan for the Project and to install and maintain such structures, displays, advertising signs, billboards, flags, sales offices, model homes, interior design and decorator centers, and parking areas for employees, agents, and prospective buyers as may be reasonably necessary or convenient for the proper development and disposition of the Condominiums located within the Project by sale, resale, lease or otherwise, including, without limitation, operation of a sales office. Declarant further reserves for its benefit the right and easement for access over the Property for construction equipment, access over and through the Project for purposes of equipment, material and construction staging, and access over and through the Project by all contractors, subcontractors, employees and other personnel used in connection with the planning, design, excavation, construction and other improvement work necessary to development of the Project. Declarant further expressly reserves for its benefit the right to hereafter create and convey such easements, covenants, conditions, restrictions, and licenses against, over, on, above or below the Project and the Property as necessary or helpful to facilitate the design, engineering, processing, approval, financing, development, construction and maintenance of the Project and the Property, including, without limitation, easements, covenants, conditions, restrictions, and licenses reasonably necessary to meet set-back, open space, access, fire safety, or other zoning or planning requirements or policies. This Declaration cannot be amended to modify or eliminate the easements reserved to Declarant by this or any other Section without prior written consent of Declarant, and any attempt to do so shall have no effect.

(f) Exclusive Use Areas. Declarant expressly reserves for the benefit of certain Owners of Units in this Project exclusive easements over the Association Property for Exclusive Use Areas.

(g) Easements for Air Conditioning/Heating Units. As to any air conditioning and/or heating equipment which is located on a portion of the Common Property, there is hereby created, established and granted an exclusive easement on, over and across said portion of the Common Property for the permanent placement of such equipment. Additionally, each Owner is granted an easement for ingress, egress and access on and over the Common Property to maintain, repair and replace his respective air conditioning and/or heating equipment.

6.2. Rights of Entry.

The Board of Directors shall have a limited right of entry in and upon the Common Property and the interior of all Units for the purpose of inspecting the Project, and taking whatever corrective action may be deemed necessary or proper by the Board of Directors, consistent with the provisions of this Declaration. However, such entry upon the interior of a Unit shall be made, except to effect emergency repairs or other emergency measures, only after three (3) days prior written notice to the Owner of such Unit. Nothing herein shall be construed to impose any obligation upon the Association to maintain or repair any property or Improvements required to be maintained or repaired by the Owners. Nothing in this Article VI shall in any manner limit the right of the Owner to exclusive occupancy and control over the interior of his Unit. However, an Owner shall permit a right of entry to the Board of Directors or any other person authorized by the Board of Directors, as reasonably necessary, such as in case of any emergency originating in or threatening his Unit, whether the Owner is present or not. Any damage caused to a Unit by such entry by the Board of Directors or by any person authorized by the Board of Directors shall be repaired by the Association as a Common Expense of the Association.

Furthermore, an Owner shall permit other Owners, or their representatives, to enter his Residence for the purpose of performing required installations, alterations or repairs to the mechanical or electrical services to a Residence, provided that such requests for entry are made at least three (3) days in advance and entry is made at a time reasonably convenient to the Owner whose Units is to be entered; and provided further, that the entered Unit is left in substantially the same condition as existed immediately preceding such entry. In case of an emergency, such right of entry shall be immediate. Any damage caused to a Unit by such entry by an Owner or its representative shall be repaired by such Owner.

Upon receipt of reasonable notice from the Association (which shall in no event be less than fifteen (15) days nor more than thirty (30) days) each Owner shall vacate his Unit in order to accommodate efforts by the Association to perform any other maintenance or repairs pursuant to the Declaration. The Board shall have the right to enter the Units and the right to remove Owners from their Units, as necessary, to accomplish its duties as provided herein. The cost of eradicating any pest infestation or of performing any such maintenance or repairs shall be a Common Expense of the Association; however, each Owner shall bear his own costs of temporary relocation. If the Association acts to eradicate any pests or organisms, then the procedure established in Section 2.7 shall control.

ARTICLE VII

7. Declarant's Rights and Reservations.

Nothing in the Restrictions shall limit, and neither any Owner nor the Association shall do anything to interfere with, the right of Declarant to subdivide or resubdivide any portion of the Property, or to complete Improvements to and on the Common Property or any portion of the

Property owned solely or partially by Declarant, or to alter the foregoing or its construction plans and designs, or to construct such additional Improvements as Declarant deems advisable in the course of development of the Property so long as any Condominium in the Project remains unsold.

The rights of Declarant hereunder shall include, but shall not be limited to, the exclusive right to install, maintain, locate, relocate and reconfigure such structures, displays, signs, billboards, flags, sales offices, model homes, construction office, interior design and decorator centers, and parking areas for employees, agents, and prospective buyers as may be reasonably necessary or convenient in Declarant's judgment for the proper development and disposition of the condominiums located within the Project by sale, resale, lease or otherwise, and the right to use any portions of the Project necessary to provide ongoing maintenance, operation, service, construction, punch-out, and repairs to individual Units. Notwithstanding anything in the Restrictions which is or appears to be to the contrary, Declarant may use any Condominium owned by Declarant in the Project, or portions of the Common Property as model homes, construction office and/or real estate sales or leasing offices; provided that use of such office shall be limited to construction of the Project and/or sales, resales and leasing of the Condominiums located on the Property.

Declarant need not seek or obtain Architectural Committee approval of any Improvement constructed, reconstructed, modified or placed by Declarant on any portion of the Property by Declarant, or seek or obtain Architectural Committee approval of the construction upon the Annexable Territory, or a portion thereof, of a project(s) of a type different than the Improvements previously constructed by Declarant upon the Property, or the annexation of all or a portion of the Annexable Territory containing such other project or projects to this Declaration pursuant to Article XVI below. Declarant also reserves the right (but not the obligation), subject to DRE approval of a revised budget for the Project, to provide for a "split roll" or "cost center" dues structure, so that the maintenance costs associated with maintenance of Common Property, or identified elements thereof, within separate portions of the Project are segregated and borne by the Owners of the Units within those portions of the Project. Each Owner, with the exception of the VA, hereby grants, upon acceptance of his deed to his Unit, an irrevocable, special power of attorney to Declarant to execute and Record all documents and maps necessary to allow Declarant to exercise its rights under this Article. Declarant and its prospective purchasers of Condominiums shall be entitled to the nonexclusive use of the Common Property and recreational facilities, if any, thereon, without further cost for access, ingress, egress, use or enjoyment, in order to show the Property to those prospective purchasers, to dispose of the Property as provided herein, and to develop and sell the Annexable Territory. Declarant, its successors and tenants, shall also be entitled to the nonexclusive use of any portions of the Property which comprise private streets, drives and walkways for the purpose of ingress, egress and accommodating vehicular and pedestrian traffic to and from the Property and the Annexable Territory. The use of the Common Property by Declarant shall not unreasonably interfere with the use thereof by the other Members. Each Owner, by accepting a deed to a Condominium, hereby acknowledges that the activities of Declarant may temporarily or permanently impair the view of such Owner and may constitute an inconvenience or nuisance to the Owners, and hereby consents to such impairment, inconvenience or nuisance. This Declaration shall not limit the right of Declarant to establish, reserve, and/or grant additional

licenses, easements, reservations and rights-of-way to itself, to utility companies, to cable television companies, or to others as may from time to time be reasonably necessary for the proper development and disposal of the Project.

Notwithstanding any other provisions of this Declaration to the contrary, and without limiting Declarant's unilateral rights provided elsewhere in this Declaration or in the Restrictions, until such time as Owners other than Declarant own at least ninety percent (90%) of the Units within the Project, or until the fifth (5th) anniversary of the first Close of Escrow for a Unit, whichever occurs first, Declarant's written consent shall be required before the Association may take any action with respect to the following:

- (a) Reduction in the level of, or change in allocation of responsibility for maintenance of and repairs to all or any portion of the Common Property subject to this Declaration, or any other maintenance obligations of the Association set forth in this Declaration;
- (b) Conveyance by the Association of all or any portion of the Common Property;
- (c) Alteration in the method of fixing and collecting Assessments or any increases in Assessments beyond the amounts permitted under Article V of this Declaration;
- (d) Modification of the enforcement and review procedures of the Architectural Committee, or any change in the architectural and landscaping design originally installed by Declarant;
- (e) Modification to Improvements on the Common Property or to the level or frequency of maintenance of the Common Property; or
- (f) Alteration in the method of enforcing the provisions of this Declaration.

Each Owner, by accepting a deed to a Condominium, hereby irrevocably appoints Declarant as his attorney-in-fact, for himself and each of his Mortgagees, optionees, grantees, licensees, trustees, receivers, lessees, tenants, judgment creditors, heirs, legatees, devisees, administrators, executors, legal representatives, successors and assigns, whether voluntary or involuntary, and hereby grants to Declarant an irrevocable limited power of attorney coupled with an interest for Declarant to act as his attorney-in-fact in connection with any modification to the development plans of all or any portion of the Project. Each Owner hereby acknowledges and agrees that this irrevocable limited power of attorney is: (a) retained for the benefit of the Declarant and not the Owner, and (b) created by Owner's acceptance of a deed to a Condominium and as part of the consideration for the purchase and sale of a Condominium. Based on the foregoing, each Owner further acknowledges and agrees that this irrevocable limited power of attorney is "coupled with an interest" and, pursuant to Section 2356 of the California Civil Code, as same may be amended, from

time to time, may not be terminated by: (a) the Owner's revocation of such limited power of attorney; (b) the Owner's death; or (c) the Owner's incapacity to contract. In furtherance thereof and subject to the limitations and restrictions set forth in this Article, Declarant shall have the right and power as a duly authorized attorney-in-fact to perform any of the following actions:

(a) To prepare, execute, acknowledge and record any map, lot line adjustment, certificate of compliance or record of survey affecting the Project;

(b) To prepare, execute, acknowledge and record any amendments necessary to cause a Condominium Plan to conform with the Improvements as actually built or with the approved plans for the Project;

(c) To prepare, execute, acknowledge and file for approval any application for zoning or setback changes or lot line adjustments, or variance or conditional use permits, or any other permits or reports required or permitted by law;

(d) To make applications for any property reports or public reports, or amendments thereto, or exemption from the requirements therefor required or permitted by federal and State statutes, rules and regulations relating to the sale, lease, transfer or other disposition of subdivided lands;

(e) To deliver any public reports or property reports, or amendments thereto, obtain receipts and offer and administer rescission rights required by law;

(f) To prepare, execute, acknowledge and file for approval any registration or application for any permit, approval, exemption, ruling or entitlement, which registration or application is required or permitted by law;

(g) To prepare, execute, acknowledge and record any deeds, waivers, releases, reconveyances or other documentation which may be permitted or required to clear title to any constructed or unconstructed Units in the Project; and

(h) To prepare, execute, acknowledge and record on behalf of the Owners and the Association any easement over the Common Property, and any easements reasonably necessary for the development and disposition of Condominiums within the Project.

The Association shall provide Declarant with all notices and other documents to which a Beneficiary is entitled pursuant to this Declaration, provided that Declarant shall be provided such notices and other documents without making written request therefor.

If any portion of the Annexable Territory is not annexed to this Project pursuant to the provisions of this Declaration, and that portion of the Annexable Territory requires ingress and egress access over private streets located within the Project and/ or access to and use of common

utilities within the Project, easements shall exist and are hereby reserved in favor of the owners of that portion of the Annexable Territory for reasonable vehicular and pedestrian traffic and reasonable use of the common utilities for residential development; provided, that, in that event, the properties benefitted by that easement, and the owners thereof, shall be obligated to pay their equitable share of the cost of maintenance and repair of said private streets and utilities, and, as a condition to the effectiveness of such easements, the properties benefitted, and the owners thereof shall be subjected to Recorded covenants obligating them to pay annual and special assessments for the costs of maintenance and repair of said streets. In the event of any disagreement as to the reasonableness of said annual and/or special assessments, or the division thereof, the matter shall be submitted to a neutral arbitrator approved by the Board and the representative of the owners benefitted by such easements or, in the absence of agreement on such arbitrator, by a judicial reference action pursuant to Code of Civil Procedure Sections 638-645.1 or any successor statutes thereto.

Declarant shall have the right to assign any or all of its rights and obligations in this Declaration to any successor in interest by a written assignment. Notwithstanding any other provision of this Declaration to the contrary, the prior written approval of Declarant, which may be granted or withheld in its sole discretion, will be required before any amendment to this Article VII shall be effective.

ARTICLE VIII

8. Residence and Use Restrictions.

All of the Property shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemptions of Declarant set forth in this Declaration. The limitations and restrictions set forth in this Declaration are in addition to and shall be construed and applied cumulatively with any limitations and restrictions set forth in the Master Declaration. Nothing in the limitations and restrictions set forth in this Declaration shall be construed or understood to limit, restrict or in any manner waive any of the limitations and restrictions set forth in the Master Declaration.

8.1. Single Family Residences.

Each Residence shall be used exclusively for single Family residential purposes, subject to the exemption granted Declarant under Article VII of this Declaration. An Owner may rent or lease his Unit to a Single Family pursuant to the Leasing Provisions set forth herein.

(a) Leasing Provisions. The following provisions shall govern leasing of Units:

(i) General. Units may be leased only in their entirety pursuant to a single lease agreement with only a single Family as the permitted occupant. All leases must be for an initial term of not less than thirty (30) days, except with Board approval.

Within seven (7) days after executing a lease agreement for the lease of a Unit, the Unit Owner shall provide the Board with a copy of the lease and the name of the lessee and all other people occupying the Unit. The Owner must provide the lessee with copies of the Declaration, Bylaws, and Rules and Regulations.

(ii) Compliance with Restrictions and Liability for Assessments.

Each Owner and each lessee, by occupancy of a Unit, covenants and agrees that any lease for a Unit shall contain the following provisions and agrees that if such provisions are not expressly contained therein, then such provisions shall be deemed incorporated into the lease by existence of this covenant on the Unit:

(1) Compliance with Declaration, Bylaws, and Rules and Regulations. The lessee shall comply with all provisions of the Restrictions and shall control the conduct of all other occupants and guests of the leased Unit in order to ensure compliance with the foregoing. The Owner shall cause all occupants of his or her Unit to comply with the Restrictions and shall be responsible for all violations by such occupants, notwithstanding the fact that such occupants are fully liable and may be separately sanctioned for any such violation. Unpaid fines shall, at the election of the Board, be recorded as a lien against the Unit, provided any such lien shall not be subject to non-judicial foreclosure under California Civil Code Sections 2924, 2924(b) and 2924(c).

(2) Violation of Restrictions. Any violation of the Restrictions by the lessee, any occupant, or any guest of lessee, shall be deemed a default under the terms of the lease and shall authorize the Owner to terminate the lease without liability and to evict the lessee in accordance with California law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from such violations, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner, in accordance with the terms hereof. If the Association proceeds to evict the lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be a Special Assessment and lien against the Unit.

(3) Liability for Assessments. When a Unit Owner who is leasing his or her Unit fails to pay any Annual Assessment or other Assessment or any other charge to be paid by the Owner to the Association pursuant to this Declaration for a period of more than thirty (30) days after it is due and payable, then the delinquent Owner hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon request by the Board, lessee shall pay to the Association all such rent until all unpaid amounts owned by the Owner to the Association have been paid in full. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental

payments to lessor. The above provision shall not be construed to release the Owner from any obligation, including the obligation for Assessments, for which he or she would otherwise be responsible.

(b) Inapplicability to Institutional First Mortgages. Section 8.1(a)(i) shall not apply to any leasing transaction entered into by an institutional holder (i.e., a bank, a savings and loan association, an established mortgage company or other entity chartered under federal or state laws, an insurance company, or any federal or state agency) of any first Mortgage on a Unit who becomes the Owner of a Unit through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage.

8.2. Alterations; Inside and Outside Installations.

No Owner shall make or cause to be made structural alterations to his Unit or to the Common Property which will or may tend to impair the structural integrity, mechanical systems, or sound attenuation standards of the Condominium Building, or would have a material detrimental effect on another Unit or on the Common Property, except as otherwise expressly provided herein. No outside installation of any type, including but not limited to clotheslines, shall be constructed, erected or maintained on or outside any Unit, except as may be installed by, or with the prior consent of the Architectural Committee. No Terrace covers, wiring, air conditioning units, water softeners, or other machines or equipment of any kind or nature shall be installed on the exterior of the buildings of the Project or be allowed to protrude through the walls, floors, ceilings, windows, doors, or roofs of the buildings (with the exception of those items installed during the original construction of the Project), unless the prior written approval of the Architectural Committee is secured. Notwithstanding the specificity of the foregoing, no exterior addition, change or alteration to any Unit shall be commenced without the prior written approval of the Architectural Committee. Each Owner shall be liable for any damage or injury caused by any alterations, replacements, or installations, or any machines or equipment used to perform such work. There shall be no alteration or replacement of wall coverings or flooring materials which may diminish the effectiveness of the sound control engineering within the Condominium Building. As provided in Section 5.6 above, with the written approval of the Declarant or the Architectural Committee, the Owner of contiguous Units may be permitted to combine one or more Units into a single living space by elimination of the demising walls otherwise separating those Units. No Owner shall cause or permit any mechanic's lien to be filed against any portion of the Project for labor or materials alleged to have been furnished or delivered to the Project or any Condominium Unit at the request of such Owner, and any Owner who does so shall immediately cause the lien to be discharged within five (5) days after notice to the Owner from the Board. If any Owner fails to remove such mechanic's lien, the Board may discharge the lien and charge the Owner a Special Assessment for such cost of discharge.

8.3. Animal Regulations.

No animals, livestock, reptiles, insects, poultry or other animals of any kind shall be kept in any Unit except that usual and ordinary domestic dogs, cats, fish, and birds inside bird cages

may be kept as household pets within any Unit provided that they are not kept, bred or raised therein for commercial purposes or in unreasonable quantities or sizes. As used in the Declaration, "unreasonable quantities" shall ordinarily mean more than two (2) pets (except with regard to quantities of fish) per Unit; provided, however, that the Board may determine that a reasonable number in any instance may be more. The Board shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board of Directors, a nuisance to any other Owner. No potbellied pigs, snakes, or any other animals determined in the Board's sole discretion to be dangerous or a nuisance may be brought onto or kept on the Project at any time. The Board shall have the right to require that any pet which, in the Board's opinion, endangers the health or security of any Owner or occupant of a Unit or creates a nuisance or unreasonable disturbance, be permanently removed from the Project upon seven (7) days written notice. If the Owner or occupant fails to do so, the Board may remove the pet. Any pet which, in the Board's sole discretion, presents an immediate danger to the health, safety, or property of any Owner or other occupant of a Unit may be removed by the Board without prior notice to the pet's owner. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Property must be kept inside the Residence element of a Unit (and shall not be left or located on the Terrace of that Unit), and must be on a leash (not more than four feet (4') in length) held by a person capable of controlling the animal when outside of a Unit. Each Owner shall be liable to each and all remaining Owners, their Families, guests and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Project by an Owner or by members of his Family, his tenants or his guests. It shall be the duty and responsibility of each such Owner to clean up after such animals which have deposited droppings on or otherwise used any portion of the Common Property or any public street abutting or visible from the Property and properly dispose of any animal waste. Any Owner or occupant who keeps or maintains any pet upon the Project shall be deemed to have indemnified and agreed to hold the Association, its directors, officers, and agents, and the Declarant free and harmless from any loss, claim, or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Project.

8.4. Antenna

No radio station, satellite or shortwave operators of any kind shall operate from any Unit or any other portion of the Property unless approved by the Architectural Committee. With the exception of any master antenna maintained by the Association or the Cable System maintained by applicable cable franchisee, no exterior radio antenna, "C.B." antenna, television antenna, receiving station, satellite dish or other antenna of any type (collectively, "Signal Reception Device") shall be erected or maintained anywhere in the Property, without the approval of the Architectural Committee. In considering whether to approve any such application and what conditions, if any, to impose thereon, the Committee may consider any clearly defined safety objective, the impact of any such Signal Reception Device upon Project aesthetics and uniformity of appearance, and any potential structural damage arising from such Signal Reception Device, provided that any restriction imposed by the Committee shall be reasonable, as required by California Civil Code Section 1376 and rules and regulations promulgated by the Federal Communications Commission pursuant to Section 207 of the Telecommunications Act of 1996 (collectively, the "Antenna Statutes"). In

reviewing an application for approval to install a Signal Reception Device, the Committee shall apply the same standards, criteria and guidelines to such application as applicable to any other proposed exterior improvement to any Unit and shall not impose any differential or discriminatory requirements applicable only to a proposed Signal Reception Device. In granting approval of the installation of any such Signal Reception Device, the Architectural Committee may further condition such approval upon compliance with any reasonable restrictions authorized by the Antenna Statutes. All satellite dishes approved by the Committee for installation on the Project shall be of the same color as the exterior of the Condominium Building.

Normal radio, stereo, high fidelity and television equipment installation within a Unit are excepted from the provisions of this Section; provided, however, in no event shall such radio, stereo, high fidelity, television equipment, or other electrical equipment interfere with the use of any such equipment by any other Owner within the Project.

8.5. Barbeques and Exterior Fires.

There shall be no exterior fires whatsoever, except for gas barbecue grills (no charcoal grills of any type may be used) contained within receptacles therefor in designated locations within the Common Property or on Terraces, arranged in such a manner that they do not create a fire hazard or otherwise create a nuisance or become offensive to occupants of other Units.

8.6. Business or Commercial Activity.

No part of the Property shall ever be used for any business, professional, administrative, commercial (including auctions or similar events), manufacturing, mercantile, storage, vending or other nonresidential purposes including, without limitation, any activity for which the provider is compensated in any way or receives any form of consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license; except that Declarant, its successors and assigns may use any portion of the Property for a model home site and for sales and leasing purposes in accordance with Article VII hereof. Notwithstanding the foregoing, the provisions of this Section 8.6 shall not preclude any of the above-described activities without external evidence thereof, provided that all of the following conditions are fulfilled: (a) such activities are conducted in conformance with all applicable governmental ordinances; (b) the patrons or clientele of such activities do not visit the Unit or park automobiles or other vehicles within the Property; (c) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside of the boundaries of the Unit (except that a reasonable number of deliveries which does not disproportionately burden the services of the Project by couriers, express mail carriers, parcel delivery services and other such similar delivery services are permitted during business hours); (d) no such activity increases the liability or casualty insurance obligation or premium of the Association; and (e) such activities are consistent with the residential character of the Property and conform with the provisions of this Declaration. No Owner shall use his Condominium in such a manner as to interfere with the business of Declarant in selling Condominiums in the Project, as set forth in Article VII of this

Declaration.

8.7. Common Property Facilities.

Nothing shall be altered, constructed, or removed from the Common Property without the prior written consent of the Board of Directors. There shall be no obstruction of the Common Property nor shall anything be stored in the Common Property without the prior written consent of the Board of Directors. No acquisition of additional Common Property shall be undertaken without the approval of the Board of Directors. The Board of Directors shall have the right to limit the number of guests that an Owner or such Owner's tenant may permit to use the guest parking areas, recreation facilities and other Common Property areas, and the Board shall have the right to set further reasonable restrictions on the time and manner of use of said parking areas, recreation facilities, and other facilities in accordance with the Rules and Regulations, including, without limitation, Rules and Regulations restricting or prohibiting the use of all or designated portions of the recreation facilities of the Property by minors, guests of an Owner or his tenants.

8.8. Drainage.

There shall be no interference with or alteration of the established drainage pattern over the Property, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Architectural Committee. For the purpose hereof, "established" drainage in the Project is defined as the drainage which exists at the time of the first Close of Escrow for the sale of a Condominium in the Project, or that which is shown on any plans approved by the Architectural Committee.

8.9. Electromagnetic Disturbance.

Any equipment or instrument which may create an electromagnetic disturbance that causes interference with radio transmission, aircraft, instruments, navigational aids, or other electromagnetic receptors are prohibited. Any electromagnetic disturbance that causes interference with radio transmission, aircraft, instruments, navigational aids, or other electromagnetic receptors, shall be modified or abated by the violating Owner or the Association, as applicable, upon the written requests of the Camarillo Airport Authority and/or Oxnard Airport Authority.

8.10. Firearms and Fireworks.

The display and discharge of firearms or fireworks on the Common Property, including the Exclusive Use Areas, is prohibited; provided that the display of lawful firearms on the Common Property is permitted by law enforcement officers and also is permitted for the limited purpose of transporting lawful firearms across the Common Property to or from the Owner's Unit. The term "firearms" includes "B B" guns, pellet guns, and other firearms of all types, regardless of size.

8.11. Further Subdivision.

Except as otherwise provided in Article VII, no Owner shall physically or legally subdivide his Unit in any manner, including without limitation any division of his Unit or his Condominium into time-share estates or time-share uses; provided, however, that this provision shall not be construed to limit the right of an Owner (1) to rent or lease all of his Unit by means of a written lease or rental agreement subject to the restrictions of this Declaration; (2) to sell his Condominium; (3) to transfer or sell any Condominium to more than one Person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property; or (4) to combine one or more Units into a single living space with the written approval of the Declarant or the Architectural Committee as set forth in Section 5.6 herein. Any failure by the lessee of the Unit to comply with the terms of this Declaration, the Bylaws of the Association or the Rules and Regulations shall constitute a default under the lease or rental agreement. Notwithstanding the foregoing, no Unit in the Project may be partitioned or subdivided without the prior written approval of the Beneficiary of any first Mortgage on that Unit. This Section may not be amended without the prior written approval of the Beneficiaries of at least seventy-five percent (75%) of the first Mortgages of Condominiums in the Project.

8.12. Garbage/Trash.

No garbage, trash, rubbish, or other waste material shall be kept or permitted on the Project except in garbage cans, trash containers, or other waste receptacles located on the Project provided for the use of all Owners. No odor shall emanate therefrom so as to be unreasonably unsanitary, unsightly, offensive or detrimental to the Owners in the Project. Under no circumstances may explosives, fireworks, or highly flammable materials such as gasoline, kerosine, oil, oil-based paints, or solvents, be disposed of anywhere in the Project. Any and all costs incurred by the Association for the removal of combustible or toxic materials from the Project shall be borne by the offending Owner at such Owner's sole cost and expense.

8.13. Hazardous, Toxic, Flammable, Corrosive or Explosive Materials.

No Owner nor any Family member, tenant, lessee, agent, employee, licensee, or guest shall at any time bring onto or store in or on the Project any hazardous, toxic, flammable, corrosive or explosive solid, liquid, gas, or chemical substance or other material which may be hazardous to any Person or property, except for household items, handled, stored and applied in accordance with all applicable government restrictions, which are normal and customary to the use and enjoyment of a residential dwelling. Use and disposal of pesticides, fungicides, herbicides, insecticides, fertilizers, and other such chemical treatments shall meet federal, state, county, and city requirements. Under no circumstances may explosives or fireworks be stored by Owners on their Units, Exclusive Use Areas, or elsewhere within the Project. Nothing other than natural rain water may be discharged into the storm drains and storm drainage system located on the Property. Toxic chemicals or hydrocarbon compounds such as gasoline, motor oil, antifreeze, solvents, paints, paint thinners, wood preservative and other such fluids shall not be discharged into storm drains or storm

drainage systems on the Property or into any street, public or private. All water softeners installed in a Unit must be commercially serviced.

8.14. Nuisances.

No noxious or offensive activities (including but not limited to the repair of motor vehicles) shall be carried on upon the Property or on any public street abutting or visible from the Property. No horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of a Residence and its contents, shall be placed or used in any such Residence. No loud noises, noxious odors, noisy or smoky vehicles, large power equipment or large power tools (excluding lawn mowers and other equipment utilized in connection with ordinary landscape maintenance), unlicensed off-road motor vehicles or items which may unreasonably interfere with television or radio reception of any Owner in the Project, shall be located, used or placed on any portion of the Property or on any public street abutting or visible from the Property, or exposed to the view of other Owners without the prior written approval of the Architectural Committee. The Board of Directors of the Association shall have the right to determine if any noise, odor, or activity producing such noise or odor constitutes a nuisance. No Owner shall permit or cause anything to be done or kept upon the Property or on any public street abutting or visible from the Property which may increase the rate of insurance on Units or on the Property, or result in the cancellation of such insurance, or which will obstruct or interfere with the rights of other Owners. No Person shall commit or permit any nuisance on the Property. Each Owner shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a Residence. Each Owner shall be accountable to the Association and other Owners for the conduct and behavior of children and any other Family members or persons residing in or visiting his Unit. Any damage to the Common Property, personal property of the Association, or property of another Owner, caused by such children, Family members, or other persons, shall be repaired at the sole expense of the Owner of the Unit where such children, Family members or other persons are residing or visiting.

8.15. Parking and Vehicular Restrictions.

(a) Authorized Vehicles. The following vehicles are Authorized Vehicles: motorized land vehicles designed and used primarily for non-commercial passenger transport, such as automobiles, passenger vans designed to accommodate ten (10) or fewer people, two-wheel motorcycles, and pick-up trucks having a manufacturer's rating or payload capacity of one (1) ton or less. Subject to Section 8.15(c) below, Authorized Vehicles may be parked in the parking areas in the Property intended for parking of motorized vehicles.

(b) Prohibited Vehicles. The following vehicles are Prohibited Vehicles: recreational vehicles (e.g., motor homes, travel trailers, camper vans, boats, dune buggies, etc.), commercial-type vehicles (e.g., stake bed trucks, tank trucks, dump trucks, step vans, concrete trucks, trucks with any exterior commercial advertisement, or other similar vehicles), buses or vans designed to accommodate more than ten (10) people, vehicles having more than two (2) axles,

trailers, inoperable vehicles or parts of vehicles, aircraft, other similar vehicles or any vehicle or vehicular equipment deemed a nuisance by the Board. Prohibited vehicles shall not be parked, stored or kept in any parking areas in the Project.

(c) General Restrictions. All Authorized Vehicles owned or operated by or within the control of an Owner or a resident of an Owner's Unit and kept within the Property shall be parked in that Owner's garage. No vehicle shall be parked in any parking space if such vehicle does not completely and clearly fit between the painted parking lines designated for a parking space or otherwise physically fit wholly within the space or any other portion of the parking areas in the Property designed for ingress and egress of vehicles. There shall be no parking in the Property that obstructs free traffic flow, constitutes a nuisance, violates the Rules and Regulations, or otherwise creates a safety hazard. The parking areas in the Property shall be used for parking Authorized Vehicles only and shall not be used for storage, living, recreational or business purposes. No maintenance, repair, restoration, or construction of any vehicle shall be conducted on the Property. No parking shall be permitted in the fire lanes located in the Project, which fire lanes shall be appropriately marked and identified by the Association.

(d) Parking Regulations. The Board may establish additional regulations as it deems appropriate in its sole discretion with regard to any of the parking areas not assigned to individual Units, including, without limitation, designating "parking," "guest parking" and "no parking" areas thereon. Any parking areas established on the Common Property shall be subject to such further reasonable control and use limitations as the Board of Directors may establish. The Board shall determine, in its discretion, whether there is a violation of the parking and vehicular restrictions set forth in this Declaration or established by the Board, and, if such noncompliance is determined by the Board to exist, the Board shall have the power to enforce all parking and vehicle use regulations applicable to the Property, including the power to remove violating vehicles from any of the Property pursuant to California Vehicle Code Section 22658.2 or other applicable statute.

8.16. Pedestrian Access Point.

The Association shall maintain a pedestrian ingress and egress point between the Property and Lot 7 of Tract 5350, as shown on Map filed on June 22, 2004, in Book 150 at Pages 36 through 49, inclusive, of Miscellaneous Records (Maps) in the Office of the Ventura County Recorder ("Lot 7"), at the location shown on Exhibit "B" attached hereto (the "Access Point"). The Association shall neither remove such pedestrian Access Point nor do anything to unreasonably interfere with the use of the Access Point without the prior consent of the owner of Lot 7 and the City.

8.17. Post-Tension Concrete System.

By acceptance of a deed to a Unit, each Owner acknowledges and understands that his Unit has been built using a post-tension concrete system ("System"). The System involves placing steel cables under high tension in the concrete slab foundation located beneath the Unit.

Therefore, any attempt to alter or pierce the foundation (for example, saw cutting, drilling or installation of a subterranean floor safe) could damage the integrity of the System and/or cause serious injury or damage to persons and personal property. By accepting a deed to a Unit, each affected Owner specifically covenants and agrees that: (i) he shall not cut into or otherwise tamper with the System; (ii) he shall not knowingly permit or allow any other person to cut into or tamper with the System; (iii) he shall disclose the existence of the System to any tenant, lessee or subsequent purchaser of the Unit; and (iv) Declarant shall not be responsible for any damage or injury resulting from or arising in connection with the alteration of the System by the Owner or any employee, agent, Family member, lessee, contractor or other representatives of the Owner, and Owner shall indemnify, defend and hold Declarant harmless with respect to any such damage or injury.

8.18. Rights of Handicapped.

Subject to the provisions of Article IV of this Declaration, each Owner shall have the right to modify his Unit and the route over the Common Property leading to the front door of his Unit, at his sole cost and expense, in order to facilitate access to his Unit by persons who are blind, visually handicapped, deaf or physically disabled, or to alter conditions which could be hazardous to such persons. The rights granted by this Section are further subject to the following conditions: (i) the modifications shall be consistent with applicable building code requirements; (ii) the modifications shall be consistent with the intent of otherwise applicable provisions of this Declaration pertaining to safety or the aesthetic integrity of the Project; (iii) the modifications which are external to the Unit shall not prevent reasonable passage by other Owners or Persons on the Project, and shall be removed by the Owner when the Unit is no longer occupied by persons requiring those modifications; (iv) any Owner who intends to modify a Unit pursuant to this Section shall submit their plans and specifications to the Architectural Committee for review to determine whether the modifications comply with the provisions of Article IV and this Section; and (v) any change in the exterior appearance of a Unit shall be in accordance with the provisions of this Declaration and all applicable provisions of law. The Association shall not deny approval of the proposed modifications under this Section without good cause.

8.19. Roof: Access Restrictions.

Owners, members or their families, guests, tenants, agents, licensees, employees, and invitees, shall not at any time or for any reason whatsoever enter upon or attempt to enter upon (i) the roofs of the Condominium Building; and (ii) any portion of the Common Property used by the Association for management, administrative, or security purposes (including, without limitation, utility closets and rooms), without the prior approval of the Board. Each Owner shall make arrangement with the Association for access to the roof for any maintenance or repairs to any heating or cooling equipment which is located on the roof.

8.20. Signs.

No sign, poster, display or other advertising device of any character shall be erected

or maintained anywhere on the Property or on any public street abutting or visible from the Property, or shown or displayed from any Unit, without the prior written consent of the Architectural Committee; provided, however, that any Unit for sale or lease may, upon written request to the Association, be placed on a typewritten list of property for sale or lease, which list shall be updated weekly and shall be available for distribution at the Condominium Building. The restrictions of this Section shall not apply to any sign or notice of customary and reasonable dimension which expresses support or opposition for any political candidate or ballot measure, so long as it is consistent with the standards promulgated by the Architectural Committee in accordance with Section 4.2 hereof. Such sign or notice may be placed within a Unit but not upon any portion of the Common Property. The Board shall also have the right, but not the obligation, to erect within the Common Property a master directory of Units which are for sale or lease within the Project, which master directory shall be located on or at an area in the immediate vicinity of the Condominium Building entrance so as to centralize and segregate all sales activity and locations within the Project. This Section shall not apply to any signs used by Declarant or its agents in connection with the sale of Condominiums or the construction or alteration of the Units or Common Property, traffic and visitor parking signs installed by Declarant, and traffic and parking control signs installed with the consent of the Board. Notwithstanding the foregoing, nothing contained in this Section shall be construed in such manner as to permit the maintenance of any sign which is not in conformance with any ordinance of the city or county in which the Property is located.

8.21. Sound Attenuation.

In any multi-family dwelling, sound may be audible between Units, particularly where the sound level of the source is sufficiently high and the background noise in an adjacent Unit is very low. Each Owner shall endeavor to minimize any noise transmission from his Unit, and shall adhere to any of the Rules and Regulations which are designed to minimize noise transmission.

To minimize the noise transmission from of a Unit, each Owner (other than Declarant) shall adhere to the following:

(a) No holes or other penetrations shall be made in demising walls (party walls) without the permission of the Committee. No penetrations of any sort shall be made in the ceiling of any Unit. Acoustical sealant shall be packed around the point of penetration of all pictures and other items hung from the wall that require nailing or screwing.

(b) To maximize the sound insulation capabilities of each Unit, hard surface or wood flooring may be installed in a Unit, only if such flooring complies with the provisions of this Declaration, including, without limitation, Section 8.22 below;

(c) No modifications shall be made to any Unit which would result in a reduction in the minimum impact insulation class of the Condominium Building.

(d) Loudspeakers for music reproduction and television shall not be supported from or contact demising walls and shall be elevated from the floor by a proper acoustic platform.

(e) Pianos shall have at least ½ inch neoprene pads under the supports to minimize vibration transmission into the structure.

(f) Resilient pads must be placed under all washing machines and dishwashers in order to avoid transmitting vibration to other Condominium Units.

(g) All furniture shall contain rubber castors or felt pads.

8.22. Submission of Design Approach and Laboratory Impact Isolation Tests for Initial and Replacement Hard Surface Floors.

The Owner of any Unit wishing to install a hard surface floor must submit to the Committee the following:

(a) A construction drawing clearly indicating the type of flooring to be installed and the underlayment to be provided to mitigate against impact noises such as footfalls. The drawing must clearly identify all materials, their composition and thickness.

(b) A plan view drawing of the hard surface flooring area indicating the location of all adjacent partitions, cabinets, etc., with referenced details indicating the method of isolating the hard surface flooring along the entire perimeter.

(c) A test report from a qualified acoustical testing laboratory clearly showing that the Impact Isolation Class of the construction selected has a minimum rating of IIC-50.

(d) A copy of the installation instructions from the resilient floor underlayment manufacturer.

(e) The name, qualifications, and experience of the contractor who will install the hard surface flooring and resilient underlayment with a listing of his experience in the installation of floors utilizing impact insulation materials.

(f) The proposed individual(s) who will oversee the installation in order to verify that the installation is in accordance with the manufacturer's requirements.

No construction shall be permitted until this information is submitted to and approved by the Committee. Submission of these materials to the Committee shall be for the purpose of documenting the location and design of any hard surface flooring within the Project and to insure that such flooring is installed in a professional manner and with reference to appropriate standards.

Subject to compliance with the above requirements, no approval from the Committee shall be required for installation of hard surface flooring within a Unit; provided, that installation of any hard surface flooring without compliance with each of the requirements set forth in (a) - (f) above shall constitute a violation of this Declaration, and subject the violating Owner to all remedies provided by the Restrictions or applicable law for such violation, including, without limitation, the levy of fines by the Association until such violation is removed from the Unit.

8.23. Terraces.

Terraces shall be used only as an outdoor living area containing patio furniture, potted plants, and other similar outdoor furnishings which comply with the standards governing the appearance of such items as set forth in the Rules and Regulations. Said furnishings shall be equipped with protective leg caps or other devices to prevent damage to the floor of the Terrace. No Improvement shall be nailed, bolted, or otherwise attached to the floor, walls, or any other portion of the Terrace. No hanging screens or banners which may be visible from any other Units, the Common Property or other property are permitted on any portion of the Terrace. Any plants placed on Terraces must have sufficiently large receptacles to contain all drainage from such plants and must not be allowed to collect condensates or moisture between the receptacles and the Terrace's floor. Any item or vegetation maintained upon any Terrace, which item or vegetation is exposed to the view of any Owner, shall be removed or otherwise altered to the satisfaction of the Architectural Committee, if such Committee determines that the maintenance of such item or vegetation in its then existing state is contrary to the purposes or provisions of this Declaration and the effective operation of the Project. If an Owner fails to perform necessary pruning, trimming, or thinning required by the Committee, the Association shall have the right, after Notice and Hearing, to enter upon such Residence and Terrace for the purpose of performing such work.

Terraces shall not be used for storage of any type, including, without limitation, boxes, tools, exercise and sports equipment, bicycles, cleaning utensils and supplies or other household items. Terraces shall be maintained in a clean, neat, and sanitary condition at all times and nothing shall be placed on Terraces so as to render them unsightly or offensive to the other Owners or to any other property in the vicinity of the Project or its occupants. No clothing or household fabrics, curtains, rugs, mops, or other unsightly articles shall be hung, dried or aired in such a way as to be visible from any other Units, the Common Property or other property. No dust, dirt or other substances shall be shaken, swept or thrown from or hosed off the Terraces on or into any Common Property. Any item which in the opinion of the Board or the Committee is unsightly or offensive shall be removed from the Terrace upon receipt of written notice of such determination from the Board or the Committee.

No Terrace covers shall be installed on the exterior of the Condominium Building (with the exception of those items installed during the original construction of the Project), unless the prior written approval of the Architectural Committee is secured. Notwithstanding the specificity of the foregoing, no exterior addition, change, or alteration to any Unit shall be commenced without the prior written approval of the Architectural Committee.

8.24. View Obstructions.

No vegetation or other obstruction shall be planted or maintained in such location or of such height as to unreasonably obstruct the view from any other Unit in the vicinity thereof. If there is a dispute between Owners concerning the obstruction of a view from a Unit, the dispute shall be submitted to the Architectural Committee, whose decision in such matters shall be binding. Any such obstruction shall, upon request of the Architectural Committee, be removed or otherwise altered to the satisfaction of the Architectural Committee, by the Owner of the Unit upon which the obstruction is located. The Architectural Committee shall ensure that the vegetation on the Common Property maintained by the Association is cut frequently. Each Owner, by accepting title to a Condominium, hereby acknowledges that (a) although the Architectural Committee may prohibit the installation of Improvements on a Unit or prohibit the installation or require the pruning, trimming or thinning of landscaping from a Unit where such Improvements or landscaping would unreasonably obstruct the views from any other Units, there are no protected views within the Property, and no Condominium is assured the existence or unobstructed continuation of any particular view, and (b) any construction, landscaping or other installation of Improvements by Declarant or other Owners may impair the view from any Condominium, and the Owners hereby consent to such view impairment.

8.25. Water Supply System.

No individual water supply or water softener system shall be permitted in any Unit unless such system is designed, located, constructed and equipped in accordance with the requirements, standards, and recommendations of any applicable water district, the locality in which the Property is located, and all other applicable governmental authorities.

8.26. Window Coverings.

No window in any Unit shall be covered in whole or in part, inside or outside, with aluminum foil, newspaper, paint, reflective tint or covering, or any other material reasonably deemed by the Architectural Committee to be inappropriate for such use. No window covering shall be installed (with the exception of those items installed during the original construction of the Project), unless the prior written approval of the Architectural Committee is secured. All draperies must be lined with white colored materials.

ARTICLE IX

9. Insurance.

9.1. Duty to Obtain Insurance: Types.

The Board shall cause to be obtained and maintained adequate blanket public liability

insurance (including medical payments), with such limits as may be considered acceptable to FNMA (not less than Three Million Dollars (\$3,000,000)) covering all claims for personal injury and property damage arising out of a single occurrence), insuring against liability for bodily injury, death and property damage arising from the activities of the Association and its Members or from activities of the officers and directors of the Association acting in their capacity as representatives of the Association, with respect to the Common Property. The Board shall also cause to be obtained and maintained fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement value of the Common Property and all Improvements thereon. Such insurance shall be maintained for the benefit of the Association, the Owners, and the Mortgagees, as their interests may appear as named insured, subject, however, to loss payment requirements as set forth herein. The Board of Directors shall purchase such other insurance and endorsements, as it determines necessary, including, but not limited to, casualty, errors and omissions, directors, officers and agents liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, flood insurance, earthquake insurance, fidelity bonds and worker's compensation, and insurance against such other risks as is customarily carried with respect to condominium projects similar in construction, location and use; provided, that, in any event, the Board shall maintain such insurance coverage as necessary to satisfy all requirements of: (i) FNMA, FHLMC, GNMA, (so long as any of which is a Mortgagee or Owner of a Condominium within the Project) except to the extent such coverage is not available or has been waived in writing by FNMA, GNMA, and FHLMC, as applicable; and (ii) California Civil Code Sections 1365.7 and 1365.9. Fidelity bond coverage which names the Association as an obligee must be obtained by or on behalf of the Association for any person or entity handling funds of the Association, including, but not limited to, officers, directors, trustees, employees and agents of the Association and employees of the Manager of the Association, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the Manager, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than the sum equal to one-fourth (1/4) of the Annual Assessments on all Condominiums in the Project, plus reserve funds.

9.2. Waiver of Claim Against Association.

As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board of Directors and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said Persons.

9.3. Right and Duty of Owners to Insure.

It is the responsibility of each Owner to provide insurance on his personal property and upon all other property and Improvements within his Unit. Nothing herein shall preclude any Owner from carrying any public liability insurance as he deems desirable to cover his individual

liability for damage to person or property occurring inside his individual Unit or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

9.4. Notice of Expiration Requirements.

If available, each of the policies of insurance maintained by the Association shall contain a provision that said policy shall not be canceled, terminated, materially modified or allowed to expire by its terms, without ten (10) days' prior written notice to the Board and Declarant, and to each Owner and Beneficiary, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice and every other Person in interest who requests such notice of the insurer. In addition, fidelity bonds shall provide that they may not be canceled or substantially modified without ten (10) days prior written notice to any insurance trustee named pursuant to Section 9.6 and to each FNMA servicer who has filed a written request with the carrier for such notice.

9.5. Insurance Premiums.

Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included in the Annual Assessments levied by the Association and collected from the Owners. That portion of the Annual Assessments necessary for the required insurance premiums shall be separately accounted for by the Association in the Reserve Fund, to be used solely for the payment of premiums of required insurance as such premiums become due.

9.6. Trustee for Policies.

The Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. Unless the applicable insurance policy provides for a different procedure for the filing of claims, all claims made under such policy shall be sent to the insurance carrier or agent, as applicable, by certified mail and be clearly identified as a claim. A record of all claims made shall be kept by the Association. All insurance proceeds under any such policies as provided for in Section 9.1 above shall be paid to the Board of Directors as trustees. The Board shall have full power to receive and to acknowledge receipt of the proceeds and to deal therewith as provided herein. 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 Article X of this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the

appropriate insurance carriers, with participation, to the extent they desire, of first Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in Article X of this Declaration. Any two (2) officers 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 all the named insureds. Notwithstanding the foregoing, there may be named as an insured, a representative chosen by the Board, including a trustee with whom the Association may enter into an insurance trust agreement or any successor to such trustee, who shall have exclusive authority to negotiate losses under any policy providing property or liability insurance and to perform such other functions necessary to accomplish this purpose.

9.7. Actions as Trustee.

Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to Beneficiaries of seventy-five percent (75%) of the first Mortgages held by first Mortgagees who have filed requests under Section 9.4. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Owners and Mortgagees who have requested the same in writing.

9.8. Annual Insurance Review.

The Board shall review the insurance carried by or on behalf of the Association at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in Section 9.1 above. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements on the Property except for foundations and footings, without deduction for depreciation, from a qualified independent insurance appraiser, prior to each such annual review.

The Board shall, upon issuance or renewal of the Association policy of public liability insurance, but no less than annually, notify its Members as to the amount and type of liability insurance carried by the Association, and it shall accompany this notification with statements to the effect that the Association is or is not insured to the levels specified by Civil Code Section 1365.9, and that if not so insured, Owners may be individually liable for the entire amount of a judgment arising solely as a result of an act or omission occurring on the Common Property, and if the Association is insured to the levels specified in said Section, then Owners may be individually liable only for their proportional share of assessments levied to pay the amount of any judgment which exceeds the limits of the Association's liability insurance.

9.9. Required Waiver.

All policies of physical damage insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

- (a) subrogation of claims against the Owners and tenants of the Owners;
- (b) any defense based upon coinsurance;
- (c) any right of setoff, 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, if the Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;
- (f) notice of the assignment of any Owner of his interest in the insurance by virtue of a conveyance of any Condominium;
- (g) any right to require any assignment of any Mortgage to the insurer;
- (h) any denial of an Owner's claim because of negligent acts by the Association or other Owners; and
- (i) prejudice of insurance by any acts or omissions of Owners that are not under the Association's control.

ARTICLE X

10. Destruction of Improvements.

10.1. Restoration of the Property.

Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Property, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article IX

hereof for reconstruction or repair of the Property shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Property shall be reconstructed or rebuilt substantially in accordance with the Condominium Plan and the original construction plans if they are available, unless changes recommended by the Architectural Committee have been approved in writing by sixty-seven percent (67%) of the Owners and by the Beneficiaries of fifty-one percent (51%) of first Mortgages upon the Condominiums. If the amount available from the proceeds of such insurance policies for such restoration and repair is at least eighty-five percent (85%) of the estimated cost of restoration and repair, a Reconstruction Assessment shall be levied by the Board of Directors to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. If the amount available from the proceeds of such insurance policies for such restoration and repair is less than eighty-five percent (85%) of the estimated cost of restoration and repair, the Board may levy a Reconstruction Assessment and proceed with the restoration and repair only if both of the following conditions ("Conditions to Reconstruction") have first been satisfied: (a) the levy of a Reconstruction Assessment to pay the costs of restoration and repair of the Property is approved by the affirmative vote or written consent of sixty-seven percent (67%) of the Owners and by the written consent of the Beneficiaries of fifty-one percent (51%) of the first Mortgages on the Condominiums in the Project; and (b) within six (6) months after the date on which the destruction occurred, the Board Records a certificate of the resolution authorizing the restoration and repair ("Reconstruction Certificate"). If either of the Conditions to Reconstruction does not occur following a destruction for which insurance proceeds available for restoration and repair are less than eighty-five percent (85%) of the estimated cost of restoration and repair, it shall be conclusively presumed that the Owners have determined not to proceed with restoration and repair and not to allow the Board to levy a Reconstruction Assessment, in which case the Owners shall proceed as provided in Section 10.2 below.

10.2. Sale of Property and Right to Partition.

No Owner shall have the right to partition of his interest in the Condominium and there shall be no judicial partition of the Project, or any part thereof, except as provided in Section 1359(b) of the California Civil Code, as amended, or in any successor statute. For purposes of Subsection 4 of said Section 1359(b), partition may occur only if all of the following conditions are satisfied: (a) either or both of the Conditions to Reconstruction described in Section 10.1 above have failed to occur; and (b) restoration or repair of the Project is not actually occurring; and (c) the Owners of sixty-seven percent of the Condominiums in the Project approve the partition by vote or written consent. In such event, the Association, acting through a majority of the Board, shall prepare, execute and Record, as promptly as practical, a certificate stating that a majority of the Board may properly exercise an irrevocable power of attorney to sell the Project for the benefit of the Owners, and such other documents and instruments as may be necessary for the Association to consummate the sale of the Property at the highest and best price obtainable, either in its damaged condition, or after damaged structures have been razed. Such certificate shall be conclusive evidence of such authority for any Person relying thereon in good faith. The net proceeds of such sale and the proceeds of any insurance carried by the Association shall be divided proportionately among the

Owners, such proportions to be determined in accordance with the relative appraised fair market valuation of the Condominiums as of a date immediately prior to such destruction (or condemnation), expressed as percentages, and computed by dividing such appraised valuation of each Condominium by the total of such appraised valuations of all Condominiums in the Project. For purposes of calculating the portion of the sale and insurance proceeds or condemnation proceeds allocable to Declarant, the value of the Condominiums owned by Declarant shall include the value of Declarant's right to construct Condominiums which were not yet built as of the date of such destruction or condemnation and the value of the undivided interests in the Common Area which would be appurtenant to such Condominiums. The Board is hereby authorized to hire one (1) or more appraisers for such purpose and the cost of such appraisals shall be a Common Expense of the Association. Notwithstanding the foregoing, the balance then due on any valid encumbrance of record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Condominium is so encumbered. Nothing herein shall be deemed to prevent partition of a co-tenancy in any Condominium. Except as provided above, each Owner and the successors of each Owner, whether by deed, gift, devise, or by operation of law, for their own benefit and for the benefit of all other Owners, specifically waive and abandon all rights, interests and causes of action for a judicial partition of the tenancy in common ownership of the Project and do further covenant that no action for such judicial partition shall be instituted, prosecuted or reduced to judgment. In the event of a total or partial destruction of the Project and a decision not to rebuild as described above, the Association shall remove debris from the affected portion of the Project and such portion of the Project shall be made as safe and attractive as reasonably possible.

10.3. Interior Damage.

With the exception of any casualty or damage insured against by the Association pursuant to Section 9.1 of this Declaration, restoration and repair of any damage to the interior of any individual Unit, including without limitation all fixtures, cabinets and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the Owner of the Unit so damaged. In the event of a determination to rebuild the Property after partial or total destruction, as provided in this Article X, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, and in accordance with plans approved by the Architectural Committee to the extent such approval is required under Article IV above. Nothing within this Section 10.3 shall limit the rights of any one Owner against another Owner for any damage to the interior of a Unit caused by such other Owner.

10.4. Notice to Owners and Listed Mortgagees.

The Board, immediately upon having knowledge of any damage or destruction affecting a material portion of the Common Property, shall promptly notify all Owners and Beneficiaries, insurers and guarantors of first Mortgages on Condominiums in the Project who have filed a written request for such notice with the Board. The Board, immediately upon having knowledge of any damage or destruction affecting a Condominium, shall promptly notify any

Beneficiary, insurer or guarantor of any Mortgage encumbering such Condominium who has filed a written request for such notice with the Board.

ARTICLE XI

11. Eminent Domain.

The term "taking" as used in this Article shall mean condemnation by exercise of the power of eminent domain or by sale under threat of the exercise of the power of eminent domain. The Board shall represent the Owners in any proceedings, negotiations, settlements, or agreements regarding takings. All takings proceeds shall be payable to the Association for the benefit of the Unit Owners and their Mortgagees, and shall be distributed to such Owners and Mortgagees as provided in this Article XI.

11.1. Project Condemnation.

If there is a taking of an interest in all or part of the Property such that the ownership, operation and use of the Property in accordance with the provisions of this Declaration is substantially and adversely affected, and within one hundred twenty (120) days after the effective date of the taking the Owners of Units (a) not taken, or (b) only partially taken but capable of being restored to at least ninety-five percent (95%) of their floor area and to substantially their condition prior to the taking (collectively, the "Remaining Units") do not by affirmative vote of at least one-third of their voting power approve the continuation of the Project and the repair, restoration and replacement to the extent feasible of the Common Property and the Remaining Units, then the Board shall proceed with the sale of that portion of the Property which was not taken and distribute the net proceeds of such sale after deducting any incidental fees and expenses, in the same proportion and manner as provided in Section 10.2.

11.2. Condemnation of Common Property.

If there is a taking of all or any portion of the Common Property, or any interest therein, other than the taking of an undivided interest therein taken as a result of the taking of a Condominium, then the award in condemnation shall be paid to the Association and shall be deposited in the Operating Fund.

11.3. Condemnation of Condominiums.

If there is a taking of a Condominium, the award in condemnation shall be paid to the Owner of the Condominium; provided, however, that such award shall first be applied to the balance then due on any Mortgages encumbering such Owner's Condominium, in order of priority.

11.4. Condemnation of Portions of Units.

(a) Minor Takings Within Limits. If (i) there is a taking of a portion of one or more Units such that the intended use of the Units as residential dwellings is not substantially and adversely affected, and (ii) restoration of such Units can be accomplished at a cost less than or equal to the sum of (A) the amount of the condemnation awards for such takings plus (B) any amounts the Owners of the taken Units wish to contribute to restoration plus (C) an amount less than or equal to five percent (5%) of the Budgeted gross expenses of the Association for that Fiscal Year (collectively, the "Allowable Cost"), then the Board shall contract for such restoration and levy a Reconstruction Assessment in an amount equal to the Allowable Cost minus the amount of the condemnation awards and Owners' contributions, and the condemnation awards, Owners' contributions and Reconstruction Assessment shall be applied to such restoration. If the restoration is accomplished at a cost less than the amount of the condemnation awards, then that portion of the condemnation awards in excess of the restoration costs shall be paid to the Owners of the partially taken Units in proportion to the decreases in the fair market values of their Condominiums; provided, however, that such awards shall first be applied to the balance then due on any Mortgages encumbering such Owners' Condominiums, in order of priority.

(b) Minor Takings Exceeding Limits. If (i) there is a taking of a portion of one or more Units such that the intended use of the Units as residential dwellings is not substantially and adversely affected, and (ii) restoration cannot be accomplished at a cost less than or equal to the Allowable Cost, then the Board shall call a Special Meeting of the Members. If more than fifty percent (50%) of the Members are represented at such Special Meeting, either in person or by proxy, and a majority of the votes cast at such Special Meeting are in favor of levying a Reconstruction Assessment in an amount equal to the restoration costs minus the sum of the amount of the condemnation awards and the amounts the Owners of the taken Units wish to contribute to such restoration, then the Board shall contract for such restoration and levy a Reconstruction Assessment, and the condemnation awards, Owners' contributions and Reconstruction Assessment shall be applied to such restoration.

(c) Major Takings. If the requisite approval is not obtained at the Special Meeting referred to in Section 11.4(b), or if there is a taking of a portion of one or more Units such that the Units are not capable of being restored in such a manner that the intended use of the Units as residential dwellings is not substantially and adversely affected, then the award in condemnation shall be paid to the Owners of the taken Units; provided, however, that such award shall first be applied to the balance then due on any Mortgages encumbering such Owner's Condominium, in order of priority. The Board shall have the remaining portions of the taken Units razed. The remaining portions of the taken Units shall become part of the Common Area. The Owners of such taken Units in any Phase of Development, by acceptance of the award allotted to them in taking proceedings, hereby relinquish to the other Owners in such Phase of Development, on the basis of their relative ownership of the Common Area therein, such Owners' undivided interest in the Common Area. Each Owner relinquishing his interest in the Common Area pursuant to this Section shall, at the request of the Board and at the expense of the Association, execute and acknowledge such deeds and

other instruments which the Board deems necessary or convenient to evidence such relinquishment. Each Owner of a taken Unit or Residence shall not be liable for assessments under this Declaration which accrue on or after the date such Owner accepts his condemnation award.

11.5. Portions of Awards in Condemnation Not Compensatory for Value of Real Property.

Those portions of awards in condemnation which do not directly compensate Owners for takings of real property (e.g., awards for takings of personal property, relocation expenses, moving expenses, or other allowances of a similar nature intended to facilitate relocation) shall be paid to the Owners whose personal property is taken, or whose relocation is intended to be facilitated.

11.6. Notice of Owners and Mortgagees.

The Board, upon learning of any taking affecting a material portion of the Property, or any threat thereof, shall promptly notify all Owners and those Beneficiaries, insurers and guarantors of Mortgages on Condominiums in the Project who have filed a written request for such notice with the Association. The Board, upon learning of any taking affecting a Condominium, or any threat thereof, shall promptly notify any Beneficiary, insurer or guarantor of a Mortgage encumbering such Condominium who has filed a written request for such notice with the Association.

ARTICLE XII

12. Rights of Mortgagees.

Notwithstanding any other provision of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any Deed of Trust upon a Condominium made in good faith and for value, provided that after the foreclosure of any such Deed of Trust such Condominium shall remain subject to this Declaration, as amended. For purposes of this Declaration, "first Mortgage" shall mean a Mortgage with first priority over other Mortgages or Deeds of Trust on a Condominium, and "first Mortgagee" shall mean the Beneficiary of a first Mortgage. For purposes of any provision of this Declaration or the other Restrictions which require the vote or approval of a specified percentage of first Mortgagees, such vote approval shall be determined based upon one (1) vote for each Condominium encumbered by each such first Mortgage. In order to induce FHLMC, GNMA and FNMA to participate in the financing of the sale of Condominiums within the Project, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of this Declaration or any other of the Restrictions, these added restrictions shall control):

(a) Upon written request to the Association, identifying the name and address of the Mortgagee, insurer or guarantor of a first Mortgage encumbering any Condominium

and the Condominium number or address, such Mortgagee, insurer or guarantor will be entitled to timely written notice of:

(1) any condemnation or any casualty loss which affects a material portion of the Project or any Condominium on which there is a first Mortgage held, insured, or guaranteed by such Mortgagee insurer or guarantor, as applicable;

(2) any default in performance of obligations under the Project Documents or delinquency in the payment of Assessments or charges owed by an Owner of a Condominium subject to a first Mortgage held, insured or guaranteed by such Mortgagee, insurer or guarantor, which remains uncured for a period of sixty (60) days;

(3) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(4) any proposed action under this Declaration which would require the consent of a specified percentage of first Mortgagees.

(b) Every Owner, including every first Mortgagee of a Mortgage encumbering any Condominium who obtains title to such Condominium pursuant to the remedies provided in such Mortgage, or pursuant to foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal" created or purported to be created by the Restrictions.

(c) Each first Mortgagee of a Mortgage encumbering any Condominium, which obtains title to such Condominium, pursuant to judicial foreclosure or the powers provided in such Mortgage, shall take title to such Condominium free and clear of any claims for unpaid assessments or charges against such Condominium which accrued prior to the time such Mortgagee acquires title to such Condominium in accordance with Section 5.10.

(d) Unless at least sixty-seven percent (67%) of the first Mortgagees or sixty-seven percent (67%) of the Owners (other than Declarant) have given their prior written approval, neither the Association nor the Owners shall:

(i) by act or omission seek to abandon or terminate the Project;

or

(ii) change the method of determining the obligations, assessment dues or other charges which may be levied against any Owner or change the pro rata interest or obligations of any Condominium for purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or for determining the pro rata share of ownership of each Owner in the

Common Area unless the change is authorized in this Declaration; or

(iii) partition or subdivide any Unit; or

(iv) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Property as authorized in this Declaration. (The granting of easements for public utilities or for other purposes consistent with the intended use of the Common Property under this Declaration, and the granting of exclusive easements to Owners over portions of the Common Property to conform the boundaries of the Common Property to the as-built location of Improvements installed or constructed by Declarant shall not be deemed a transfer within the meaning of this clause); or

(v) use hazard insurance proceeds for losses to any Property (i.e., Improvements to the Units or Common Property) for other than the repair, replacement or reconstruction of such Property, except as provided by statute in case of substantial loss to the Units or Common Property; or

(vi) by act or omission change, waive or abandon the provisions of this Declaration, or the enforcement thereof, pertaining to the architectural design or control of the exterior appearance of Improvements on the Property or the maintenance of the Common Property, or any walks, fences, driveways, or landscaping in the Project; or

(vii) fail to maintain or cause to be maintained fire and extended coverage on insurable Common Property as provided in Article IX of this Declaration.

(e) All Mortgagees, insurers and guarantors of first Mortgages, upon written request, shall have the right to (1) examine the books and records of the Association, including current copies of all the Restrictions and financial statements, during normal business hours, (2) require the Association to submit an annual audited financial statement for the preceding Fiscal Year within one hundred twenty (120) days of the end of the Association's Fiscal Year, if one is available, or have one prepared at the expense of the requesting entity if such statement is not otherwise prepared by the Association, (3) receive written notice of all meetings of the Owners, and (4) designate in writing a representative to attend all such meetings. All Owners shall also have the right to examine the books and records of the Association, including current copies of all the Restrictions and financial statements, during normal business hours.

(f) All Mortgagees, insurers and guarantors of first Mortgagees, upon written request, shall be given thirty (30) days' written notice prior to the effective date of (1) any proposed material amendment to the Restrictions or Condominium Plans; (2) any termination of an agreement for professional management of the Property following any decision of the Owners to

assume self-management of the Project; and (3) any proposed termination of the Property as a condominium project.

(g) The Reserve Fund described in Article V of this Declaration must be funded by regular scheduled monthly, quarterly, semiannual or annual payments rather than by large special assessments.

(h) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to, employees of the professional Manager.

(i) No provision of the Restriction shall be construed or applied to give any Owner, or any other party, priority over any rights of the Mortgagees of a first Mortgage in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of condominiums and/or Common Property.

(j) In addition to the foregoing, the Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of FHLMC, FNMA or GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Condominiums. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their residential Condominiums, if such agencies approve the Property as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time.

(k) Each Owner hereby authorizes the first Mortgagee of a first Mortgage on his Condominium to furnish information to the Board concerning the status of such first Mortgage and the loan which it secures.

(l) When professional management has been previously required by the Restrictions or a Mortgagee, insurer, or guarantor of a first Mortgage, any decision to establish self-management by the Association shall require the approval of sixty-seven percent (67%) of the voting power of the Association and the Mortgagees of fifty-one percent (51%) of the first Mortgages of Condominiums in the Project.

(m) All intended Improvements in any Phase of Development other than Phase 1 shall be substantially completed or the completion of such Improvements shall be secured by a bond or other arrangement acceptable to the DRE prior to the first Close of Escrow for the sale of a Condominium in the Project.

(n) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage

on the lapse of a policy, for Common Property, and First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

(o) It is the intent of Declarant that this Declaration and the Articles and Bylaws of the Association, and the Project in general, shall now and in the future meet all requirements necessary to purchase, guarantee, insure, or subsidize any mortgage of a Condominium in the Project by FNMA, FHLMC, or GNMA. The Association and each Owner shall take any action or shall adopt any resolutions required by Declarant, in its sole discretion, to conform this Declaration or the Project to the requirements of any of these entities or agencies.

ARTICLE XIII

13. Duration and Amendment.

13.1. Duration.

This Declaration shall run with the land and shall continue in full force and effect until a Declaration of Termination is Recorded, satisfying the requirements of an amendment to this Declaration as set forth in Section 13.2. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Unit from the concomitant Membership in the Association, as long as this Declaration shall continue in full force and effect. The provisions of this Article are subject to the provisions of Sections 10.2 and 11.4 of this Declaration.

13.2. Amendment.

(a) Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting or election of the Association at which a proposed amendment is to be considered. The resolution shall be adopted by the vote, in person or by proxy, or affirmative written ballot of Members representing not less than (i) sixty-seven percent (67%) of the voting power of the Association, and (ii) sixty-seven percent (67%) of the voting power of the Association residing in Members other than Declarant, provided that the specified percentage of the voting power of the Association necessary to amend a specified Section or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision.

(b) In addition to the required notice and consent of Members and Declarant provided above, the Mortgagees of fifty-one percent (51%) of the first Mortgages on all the Condominiums in the Project must approve any amendment to this Declaration which is of a material nature, as follows:

(i) Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protection granted to Mortgagees, insurers or guarantors of first Mortgages as provided in Articles V, IX, X, XI,

XII and XIII hereof.

(ii) Any amendment which would necessitate an encumbrancer after it has acquired a Condominium through foreclosure to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.

(iii) Any amendment which would or could result in an encumbrance being canceled by forfeiture, or in a Condominium not being separately assessed for tax purposes.

(iv) Any amendment relating to the insurance provisions as set out in Article IX hereof, or to the application of insurance proceeds as set out in Article X hereof, or to the disposition of any money received in any taking under condemnation proceedings.

(v) Any amendment which would or could result in partition or subdivision of a Condominium Unit in any manner inconsistent with the provisions of this Declaration.

(vi) Any amendment which would subject any Owner to a right of first refusal or other such restriction, if such Condominium is proposed to be sold, transferred, or otherwise conveyed.

(vii) Any amendment concerning:

(A) The weight of any Owner's voting rights;

(B) Rights to use the Common Property;

(C) Reductions in reserves for or responsibility for maintenance, repair and replacement of the Common Property;

(D) Boundaries of any Unit;

(E) Owners' interests in the Common Property;

(F) Convertibility of Common Property into Units or Units into Common Property;

(G) Leasing of Units;

(H) Establishment of self-management by the Association where professional management has been required by any Mortgagee,

insurer or guarantor of a first Mortgage;

(I) Rights concerning expansion or contraction of the Project, or the addition, annexation or withdrawal of real property to or from the Project;

(J) Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority or subordination of such liens; or

(K) Any provisions that expressly benefit Mortgage holders, insurers, or guarantors.

(c) Notwithstanding anything to the contrary contained in this Declaration, Sections 2.2(b), 2.2(c), 2.2(d) and 15.4 of this Declaration shall not be amended without the vote or approval by written ballot of at least (a) ninety percent (90%) of the voting power of the Members of the Association other than Declarant, and (b) at least ninety percent (90%) of the Mortgagees.

(d) Termination of this Declaration shall require approval by the Members as provided in subsection (a) of this Section 13.2. No such termination shall be effective unless it is also approved in advance either by fifty-one percent (51%) of the Mortgagees of the first Mortgages on all of the Condominiums in the Project (if said termination is proposed by reason of the substantial destruction or condemnation of the Project) or by sixty-seven percent (67%) of such Mortgagees (if said termination is for reasons other than such substantial destruction or condemnation). Any distribution of excess funds held by the Association upon the termination of the Project shall be made equally to each Owner.

(e) Each Mortgagee of a first Mortgage on a Condominium in the Project which receives proper written notice of a proposed amendment or termination of this Declaration by certified or registered mail with a return receipt requested shall be deemed to have approved the amendment or termination if the Mortgagee fails to submit a response to the notice within thirty (30) days after the Mortgagee receives the notice.

(f) A copy of each amendment shall be certified by at least two (2) officers of the Association, and the amendment shall be effective when a Certificate of Amendment is Recorded. The Certificate, signed and sworn to by two (2) officers of the Association, stating that the requisite number of Owners and Mortgagees have either voted for or consented in writing to any amendment adopted as provided above, when Recorded, shall be conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years.

(g) Notwithstanding any other provision of this Section 13.2, at any time prior to the first Close of Escrow for the sale of a Condominium within the Project, Declarant may

unilaterally amend or terminate this Declaration by Recording a written instrument which effects the amendment or termination and is signed and acknowledged by Declarant.

(h) Notwithstanding any other provision of this Declaration, for so long as Declarant owns any portion of the Property or Unit thereon, Declarant may, in its sole discretion, unilaterally amend this Declaration by Recording a written instrument signed by Declarant in order to conform this Declaration to the requirements of DRE, FNMA, GNMA, or FHLMC then in effect or to any applicable statutory legal requirements.

(i) Master Approval. All amendments to this Declaration must be approved in writing in advance by the "Declarant" defined in the Master Declaration. The Declarant under the Master Declaration may assign its right to approve amendments to this Master Declaration to the Master Association by a written assignment.

13.3. Protection of Declarant.

The prior written approval of Declarant will be required before any amendment which would impair or diminish the rights of Declarant to complete the Property or sell or lease Condominiums therein in accordance with this Declaration shall become effective. Notwithstanding any other provisions of the Restrictions, until such time as (i) the date on which Declarant is no longer entitled to add Annexable Territory to the Property without the consent of the Association pursuant to Section 16.1, or (ii) Declarant no longer owns any Condominiums in the Property, whichever occurs last, the following actions, before being undertaken by the Association, shall first be approved in writing by Declarant:

(a) Any amendment or action requiring the approval of first Mortgagees pursuant to this Declaration, including without limitation all amendments and actions specified in Section 13.2;

(b) The annexation to the Property of real property other than the Annexable Territory pursuant to Section 16.2;

(c) The levy of a Capital Improvement Assessment for the construction of new facilities not constructed on the Common Property by Declarant;

(d) Subject to Section 5.5 regarding limitations on Annual Assessment increases, any significant reduction of Association maintenance or other services; or

(e) Any modification of the rights reserved and granted to Declarant herein, including, without limitation, those rights set forth in Section 6.1, Article VII and Article XV.

ARTICLE XIV

14. Enforcement of Certain Bonded Obligation.

14.1. Consideration by Board of Directors.

If (1) the Improvements to be located on the Common Property in any Phase of Development are not completed prior to the issuance of a Final Subdivision Public Report for that Project by the DRE for the sale of Condominiums in the Project, and (2) the Association is obligee under a bond or other arrangement ("Bond") required by the DRE to secure performance of the commitment of Declarant to complete such Improvements, the Board of Directors of the Association shall consider and vote on the question of action by the Association to enforce the obligations under the Bond, with respect to any such Improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that Improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Improvement on the Common Property, the Board shall be directed to consider and vote on the aforesaid question (if a Notice of Completion has not been filed), within thirty (30) days after the expiration of the extension.

14.2. Consideration by the Members.

A special meeting of Members, for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question, shall be held no fewer than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such a meeting signed by Members representing five percent (5%) of the total voting power of the Association residing in Members other than Declarant. A vote at such meeting to take action to enforce the obligations under the Bond by Members representing a majority of the total voting power of the Association residing in Members other than Declarant shall be deemed to be the decision of the Association, and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE XV

15. General Provisions.

15.1. Legal Proceedings; Arbitration; Actions Arising From Restrictions.

Failure to strictly comply with any of the terms of the Restrictions by an Owner, his Family, guests, employees, contractors, invitees or tenants, shall be grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of any lien, or any combination thereof. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision, or any other provision hereof. The Board, any Owner

(not at the time in default hereunder), or Declarant (so long as Declarant is an Owner) shall be entitled to bring an action for damages against any defaulting Owner, and in addition may enjoin any violation of this Declaration. Any judgment rendered in any action or proceeding pursuant to this Declaration shall include a sum for attorneys' fees in such amount as the Court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, late payment fee, costs of collection and court costs, and interest thereon. Each remedy provided for in this Declaration shall be cumulative and not exclusive or exhaustive. Each Owner shall have a right of action against the Association for the failure by the Association to comply with the Restrictions.

Notwithstanding anything above to the contrary, any action or claim for enforcement of the Restrictions shall be subject to the following provisions:

(a) Unless the applicable time limitation for commencing the action would run within one hundred twenty (120) days, prior to the filing of a civil action by the Association, an Owner or a Member of the Common Interest Development solely for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages (other than those relating to Association assessments, except as provided under Section 15.1(j) hereinbelow), not in excess of five thousand dollars (\$5,000), related to the enforcement of the governing documents, the parties shall endeavor, as provided in this subdivision, to submit their dispute to a form of alternative dispute resolution such as mediation or arbitration. The form of alternative dispute resolution chosen may be binding or non-binding at the option of the parties. Any party to such a dispute may initiate this process by serving on another party to the dispute a Request for Resolution. The Request for Resolution shall include (1) a brief description of the dispute between the parties, (2) a request for alternative dispute resolution, and (3) a notice that the party receiving the Request for Resolution is required to respond thereto within thirty (30) days of receipt or it will be deemed rejected. Service of the Request for Resolution shall be in the same manner as prescribed for service in a small claims action as provided in Section 116.340 of the Code of Civil Procedure. Parties receiving a request for Resolution shall have thirty (30) days following service of the Request for Resolution to accept or reject alternative dispute resolution and if not accepted within the thirty (30) day period by a party, shall be deemed rejected by that party. If alternative dispute resolution is accepted by the party upon whom the Request for Resolution is served, the alternative dispute resolution shall be completed within ninety (90) days of receipt of the acceptance by the party initiating the Request for Resolution, unless extended by written stipulation signed by both parties. The costs of the alternative dispute resolution shall be borne by the parties.

(b) At the time of filing a civil action by the Association, an Owner or a Member of the Common Interest Development solely for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000), related to the enforcement of the governing documents, the party filing the action shall file with the complaint a certificate stating that alternative dispute resolution has been completed in compliance with Section 15.1(a). The failure to file a certificate as required by Section 15.1(b) shall be grounds for a demurrer pursuant to Section 430.10 of the Code of Civil Procedure or a motion to strike pursuant to Section 435 of the Code of Civil Procedure

unless the filing party certifies in writing that one of the other parties to the dispute refused alternative dispute resolution prior to the filing of the complaint, that preliminary or temporary injunctive relief is necessary, or that alternative dispute resolution is not required by Section 15.1(a), because the limitation period for bringing the action would have run within the one hundred twenty (120) day period next following the filing of the action, or unless the court finds that dismissal of the action for failure to comply with Section 15.1(a) would result in substantial prejudice to one of the parties.

(c) Once a civil action to enforce the governing documents has been filed by either the Association or an Owner or Member of this Common Interest Development, upon written stipulation of the parties the matter may be referred to alternative dispute resolution and stayed. The costs of the alternative dispute resolution shall be borne by the parties. During this referral, the action shall not be subject to the rules implementing subdivision (c) of Section 68603 of the Government Code.

(d) The requirements of Section 15.1(a) and Section 15.1(b) shall not apply to the filing of a cross-complaint.

(e) In any action to enforce the governing documents, the prevailing party shall be awarded reasonable attorneys' fees and costs. Upon motion by any party for attorneys' fees and costs to be awarded to the prevailing party in these actions, the court, in determining the amount of the award, may consider a party's refusal to participate in alternative dispute resolution prior to the filing of the action.

(f) Unless consented to by both parties to alternative dispute resolution that is initiated by a Request for Resolution under Section 15.1(a), evidence of anything said or of admissions made in the course of the alternative dispute resolution process shall not be admissible in evidence, and testimony or disclosure of such a statement or admission may not be compelled, in any civil action in which, pursuant to law, testimony can be compelled to be given.

(g) Unless consented to by both parties to alternative dispute resolution that is initiated by a Request for Resolution under Section 15.1(a), documents prepared for the purpose or in the course of, or pursuant to, the alternative dispute resolution shall not be admissible in evidence, and disclosure of these documents may not be compelled, in any civil action in which, pursuant to law, testimony can be compelled to be given.

(h) Members of the Association shall annually be provided a summary of the provisions of this Section, which specifically references this Section. The summary shall include the following language:

"Failure by any member of the Association to comply with the pre-filing requirements of Section 1354 of the Civil Code may result in the loss of your rights to sue the Association or another

member of the Association regarding enforcement of the governing documents."

The summary shall be provided either at the time the pro forma budget required by Section 1365 of the Civil Code is distributed or in the manner specified in Section 5016 of the Corporations Code.

(i) Any Request for Resolution sent to the Owner of a Separate Interest pursuant to Section 15.1(a) shall include a copy of Civil Code Section 1354.

(j) (1) The exception for disputes related to Association assessments in Section 15.1(a) shall not apply if, in a dispute between the Owner of a Separate Interest and the Association regarding the assessments imposed by the Association, the Owner of the Separate Interest:

(A) chooses to pay in full to the Association:

- (i) The amount of the assessment in dispute;
- (ii) Late charges;
- (iii) Interest; and
- (iv) All fees and costs associated with the preparation and filing of a notice of delinquent assessment, including all mailing costs, and including attorneys fees not to exceed Four Hundred Twenty-Five Dollars (\$425.00); and

(B) states by written notice that the amount is paid under protest, and the written notice is mailed by certified mail not more than thirty (30) days from the recording of a notice of delinquent assessment in accordance with § 1367 of the Civil Code.

In those instances, the Association shall inform the Owner that the Owner may resolve the dispute through alternative dispute resolution as set forth in Section 1354 of the Civil Code, civil action, and any other procedures to resolve the dispute that may be available through the Association.

(2) The right of any Owner of a Separate Interest to utilize alternative dispute resolution under this Section 15.1(j) may not be exercised more than two (2) times in any single calendar year, and not more than three (3) times within any five (5) calendar years. Nothing within this Section 15.1(j) shall preclude any Owner of a Separate Interest and the Association, upon

mutual agreement, from entering into alternative dispute resolution for a number of times in excess of the limits set forth in this Section 15.1(j). The Owner of the Separate Interest may request and be awarded, through alternative dispute resolution, reasonable interest to be paid by the Association on the total amount paid under Sections 15.1(j)(1)(A)(i) to 15.1(j)(1)(A)(iv), inclusive, which was not in fact due from the Owner of the Separate Interest, if it is determined through alternative dispute resolution that the assessment levied by the Association was not correctly levied.

15.2. Notification of Construction Claims.

(a) Before the Association or any Owner commences an action for damages against Declarant, Declarant's general contractor or broker, or either of their agents and employees, based upon a claim for defects in the design or construction of the Common Interest Development or any portion thereof, all of the requirements of subsections (b) and (c) below shall be met.

(b) A resolution authorizing the Board to commence an action must be approved by Members representing more than 50% of the voting power of the Association. The Board shall provide notice by first-class mail to all Members of a special meeting of Members, for the purpose of voting to authorize the Board to initiate action based upon a claim for defects in the design or construction of the Common Interest Development or any portion thereof, not less than thirty (30) nor more than sixty (60) days prior to the date of such a meeting. The notice to the Members shall include all of the following information:

- (i) Estimated Attorneys' fees and costs;
- (ii) Potential benefits and adverse consequences of a civil action, including among other things, potential affects on property values;
- (iii) How the action will be funded;
- (iv) Offers of settlement; and
- (v) How proceeds from the action or settlement of such action would be used.
- (vi) All applicable requirements of Civil Code Sections 1368.4, 1375, and Sections 910 through 938 as enacted by Cal. Stats. 2002, ch. 722, as such Sections may be amended from time to time, or any successor statute thereto shall be satisfied (notwithstanding the fact that said Section 1375 does not by its terms apply to Owners), including, without limitation, all notice and dispute resolution requirements.

15.3. Notice to Members of Other Civil Action Against Declarant.

(a) Not later than thirty (30) days prior to the filing of any civil action by the Association against the Declarant for alleged damage to the Common Property, alleged damage to the Separate Interests that the Association is obligated to maintain or repair, or alleged damage to the Separate Interests that arises out of, or is integrally related to, damage to the Common Property or Separate Interests that the Association is obligated to maintain or repair, the Board of Directors of the Association shall provide written notice to each Member of the Association who appears on the records of the Association when the notice is provided. This notice shall specify all of the following:

- (i) That a meeting will take place to discuss problems that may lead to the filing of a civil action.
- (ii) The options, including civil actions, that are available to address the problems.
- (iii) The time and place of this meeting.

(b) Notwithstanding subdivision (a), if the Association has reason to believe that the applicable statute of limitations will expire before the Association files the civil action, the Association may give the notice, as described above, within thirty (30) days after the filing of the action.

15.4. Alternative Dispute Resolution.

(a) Disputes and Remedies. In addition to the notification and dispute resolution procedures set forth in Sections 15.2 and 15.3 and notwithstanding anything in the Restrictions to the contrary, it is the desire and intention of this Section 15.4 to provide an expedited means of resolving any claims, disputes and disagreements which may arise between Owner or the Association and the Declarant after the Close of Escrow or other conveyance of any portion of the Property by Declarant concerning the Property and/or any express or implied warranties, including, without limitation, the Limited Warranty and the Customer Care Program provided by Declarant, that are not resolved pursuant to any applicable statutory dispute resolution procedures (individually referenced to herein as "Dispute" and collectively as "Disputes"). Initially, the Declarant will attempt to resolve any Dispute asserted by an Owner or the Association of which it is given notice. If the Dispute cannot be resolved between the parties in this manner, it will be decided through the arbitration procedure as set forth below. Alternatively, the Declarant, an Owner or the Association may elect to resolve such Disputes through a small claims court proceeding. **THIS PROCESS INVOLVES WAIVER OF THE RIGHT TO A JURY TRIAL. BY EXECUTING THIS DECLARATION AND/OR ANY SUPPLEMENTAL DECLARATION, DECLARANT AND EACH MERCHANT BUILDER, AND BY EXECUTING A DEED TO ANY PORTION OF THE PROPERTY, EACH OWNER AND THE ASSOCIATION, AGREE TO BE BOUND BY**

THE PROVISIONS OF THIS SECTION 15.4.

(i) Notice. Any person with a claim defined as a Dispute above ("Claimant"), shall notify each applicable Declarant Party in writing of the claim, which writing shall describe the nature of such claim and any proposed remedy ("Claim Notice").

(ii) Right to Inspect and Right to Corrective Action. Within a reasonable period after receipt of the Claim Notice, which period shall not exceed sixty (60) days, the Declarant (and any applicable Declarant Parties) and the Claimant(s) shall meet at a mutually-acceptable place within or near the Project to discuss the Dispute. At such meeting or at such other mutually agreeable time, the Declarant (and any applicable Declarant Parties) and their respective representatives shall have full access to the property that is subject to the Dispute claim and shall have the right to conduct inspections, testing and/or destructive or invasive testing the same in a manner deemed appropriate by Declarant (and any Applicable Declarant Parties) which rights shall continue until such time as the Dispute is resolved as provided in this Section 15.4. The parties to the Dispute shall negotiate in good faith in an attempt to resolve the claim. If the Declarant (and any applicable Declarant Party) elects to take any corrective action, the Declarant (and any applicable Declarant Parties) and their respective representatives and agents shall be provided full access to the Project that is subject to the Dispute to take and complete corrective action.

(iii) Civil Code Sections 910, 1368.4, 1375, 1375.05 and 1375.1. Nothing contained herein shall be deemed a waiver or limitation of the provisions of California Civil Code Sections 910 through 938, 1368.4, 1375, 1375.05 and 1375.1, and Section 15.3 of the Declaration. If the Dispute is subject to the provisions of California Civil Code Sections 1375, 1375.05 and 1375.1 and/or Civil Code Sections 910 through 938 as enacted by Cal. Stats. 2002, ch. 722, as they may be amended from time to time, compliance with the procedures of these Sections shall satisfy the requirements of Sections 15.4.(a)(i) and 15.4(a)(ii), as applicable. With respect to any suit that would be governed by California Civil Code Section 1375 or Civil Code Sections 910 through 938 as enacted by Cal. Stats. 2002, ch. 722, and as hereafter amended, if the parties had not agreed to arbitration hereunder, the Association or any other party required to proceed under Section 1375 as a condition to filing a complaint must do so as a condition to commencing an arbitration. Compliance with Section 1368.4 and Sections 910 through 938 is a condition to the Association's commencing an arbitration.

(iv) Mediation. Subject to Section 15.4(a)(v) below, and except for actions in small claims court or Disputes after the Close of Escrow that have already been mediated, the Association, Owner and Declarant agree to submit all Disputes to mediation with Judicial Arbitration and Mediation Services ("JAMS"), prior to commencing arbitration. The cost of mediation shall be paid by Declarant, but each party shall bear its own attorneys' fees and costs.

(v) Arbitration. Should either proceedings governed by California Civil Code Section 1375 not be successful in resolving any Dispute, or should the non-adversarial procedures provided by statute in Civil Code Section 910 through 938, and as hereafter amended, fail to resolve any Dispute, the Association, each Owner, and the Declarant shall resolve such

Dispute exclusively through binding arbitration in the county in which the Property is located. This arbitration provision shall apply to Disputes of any kind or nature regardless of when, after the Dispute first arose or the nature of the relief sought.

(A) Waiver of Trial by Judge or Jury. By agreeing to resolve all Disputes through binding arbitration, the Association, each Owner and the Declarant each give up the right to have their respective claims and defenses decided by a judge or a jury. All claims and defenses shall instead be decided by the arbitrator, or by the appeal arbitrator, if applicable.

(B) Rules Applicable to All Cases. The arbitration will be conducted by JAMS in accordance with the rules of JAMS ("JAMS Rules") then applicable to the claims presented, as supplemented by this paragraph. The following supplemental rules shall apply to all arbitration proceedings and shall govern in the event of a conflict between the rules set forth below and the JAMS Rules.

(1) Qualifications and Appointment of Arbitrators. The arbitrator shall be neutral, impartial and either a retired judge or a member or former member of the California State Bar with at least 15 years experience as a practicing lawyer. The arbitrator shall be selected in accordance with the JAMS Rules, but no later than sixty (60) days after a notice of claim is filed.

(2) JAMS Fees; Attorney Fees and Costs. All fees charged by JAMS and the arbitrator shall be advanced by the Declarant. If the Declarant is the prevailing party in the arbitration, the arbitrator may, in his or her discretion and only to the extent permitted by law and the JAMS Minimum Standards of Procedural Fairness, direct the Owner or the Association, as applicable, to reimburse the Declarant all or part of the JAMS fee and arbitrator's fee advanced by the Declarant. Each party shall bear its own attorneys fees and costs (including expert witness costs) in the arbitration.

(3) Venue. The venue of the arbitration shall be in the County where the Project is located unless the parties agree in writing to another location.

(4) Preliminary Procedures. If state or federal law requires the Association or an Owner or the Declarant to take steps or procedures before commencing an action in court, then the Association, Owner or Declarant must take such steps or follow such procedures, as the case may be, before commencing the arbitration. For example, any claims or Disputes pursuant to California Civil Code Section 895, et. seq. as hereafter amended may be subject to the non-adversarial procedures set forth in California Civil Code Section 910 through 938, prior to the initiation of any arbitration or small claims court proceeding against Declarant. In addition, nothing contained herein shall be deemed a waiver or limitation of the provisions of California Civil Code Sections 1368.4, 1375, 1375.05 or 1375.1.

(5) Participation by Other Parties. The Association, an Owner and the Declarant, to the extent any such party is defending a claim in the arbitration, may, if it chooses, have all necessary and appropriate parties included as parties to the arbitration.

(6) Rules of Law. The arbitrator must follow California substantive law (including statutes of limitations) but strict conformity with the rules of evidence is not required, except that the arbitrator shall apply applicable law relating to privilege and work product. The arbitrator shall be authorized to provide all recognized remedies available at law or equity for any cause of action.

(C) Additional Rules Applicable To Certain Cases. In any arbitration in which a claim of Owner, the Association or Declarant exceeds \$250,000 in value, the following additional rules will supplement the JAMS Rules and govern in the event of a conflict between the following rules and the rules set forth above, the JAMS Rules, or both.

(1) Qualifications of Arbitrator. In addition to the requirements of Section 15.4(a)(v)(B)(1) above, the arbitrator shall be a retired judge of the California Superior Court, a California Court of Appeal, or the California Supreme Court.

(2) Rules of Law. The California Evidence Code shall apply.

(3) Written Decision. Within thirty (30) days after the hearing is closed, the arbitrator must issue a written decision. If the Association or Owner or Declarant requests it, the arbitrator must issue a reasoned award.

(D) Procedure for Appeal of Certain Cases. In any arbitration in which a claim or arbitration award of Owner, the Association or Declarant exceeds \$500,000 in value, the parties hereby adopt and agree to the JAMS Optional Appeal Procedure. The following additional rules will supplement the JAMS Optional Appeal Procedure and govern in the event of a conflict between the following rules and the JAMS Optional Appeal Procedure.

(1) Right of Appeal. There shall be no right to appeal unless the oral evidence received by the arbitrator was preserved in a manner such that it can be converted to an accurate and reliable written transcript.

(2) Appellate Panel. An appeal shall be decided by one neutral appeal arbitrator unless either party, within the time permitted for the appointment of the appeal arbitrator, elects to have the appeal decided by a panel of three (3) appeal arbitrators. Any party who elects to have an appeal decided by a panel of three (3) appeal arbitrators agrees to be solely responsible for the cost of having two (2) additional appeal arbitrators. The sole appeal arbitrator, or at least one member of any panel of three (3) arbitrators, shall have prior experience as a member of an appellate panel of the California Court of Appeal.

(3) Issues on Appeal. The only issues that may be considered on appeal are: (1) the award of money was excessive; (2) the award of money was insufficient; (3) the arbitrator awarded non-monetary relief that was inappropriate; (4) a party who received non-monetary relief should have received other or additional relief. A majority of the appeal arbitrators may affirm the arbitration award or make any alternative award they find to be just, but they must not reject the arbitrator's decisions (a) that a particular party is entitled to relief of some nature or amount or (b) that a particular party is responsible to provide relief of some nature or amount.

(4) Expenses and Costs on Appeal. The fees charged by JAMS and the appeal arbitrator(s) shall be advanced by the Seller, except as provided in Section 15.4(a)(v)(B)(2) above. The party who files the appeal must, at its sole expense, provide JAMS and all non-appealing parties with a certified copy of the hearing transcript, and must provide JAMS with copies of all documentary evidence and all other tangible evidence received by the arbitrator. If more than one party appeal, the appealing parties must share equally the cost of the transcript and copies of all other documentary and tangible evidence received by the arbitrator. The appeal arbitrators may, within 30 days of their determination award costs of the nature provided in the Federal Rules of Appellate Procedure. If the Seller is the prevailing party on appeal, the appeal arbitrator(s) may, in his, her or their discretion and only to the extent permitted by law and JAMS Minimum Standards Of Procedural Fairness, include all or part of the JAMS fee and arbitrator's fee advanced by the Seller in the award of costs on appeal.

(5) New Evidence. The appeal arbitrators must not receive new evidence. The appeal arbitrators must make their decision based only on the evidence that was presented to the arbitrator, except that the appeal arbitrators may visit any site involved in the Dispute.

(E) Federal Arbitration Act. Because many of the materials and products incorporated into the home are manufactured in other states, the development and conveyance of the Property evidences a transaction involving interstate commerce and the Federal Arbitration Act (9 U.S.C. §1, et seq.) now in effect and as it may be hereafter amended will govern the interpretation and enforcement of the arbitration provisions of this Declaration.

(F) AGREEMENT TO ARBITRATION AND WAIVER OF JURY TRIAL.

(1) ARBITRATION OF DISPUTE. BY EXECUTING THIS DECLARATION, DECLARANT, AND BY ACCEPTING A DEED FOR THE ASSOCIATION PROPERTY OR A UNIT, AS THE CASE MAY BE, THE ASSOCIATION AND EACH OWNER, AGREE (1) TO HAVE ANY DISPUTE DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT; (2)

TO GIVE UP ANY RIGHTS THEY MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL; AND (3) TO GIVE UP THEIR RESPECTIVE JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION 15.4. IF ANY PARTY REFUSES TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, SUCH PARTY MAY BE COMPELLED TO ARBITRATE UNDER THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT.

(2) WAIVER OF JURY TRIAL. IN THE EVENT THE FOREGOING ARBITRATION PROVISION IS HELD NOT TO APPLY OR IS HELD INVALID, VOID OR UNENFORCEABLE IN ITS ENTIRETY FOR ANY REASON, ALL DISPUTES SHALL BE TRIED BEFORE A JUDGE IN A COURT OF COMPETENT JURISDICTION WITHOUT A JURY. THE JUDGE IN SUCH COURT OF COMPETENT JURISDICTION SHALL HAVE THE POWER TO GRANT ALL LEGAL AND EQUITABLE REMEDIES AND AWARD COMPENSATORY DAMAGES. DECLARANT, BY EXECUTING THIS DECLARATION, AND EACH OWNER AND THE ASSOCIATION, BY ACCEPTING A DEED TO ANY PORTION OF THE PROPERTY, HEREBY WAIVE AND COVENANT NOT TO ASSERT THEIR CONSTITUTIONAL RIGHT TO TRIAL BY JURY OF ANY DISPUTES, INCLUDING, BUT NOT LIMITED TO, DISPUTES RELATING TO CONSTRUCTION DEFECTS, MISREPRESENTATION OR ANY DECLARANT'S FAILURE TO DISCLOSE MATERIAL FACTS. THIS MUTUAL WAIVER OF JURY TRIAL SHALL BE BINDING UPON THE RESPECTIVE SUCCESSORS AND ASSIGNS OF SUCH PARTIES AND UPON ALL PERSONS AND ENTITIES ASSERTING RIGHTS OR CLAIMS OR OTHERWISE ACTING ON BEHALF OF DECLARANT, ANY OWNER, THE ASSOCIATION OR THEIR RESPECTIVE SUCCESSORS AND ASSIGNS.

(G) Final and Binding Award. The decision of the arbitrator or, if an appeal is heard, the decision of the appeal arbitrators, shall be final and binding. A petition to confirm, vacate, modify or correct an award may be filed in any court of competent jurisdiction in the county in which the Property is located, but the award may be vacated, modified or corrected only as permitted by the Federal Arbitration Act.

(H) Severability. In addition to and without limiting the effect of any general severability provisions of this Declaration, if the arbitrator or any court determines that any provision of this Section 15.4 is unenforceable for any reason, that provision shall be severed, and proceedings agreed to in this Section 15.4 shall be conducted under the remaining enforceable terms of this Section 15.4.

(I) Application of Award. Any proceeds awarded to the Association arising from any Dispute by settlement, award or otherwise shall be applied first for the purpose of repairing any defect claimed under such Dispute or replacing Reserve Funds previously utilized by the Association to cause such repairs and then to the costs of such litigation. Any excess

proceeds shall be applied as determined by the Board, subject to any requirements established by the non-profit mutual benefit laws of the State of California and any other applicable laws.

(J) Statutes of Limitation. Subject to the terms of Civil Code Section 895, et seq., and as hereafter amended, nothing in this Section 15.4 shall be considered to toll, stay, reduce or extend any applicable statute of limitations; provided, however, that the Declarant, the Association or any Owner shall be entitled to commence a legal action which in the good faith determination of the Declarant, the Association or Owner is necessary to preserve the Declarant's, the Association's or any Owner's rights under any applicable statute of limitations, provided that the Declarant, Association or Owner shall take no further steps in processing the action until it has complied with the procedures described in this Section 15.4.

(K) Exception to Arbitration. The procedures set forth in this Section 15.4 shall apply only to Disputes and shall not apply to any action taken by the Association against Declarant, or any Owner for delinquent Assessments (which is covered in Section 5), or any action involving enforcement of certain bonded obligation as set forth in Section 14.

(b) Notwithstanding any other provision of this Declaration to the contrary, this Section 15.4 shall not be amended without the consent of the Declarant and the vote or approval by written ballot of at least (a) ninety percent (90%) of the voting power of the Members of the Association other than Declarant, and (b) at least ninety percent (90%) of the Mortgagees.

15.5. Violation of Restrictions.

Without in any way limiting the generality of the foregoing, if the Board of Directors determines that there is a violation of any provision of this Declaration, or the Architectural Committee determines that an Improvement which is the maintenance responsibility of an Owner is in need of installation, repair, restoration or painting, then the Board shall give written notice to the responsible Owner of the condition or violation complained of. Unless the Architectural Committee has approved in writing corrective plans proposed by the Owner to remedy the condition complained of within such period of time as may be determined reasonable by the Board after it has given said written notice, and such corrective work so approved is completed thereafter within the time allotted by the Board, the Board, after Notice and Hearing, shall undertake to remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner and his Condominium whose Residence is the subject matter of the corrective work. Such cost shall be deemed to be a Special Assessment to such Owner and shall be subject to enforcement and collection by the Board in accordance with the procedures provided for in this Declaration. The Board may also adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, it may assess against an Owner for the failure of such Owner, or of a resident of or visitor to such Owner's Unit, to comply with any provision of the Restrictions. Such fines or penalties shall be deemed to be a Special Assessment and may only be assessed by the Board after Notice and Hearing.

15.6. Severability.

The provisions of this Declaration shall be deemed independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provisions hereof.

15.7. Interpretation.

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the creation and operation of a residential condominium development and for the maintenance of Common Property, and any violation of this Declaration shall be deemed to be a nuisance. The Article and Section headings, titles and captions have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. As used herein, the singular shall include the plural and the masculine, feminine and neuter shall each include the other, unless the context dictates otherwise. In interpreting the Restrictions and the deed to any Unit, the physical as-built boundaries of Improvements which are constructed or reconstructed in substantial accordance with the original plans for the Project shall be conclusively presumed to be the boundaries of the Units, regardless of settling or lateral movement of the Improvements and regardless of minor variances between Unit boundaries, as defined in this Declaration or any Unit deed, and the boundaries of those Improvements, as constructed or reconstructed. As used in this Declaration, the term "including" shall be construed and understood to mean "including, without limitation" or "including, but not limited to".

15.8. Mergers or Consolidations.

Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another 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 and enforce the covenants, conditions and restrictions established by this Declaration governing the Property, together with the covenants and restrictions established upon any other property, as one (1) plan.

15.9. Use of Common Property.

The Board of Directors shall have the right to limit the number of guests that an Owner or such Owner's tenant may permit to use the open parking areas or other facilities, including recreation facilities, and the Board shall have the right to set further reasonable restrictions on the time and manner of use of said parking areas, recreation facilities, and other facilities in accordance with the Rules and Regulations, including, without limitation, Rules and Regulations restricting or prohibiting the use of all or designated portions of the recreation facilities of the Property by minors,

guests of an Owner or his tenants.

15.10. No Public Right or Dedication.

Except as may otherwise be expressly provided herein, nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Property to the public, or for any public use; provided, that the foregoing provisions shall not be construed or understood to limit the effectiveness of any public dedication expressly set forth on any subdivision map Recorded or any other instrument with respect to the Property, or any portion thereof.

15.11. No Representations or Warranties.

No representations or warranties of any kind, express or implied, have been given or made by Declarant, or its agents or employees in connection with the Property, or any portion thereof, concerning its physical condition, zoning, compliance with applicable laws, or fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a Condominium Project, except as specifically and expressly set forth in this Declaration and except as may be filed by Declarant from time to time with the DRE.

15.12. Nonliability and Indemnification.

(a) General Limitation. Except as specifically provided in the Restrictions or as required by law, no right, power, or responsibility conferred on the Board or the Architectural Committee by this Declaration, the Articles or the Bylaws shall be construed as a duty, obligation or disability charged upon the Board, the Architectural Committee, any member of the Board or of the Architectural Committee, or any other officer, employee or agent of the Association. No such Person shall be liable to any party (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's acts or omissions within what such Person reasonably believed to be the scope of his Association duties ("Official Acts"), except to the extent that such injuries or damage result from such Person's willful or malicious misconduct. No such Person shall be liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct.

(b) Indemnification. The Association shall pay all expenses incurred by, and satisfy any judgment or fine levied against, any person as a result of any action or threatened action against such Person to impose liability on such Person for his Official Acts, provided that:

(1) The Board determines that such Person acted in good faith and in a manner such Person reasonably believed to be in the best interests of the Association;

(2) In the case of a criminal proceeding, the Board determines that such

Person had no reasonable cause to believe his conduct was unlawful; and

(3) In the case of an action or threatened action by or in the right of the Association, the Board determines that such Person acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Any determination of the Board required under this Section 15.12 must be approved by a majority vote of a quorum consisting of Directors who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, such determination may be made by the vote or written consent of a majority of a quorum of the Members of the Association, provided that the Person to be indemnified shall not be entitled to vote.

Payments made hereunder shall include amounts paid and expenses incurred in settling any such action or threatened action. This Section 15.12 shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law.

The entitlement to indemnification hereunder shall inure to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any Person entitled to such indemnification.

15.13. Notices.

Except as otherwise provided in this Declaration, in each instance in which notice is to be given to an Owner, the same shall be in writing and may be delivered personally to the Owner, in which case personal delivery of such notice to one (1) or more co-owners of a Condominium or to any general partner of a partnership owning a Condominium shall be deemed delivery to all co-owners or to the partnership, as the case may be. Personal delivery of such notice to any officer or agent for the service of process on a corporation shall be deemed delivery to the corporation. In lieu of the foregoing, such notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association or, if no such address shall have been furnished, to the street address of such Owner's Unit. Such notice shall be deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Members or of the Board of Directors in which case the notice provisions of the Bylaws of the Association shall control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as shall be fixed from time to time and circulated to all Owners. Any notice to be given to the Declarant shall be delivered personally, or sent by registered or certified mail, return receipt requested, addressed to the principal office of the Declarant, or such other address as may be provided from time to time by the Declarant.

15.14. Priorities and Inconsistencies.

If there are conflicts or inconsistencies between this Declaration and the Articles of Incorporation, the Bylaws of the Association, or any Condominium Plan Recorded in furtherance of the Project contemplated by this Declaration, then the terms and provisions of this Declaration shall prevail. If there are conflicts or inconsistencies between this Declaration and the Limited Warranty, the terms and provisions in the Limited Warranty shall prevail. If there is a conflict between this Declaration and the Articles of Incorporation, the Bylaws of the Association and the Master Declaration, the Master Declaration shall control.

15.15. Constructive Notice and Acceptance.

Every person who owns, occupies or acquires any right, title, estate or interest in or to any Condominium or other portion of the Property does hereby consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the Property, or any portion thereof.

15.16. Declarant Delivery of Documents.

(a) Commencing not later than ninety (90) days after the Close of Escrow for the sale of the first Condominium in the Project, copies of the documents listed below, as soon as readily obtainable, shall be delivered by the Declarant to the Board of Directors at the office of the Association, or at such other place as the Board of Directors shall prescribe. The obligation to deliver the documents listed below shall apply to any documents obtained by the Declarant no matter when obtained, provided, however, such obligation shall terminate upon the earlier of (1) the conveyance of the last Condominium in the Project or (2) three (3) years after the expiration of the most recently issued Final Subdivision Public Report for the Project:

- (1) The Recorded subdivision map or maps for the Project;
- (2) The Recorded Condominium Plan(s) for the Project, and all amendments thereto;
- (3) The deeds and easements executed by the Declarant conveying the Association Property to the Association, to the extent applicable;
- (4) The Recorded Declaration, including all amendments thereto, and any Notice of Addition of Territory;
- (5) The Association's Articles, and all amendments thereto;

- (6) The Association's Bylaws, and all amendments thereto;
- (7) All architectural guidelines and all other rules regulating the use of an owner's interest in the Project or use of the Common Property which have been promulgated by the Association;
- (8) The plans approved by the local agency or county where the subdivision is located for the construction or improvement of facilities that the Association is obligated to maintain or repair; provided, however, that the plans need not be as-built plans and that the plans may bear restrictions on their commercial exploitation or use and may contain disclaimers regarding their accuracy;
- (9) All notice of completion certificates issued for Association Property Improvements;
- (10) Any bond or other security device in which the Association is the beneficiary;
- (11) Any written warranty being transferred to the Association for Common Property equipment, fixtures or improvements;
- (12) Any insurance policy procured for the benefit of the Association, its governing board or the Common Property;
- (13) Any lease or contract to which the Association is a party;
- (14) The membership register, including mailing addresses and telephone numbers, books of account and minutes of meetings of the Members, of the governing body and of committees of the governing body of the Association;
- (15) Any instrument referred to in Section 11018.6(d) but not described above which establishes or defines the common, mutual or reciprocal rights or responsibilities of Members of the Association.

(b) Commencing not later than ninety (90) days after the annexation of additional Phases of Development to the Project, copies of those documents listed under subdivision (a) which are applicable to that Phase of Development, shall, as soon as readily obtainable, be delivered by the Declarant to the Board of Directors of the Association at the office of the Association, or at such other place as the Board of Directors of the Association shall prescribe. The

obligation to deliver the documents listed in subsection (a) shall apply to any documents obtained by the Declarant no matter when obtained, provided, however, such obligation shall terminate as to the documentation applicable to each Phase of Development upon the earlier of (1) the conveyance of the last Condominium for the applicable Phase of Development or (2) three (3) years after expiration of the most recently issued Final Subdivision Public Report for the applicable Phase of Development.

15.17. Security.

The Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve safety on the Project; however, each Owner, for himself or herself and his or her tenants, guests, licensees, and invitees, acknowledges and agrees that the Association is not a provider of security and shall have no duty to provide security on the Project. It shall be the responsibility of each Owner to protect his or her person and property and all responsibility to provide such security shall lie solely with each Owner. Neither Declarant nor the Association shall be held liable for any loss or damage by reason of the failure to provide adequate security or the ineffectiveness of safety measures undertaken.

ARTICLE XVI

16. Annexation of Additional Property.

Additional real property may be annexed to Phase 1 and such additional real property may become subject to this Declaration by any of the methods set forth hereinafter:

16.1. Additions by Declarant.

Declarant or its successors or assigns shall have the right from time to time to add the Annexable Territory, or any portion or portions thereof (including any recreation facilities located thereon), to the Property and to bring such added territory within the general plan and scheme of this Declaration without the approval of the Association, its Board of Directors, or Members; provided that such right of Declarant and its successors and assigns shall terminate on the seventh (7th) anniversary of the Recordation of this Declaration. As each Phase of Development is developed, Declarant may, with respect thereto, record a supplemental declaration ("Supplemental Declaration") which may supplement this Declaration with such additional, supplemental or amendatory covenants, conditions, restrictions, reservations and easements as Declarant may deem appropriate for that Phase of Development. The maximum number of Units that may be added to the Project (in addition to the sixteen (15) Units contained in Phase 1) by annexation to the Project is one hundred twenty-three (123). If the maximum number of Units are annexed, the Project, as fully developed, would contain one hundred fifty-eight (138) Units.

16.2. Other Additions.

In addition to the provision for annexation specified in Section 16.1 above, additional real property may be annexed to the Property and brought within the general plan and scheme of this Declaration upon the approval by vote or written consent of Members entitled to exercise no less than two-thirds (2/3rds) of the voting power of the Association.

16.3. Rights and Obligations-Added Territory.

Subject to the provisions of Section 16.4, upon the Recording of a Notice of Addition of Territory containing the provisions as set forth in this Section, all provisions contained in this Declaration shall apply to the real property described in such Notice of Addition of Territory (the "added territory") in the same manner as if it were originally covered by this Declaration. Thereafter, the rights, powers and responsibilities of the parties to this Declaration with respect to the added territory shall be the same as with respect to the property originally covered hereby, and the rights, powers and responsibilities of the Owners, lessees and occupants of Units within the added territory, as well as within the property originally subject to this Declaration, shall be the same as if the added territory were originally covered by this Declaration. Voting rights attributable to the Condominiums in the added territory shall not vest until Annual Assessments have commenced as to such Condominiums.

16.4. Notice of Addition of Territory.

The additions authorized under Sections 16.1 and 16.2 shall be made by Recording a Notice of Addition of Territory, or other similar instrument (which notice or instrument may contain the Supplemental Declaration, if any, affecting each such Phase of Development), with respect to the added territory ("Notice of Addition") which shall extend the general plan and scheme of this Declaration to such added territory. The Notice of Addition for any addition under Section 16.1 shall be signed by Declarant. The Notice of Addition for any addition under Section 16.2 shall be signed by at least two (2) officers of the Association and shall certify that the requisite approval of the Members under Section 16.2 was obtained. The Recordation of said Notice of Addition shall constitute and effectuate the annexation of the added territory described therein, and thereupon said added territory shall become and constitute a part of the Project, become subject to this Declaration and encompassed within the general plan and scheme of covenants, conditions, restrictions, reservation of easements and equitable servitudes contained herein, and become subject to the functions, powers and jurisdiction of the Association; and the Owners of Condominiums in said added territory shall automatically become Members of the Association. Such Notice of Addition may contain a Supplemental Declaration with such additions and modifications of the covenants, conditions, restrictions, reservation of easements and equitable servitudes contained in this Declaration as may be necessary to reflect the different character, if any, of the added territory, or as Declarant may deem appropriate in the development of the added territory. In no event, however, shall such Notice of Addition or Supplemental Declaration revoke, modify or add to the covenants, conditions, restrictions, reservation of easements, or equitable servitudes established by

this Declaration as the same shall pertain to the real property originally covered by this Declaration.

Upon annexation of subsequent Phases, the Owners of Condominiums in Phase 1 will continue to have undivided percentage interests in the Common Areas of Phase 1, and will have nonexclusive easements for ingress and egress over the Common Areas of subsequently annexed Phases; Owners of Condominiums in each subsequently annexed Phase will have undivided interests in the Common Areas of that subsequently annexed Phase, and will have nonexclusive easements for ingress and egress over the Common Areas of previously and subsequently annexed Phases. Assessments collected from Owners may be expended by the Association without regard to the particular Phase from which such Assessments came. All Owners shall have ingress and egress to all portions of the Common Property throughout the Project, subject to the provisions of this Declaration, the Bylaws of the Association and to the Rules and Regulations of the Association in effect from time to time.

Declarant hereby reserves to itself and to the Owners of Condominiums in subsequently annexed Phases, nonexclusive easements for ingress and egress over the Common Area of previously annexed Phases. Declarant further reserves to itself and the Owners of Condominiums in each Phase of Development, nonexclusive easements for ingress and egress over the Common Areas of subsequently annexed Phases upon annexation thereof pursuant to this Section.

16.5. Deannexation; Amendment.

Notwithstanding anything herein which is or may appear to be to the contrary, Declarant may amend a Notice of Addition or delete all or a portion of a Phase of Development from coverage of this Declaration and the jurisdiction of the Association, so long as Declarant is the owner of all of such Phase of Development, and provided that (1) an amending instrument or a Notice of Deletion of Territory, as applicable, is Recorded in the same manner as the applicable Notice of Addition was Recorded, (2) Declarant has not exercised any Association vote with respect to any portion of such Phase of Development, (3) assessments have not yet commenced with respect to any portion of such Phase of Development, (4) Close of Escrow has not occurred for the sale of any Condominium in such Phase of Development, and (5) the Association has not made any expenditures or incurred any obligations with respect to any portion of such Phase of Development. Any such amendment or deannexation shall be effective upon the Recordation of the amending instrument or Notice of Deletion of Territory, as applicable, which need only be executed by Declarant. Notwithstanding any other provision of this Declaration, at any time prior to the first Close of Escrow for the sale of a Condominium within a Phase of Development, Declarant may unilaterally amend the Supplemental Declaration applicable to such Phase of Development by Recording a written instrument which effects the amendment and is signed and acknowledged by Declarant.

16.6. Power of Attorney.

Each Owner of a Condominium in the Project, by accepting a deed to a Condominium, shall be deemed to have (a) agreed and acknowledged that the Owners own no interest in the Annexable Territory which may be developed, if at all, by Declarant in its sole and absolute discretion and (b) constituted and irrevocably appointed Declarant (for so long as Declarant or its successive assigns owns all or any portion of the Annexable Territory), as his Attorney-in-Fact, for himself and each of his Mortgagees, optionees, grantees, licensees, trustees, receivers, lessees, tenants, judgment creditors, heirs, legatees, devisees, administrators, executors, legal representatives, successors and assigns, whether voluntary or involuntary, to prepare, execute, acknowledge and Record any Condominium Plan or amendment to the Condominium Plans for all or any portion of the Annexable Territory. This power of attorney is coupled with an interest. However, nothing set forth herein shall be deemed or construed as an agreement or acknowledgment by Declarant that any Owner shall be entitled to any participation in or discretion over the preparation and Recordation of a Condominium Plan or Plans for all or any portion of the Annexable Territory, which are and shall be subject to Declarant's sole control. The acceptance or creation of any Mortgage or other encumbrance whether or not voluntary, created in good faith, or given for value, shall be deemed to be accepted or created subject to each of the terms and conditions of the Power of Attorney described in this Section.

ARTICLE XVII

17. Owner's Acknowledgments and Waivers.

17.1. Notice of Airports in Vicinity.

This Property is presently located in the vicinity of the Point Mugu Naval Air Station, within what is known as an airport influence area. For that reason, the Property may be subject to some of the annoyances or inconveniences associated with proximity to the Point Mugu NAS operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. Each person may wish to consider what airport annoyances, if any, are associated with the Property before he and/or she completes his and/or her purchase and determine whether they are acceptable to him and/or her.

By acceptance of a deed to a Condominium, each Owner acknowledges and agrees that (i) the Project is located within the vicinities of the Camarillo Airport and the Oxnard Airport, and within an airport influence area for the Point Mugu Naval Air Station; (ii) the Camarillo Airport, Oxnard Airport and Point Mugu NAS will continue to operate indefinitely; (iii) Declarant has no responsibility or control over the operation of the airports or the air station; (iv) the existence and use of the airports and the air station may create environmental impacts, including without limitation, noise, vibration, odor, and related impacts that may affect the Project and the Owners, tenants, and occupants therein; (v) under no circumstances shall Declarant be responsible for any adverse impact related to the use and operation of the airports and the air station; and (vi) Owner

waives any and all causes of actions against the airports and/or the air station for normal airport operation noise and waives any and all causes of action against Declarant and their respective directors, officers, employees, agents, representatives and consultants for any damages or injuries which may arise from or relate to any such impacts, conditions and/or risks.

17.2. Debris and Detention Basins.

By acceptance of a deed to a Condominium, each Owner acknowledges and agrees that (i) debris, desilting and/or detention basins ("Detention Basins") are located on or within proximity of the Project; (ii) the Detention Basins will continue to operate indefinitely on or within proximity of the Project; (iii) the Association has the obligation to maintain such Detention Basins; (iv) the existence and use of the Detention Basins may create environmental impacts, including, without limitation, a potential for odors and storm runoff overflow and related impacts that may affect the Project and the Owners, tenants, and occupants therein; and (v) under no circumstances shall Declarant be responsible for any adverse impact related to the existence, use and operation of the Detention Basins.

17.3. Freeway and Freeway Interchange.

By acceptance of a deed to a Condominium, each Owner acknowledges that (i) a freeway currently exists in the vicinity of the Project and a freeway interchange is planned for construction in the vicinity of the Project, (ii) the State has the right to maintain and/or construct such freeway and freeway interchange using current industry-accepted standards, with the potential for traffic, noise, light, dust, fumes, odors and related impacts that may affect the Project, (iii) the existence and daily use of the freeway and freeway interchange has traffic, noise, light, dust, fumes, odors and related impacts that may affect the Project, and (iv) each Owner waives any legal right(s) to oppose or object to such freeway and freeway interchange and any impacts arising therefrom now and in the future.

17.4. Adjacent Agricultural Operations.

By acceptance of a deed to a Condominium, each Owner acknowledges and agrees that (i) agricultural operations may cause inconveniences or discomfort, resulting from such conditions as frost protection measures, noise, odors, fumes, dust, smoke, insects, operations of machinery (including aircraft) at any hour of the day or night, storage of equipment and materials necessary for normal agricultural practices, slow moving farm implements, and the application of spraying or otherwise of chemical fertilizers, soil amendments (such as manure, compost materials and mulches), and pesticides (such as herbicides, insecticides and fumigants); (ii) these normal agricultural practices will continue indefinitely on property adjacent to the Project, (iii) the owners of such adjacent property have a right to continue such normal agricultural operations using current industry-accepted methods, with the potential for traffic, noise, light, dust, fumes, and odor impacts that may affect the Project, and (iv) each Owner hereby waives any legal right(s) to oppose or object to such agricultural operations and any impacts arising therefrom now and in the future.

17.5. Sanitary District Pumping Station Facility.

By acceptance of a deed to a Condominium, each Owner acknowledges that (i) a sanitary pumping station facility is located on the southern end of the Project; (ii) the local sanitary district has the right to operate and maintain such facility with the potential for noise and related impacts that may affect the Project; and (iii) each Owner waives any legal right(s) to oppose or object to such facility and any impacts arising therefrom now and in the future. Each Owner acknowledges and understands that neither Declarant nor the Association has any control over the operation of this sanitary pumping station facility, and Declarant and the Association make no guaranties, promises, or warranties, either express or implied, oral or written, with regard to the operation of or impact by this sanitary pumping station facility.

17.6. Security.

The Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve safety on the Project; however, each Owner, for himself or herself and his or her tenants, guests, licensees, and invitees, acknowledges and agrees that the Association is not a provider of security and shall have no duty to provide security on the Project. It shall be the responsibility of each Owner to protect his or her person and property and all responsibility to provide such security shall lie solely with each Owner. Neither Declarant nor the Association shall be held liable for any loss or damage by reason of the failure to provide adequate security or the ineffectiveness of safety measures undertaken.

ARTICLE XVIII

18. City's Right to Enforce.

The City is hereby declared to be an express third party beneficiary to this Declaration and, notwithstanding any provision of this Declaration to the contrary, the City shall have the power and the right but not the obligation to specifically enforce any provisions applicable to the maintenance of Association Property and any other provisions applicable to the Project Approval Conditions, by any applicable legal or equitable remedies, including, without limitation, injunctive relief and specific performance.

18.1. Additional Provisions.

Notwithstanding the provisions contained in the Restrictions, the Association and the Owners should be aware that there may be provisions of various laws, including, without limitation, the Davis-Stirling Common Interest Development Act contained in the California Civil Code, which may modify, supplement or override the Restrictions as a matter of law.

This Declaration is dated for identification purposes JUNE 6, 2005.

"Declarant"

WESTERN PACIFIC HOUSING, INC.,
a Delaware corporation

By: 

Name: JASON FRANK

Title: VICE PRESIDENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On June 6, 2005, before me, Christina A. Ciesla,
a Notary Public, personally appeared Jason Frank,
personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(~~s~~)
whose name(~~s~~) is/~~are~~ subscribed to the within instrument, and acknowledged to me that he/~~she~~/~~they~~
executed the same in his/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by his/~~her~~/~~their~~ signature(~~s~~) on
the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the
instrument.

WITNESS my hand and official seal.

[SEAL]

Christina A. Ciesla
Notary Public



EXHIBIT "A"

Legal Description of Annexable Territory

All of the real property located in the County of Ventura, State of California, described as follows:

Lots 1 and 2, inclusive, of Tract No. 5486, as shown on a Subdivision Map filed on March 30, 2005, in Book 153 at Pages 1 through 3, inclusive, of Miscellaneous Records (Maps), in the Office of the Ventura County Recorder.

EXCEPTING THEREFROM

All of the real property comprising Phase 1 (as described herein).

EXHIBIT "B"

Pedestrian Access Point

Access Point →

EXISTING PROPERTY LINE

LOT 7
MAKED USE
TRACT 5486

