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1991

UNDER RECORDER'S SERIES NO: 910037094

BY: Glenn M. Fisher
NORTH AMERICAN TITLE CO

GLEN COVE LANDING

DECLARATION OF RESTRICTIONS

AND

DECLARATION ESTABLISHING A PLAN OF

CONDOMINIUM OWNERSHIP

GLEN COVE LANDING

DECLARATION

OF

RESTRICTIONS

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This Declaration of Restrictions and Declaration Establishing a Plan of Condominium Ownership is executed by VALLEJO CORONA PARTNERS, L TO., a California limited partnership (the "Declarant") with reference to the following facts:

A. Declarant is constructing a residential condominium development consisting of 256 condominiums in eight phases located on certain real property in Vallejo, California, more particularly described as Parcel C on the subdivision map entitled "Glen Cove Landing" filed in the records of Solano County, California, on December 26, 1989, in Book 57 of Maps at pages 91, 92 and 93. Parcels A and B as shown on the Map are not subject to this Declaration.

B. Declarant desires to impose certain restrictions on the condominiums in the Development that will benefit and bind each condominium as covenants running with the land and equitable servitudes, to describe certain easements that will be appurtenant to the condominiums and to establish a condominium project within the meaning of Civil Code Section 1351(f).

C. All phases will benefit and be bound by the provisions of Section 2.12 of this Declaration. The other restrictions, rights and duties described herein will benefit and bind Phase 1 on the recordation of this Declaration and each subsequent phase on the recordation of a declaration of annexation annexing that phase into the Development.

DECLARANT DECLARES AS FOLLOWS:

ARTICLE 1 - Definitions

Unless the context indicates otherwise, the following terms shall have the following definitions:

1.1 Articles: The Articles of Incorporation of the Association and any amendments thereto.

1.2 Association: Glen Cove Landing Condominium Association, a California nonprofit mutual benefit corporation.

1.3 Board: The Board of Directors of the Association.

1.4 Bylaws: The Bylaws of the Association and any amendments thereto.

1.5 Common Area: The element of a Condominium that is allotted in undivided interests in common, consisting of Parcel C as described on the Map and all Improvements thereon, except the Units as described in Section 1.22. The Common Area includes the foundations; exterior walls and trim; windows; roofs; exterior doors; bearing walls; exterior staircases; garages; fireplaces, chimneys and flues (if any); structural beams; utilities (except the fixtures located within the boundaries of a Unit); decks; balconies; patios; parking spaces; garages; walkways; private streets; recreational facilities; and all other Improvements in the Development except the Improvements located within the boundaries of a Unit as described in Section 1.22. The Common Area also shall include any additional Common Area when and if annexed into the Development as described in Article 13.

1.6 Condominium: An estate in real property as defined in Civil Code Section 1351(f) consisting of two elements: (1) a separate interest in space, called a Unit as described in Section 1.22, and (2) an undivided interest in common in all or a portion of the Common Area as described in Section 1.5, and shall include the Condominiums identified as Units 1 - 16, and 225 through 256 on the Condominium Plan and any additional Condominium when and if annexed into the Development as described in Article 13 and Exhibit B.

1.7 Condominium Plan: The Condominium Plan for the Development that was prepared in accordance with the requirements of Civil Code Section 1351(e) and that was recorded with this Declaration as Exhibit A. The Condominium Plan also includes any additional Condominium Plans that are recorded against any Property that is subsequently annexed into the Development as described in Article 3.

1.8 Declarant: Vallejo Corona Partners, Ltd., a California limited partnership, and any successor or assign that assumes in writing the rights and duties of the "Declarant" hereunder.

1.9 Declaration: This Declaration of Restrictions and Declaration Establishing a Plan of Condominium Ownership and any amendments or corrections thereto.

1.10 Development: The residential Development that is constructed on the Property and made subject to this Declaration, including the Condominiums and all other Improvements thereon.

1.11 Exclusive Use Common Area: The portion or portions of the Common Area described in Section 2.10 subject to rights for the exclusive use of one or more, but fewer than all, of the Owners.

1.12 Governing Documents: This Declaration, the Articles of Incorporation, and the Bylaws of the Association.

1.13 Improvements: Any fixtures affixed to any Property in the Development within the meaning of Civil Code Section 660.

1.14 Map: The subdivision map entitled "Glen Cove Landing" filed for record in Solano County, California, on December 26, 1989, in Book 57 of Maps at pages 91, 92 and 93.

1.15 Member: A Member of the Association.

1.16 Mortgage: A recorded Mortgage or deed of trust against a Condominium in the Development.

1.17 Mortgagee: A Mortgagee under a Mortgage or a beneficiary under a deed of trust recorded against a Condominium in the Development.

1.18 Owner: The record title Owner or Owners of a Condominium in the Development. For purposes herein, any Person who purchases a Condominium under a contract of sale shall not be an Owner unless and until that Person provides the Association with a recorded copy of the contract of sale or other recorded document signed by that Person and the record title Owner designating that Person as the Owner for purposes hereunder by reason of an executed contract of sale.

1.19 Person: Any natural Person, partnership, trust, corporation or other legal entity.

1.20 Property: The land shown on the Map (except Parcels A and B), together with all Improvements thereon.

1.21 Rules: Rules or regulations adopted by the Association from time to time pursuant to the authority of Section 4.6(ii).

1.22 Unit: The element of a Condominium that is owned separately, consisting of a separate interest in space, the boundaries of which are described as the area designated unit in the Condominium Plan. The dimensions of the Unit are measured from the unfinished floor, walls and ceiling. The Unit includes all Improvements and personal property situated within its boundaries, including, but not limited to, walls (except bearing walls), appliances, cabinets, interior doors, and all electrical, heating, plumbing and other utility fixtures. Any utility fixtures that are located partially within the Unit and partially in the Common Area, such as electrical and telephone outlets and that exclusively serve the Unit are part of the Unit to be maintained by the Owner thereof. Areas within a dropped ceiling that contain utilities that serve two or more Condominiums are Common Area and not part of the Unit. In interpreting deeds and plans, the existing physical boundaries of the Unit or Unit reconstructed in substantial accordance with the original plan shall be conclusively presumed to be its boundaries, rather than the description expressed in the Condominium Plan or any other recorded document, regardless of minor variances between boundaries shown on the Condominium Plan or in any other recorded document and those of the building and regardless of settling or lateral movement of the building.

ARTICLE 2 - Property Rights and Easements

2.1 Type of Development. This Development is a Condominium project within the meaning of Civil Code Section 1351(f) and consists of 48 Condominiums in the first phase. If all the subsequent phases are annexed into the Development as described in Article 13, the Development will consist of 256 Condominiums. Declarant has no obligation to annex any subsequent phase into the Development.

2.2 Property Rights. Each Owner shall own a fee simple estate in a Condominium consisting of a separate interest in a Unit as defined in Section 1.22 and an undivided equal interest in the Common Area as described in Section 1.5. In addition, each Owner shall be a Member of the Association.

2.3 Common Area Rights. Each Owner or tenant and their family members and guests have nonexclusive rights to use, enjoy, ingress and egress, and support in, to and throughout the Common Area; and any Improvements thereon, subject to the Exclusive Use Common Area rights as described in Section 2.10, and the following rights of the Association to:

- (i) suspend an Owner's right to use any recreational facilities as described in Section 5.6;

(ii) limit the number of guests to use any Common Area Improvement or personal property and to adopt and enforce the Rules of the Association;

(iii) adopt and enforce Rules concerning the control and use of any private streets, roadways and pavement areas located on the Common Area;

(iv) transfer, dedicate and/or grant easements over all or any portion of the Common Area as described in Section 2.8;

(v) assign, rent, license or otherwise designate and control use of any recreational facility located on the Common Area; and

(vi) the easements and rights reserved as described in Section 2.12(ii).

2.4 Encroachment Easement. Each Condominium, or portion thereof, as the dominant tenement has an easement over any other Condominium, or portion thereof, as the servient tenement for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of structures or minor construction changes during the course of construction or any other cause as long as the encroachment remains. No encroachment easement shall exist if the encroachment occurred due to the willful misconduct of the Owner of the dominant tenement. If a structure is partially or totally destroyed, the structure can be repaired or rebuilt in accordance with the original plans, including the replacement of any encroaching Improvement.

2.5 Other Easements. Each Condominium is subject to such other easement(s), rights-of-way, or dedications as may be granted or reserved on the Map, any deed to the Condominium or any other appropriate public record.

2.6 Appurtenant Rights. Each right or easement described in this Article 2 is a right or easement that is appurtenant to the Condominium, and any transfer of the Condominium automatically transfers the easement appurtenant thereto regardless of whether the instrument of transfer describes the right or the easement.

Reservation of Rights. Notwithstanding any property rights, including easements, described, each Condominium is subject to each of the following rights:

(i) The right of Declarant or its agents to enter on any portion of the Development to construct and sell the Improvements that Declarant intends to construct on the Property, to make repairs and to correct any construction problems thereon, provided that such entry does not unreasonably interfere with the use or occupancy of any occupied Condominium unless authorized by its Owner which authorization shall not be unreasonably withheld;

(ii) The right of the Association's agents to enter any Condominium to cure any violation or breach of this Declaration or the Bylaws or the Rules provided that at least 30 days prior written notice of such violation or breach (except in the cases of emergency) has been given to the occupant and provided that, within the 30-day period such Owner has not acted to cure such violation or breach.

(iii) The right of the Association's agents to enter any Condominium to perform its obligations and duties under this Declaration, including obligations and the duties with respect to maintenance or repair of any Condominium.

2.8 Authority to Grant Easements. Declarant or the Association shall have the power to grant and convey in the name of the Association and/or all of the Owners as their attorney-in-fact to any Owner or other party easements and rights-of-way in, on, over or under the Common Area for the purpose of constructing, erecting, operating, maintaining or replacing lines, cables, wires, conduits or other devices for

electricity, cable television, power, telephone and other purposes, public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes and any similar public or quasi-public Improvements or facilities and each purchaser in accepting a deed to a Condominium expressly consents to such easements and rights-of-way and authorizes and appoints the Association and Declarant (as long as Declarant owns one or more Condominiums) as attorney-in-fact of such Owner to execute any and all instruments conveying or creating such easements or rights-of-way. In no event shall any such easement be granted if it would permanently and unreasonably interfere with the use, occupancy and enjoyment by any Owner of his or her Condominium or the use of any recreational facilities located on the Common Area.

29 Rights Use. An Owner's family members and guests and any such Persons as may be permitted by the Rules may use and enjoy any Common Area improvements, including any recreational facilities. All such use shall be subject to restrictions contained in this Declaration, and the Rules. If an Owner has rented or leased his or her Condominium, or has sold the Condominium to another Person under an installment contract of sale who has become an "Owner" as described in Section 1.18, the Owner, members of the Owner's family or the Owner's guest shall not be entitled to use any Common Area Improvements, including the recreational facilities. Such rights may be enjoyed by the tenant or contract purchaser and, as the case may be, their family member and guests.

Section 3.2. Any Owner who rents or leases his or her Condominium must comply with requirements of

2.10 Exclusive Use Common Area. Portions of the Common Area are set aside for the exclusive use of the occupants of certain Units and constitute Exclusive Use Common Areas. The areas are shown on the Condominium Plan with the designations set forth below and, with the exception of the garages, are set aside for the exclusive use of the occupants of the Unit immediately adjacent to the area and primarily accessible from the Unit. Declarant shall convey the exclusive use of one garage space to each Condominium at the time Declarant transfers title to the Condominium. The designated areas include the following:

- (i) Balconies designated "B";
- (ii) Garage spaces designated "G" followed by a number;
- (iii) Patios designated "P"; and
- (iv) Storage areas designated "So."

In addition, any fireplace, chimney or flue is Exclusive Use Common Area reserved for the exclusive use of the occupants of the Units which are served by the foregoing.

Except as described herein, no other portion of the Common Area is Exclusive Use Common Area. Exclusive Use Common Area rights are appurtenant to the Condominium and may not be separated therefrom. Any transfer of the Condominium automatically transfers the exclusive use rights appurtenant thereto regardless of whether the instrument of transfer describes the Exclusive Use Common Area rights.

211 Restrictions on Partition. Except as provided in this Section 2.11, the Common Area shall remain undivided, and there shall be no judicial partition thereof. Nothing herein shall prohibit the partition of a co-tenancy in a Condominium. The Owners may maintain a partition action as to the entire Development as if the Owners of all of the Condominiums in the Developments were tenants in common in the entire development in the same proportion as their interest in the Common Area. The Court shall order partition only by sale of the entire Development and only on a showing of one of the following:

(i) More than three years before the filing of the action, the Development was damaged or destroyed so that a material part was rendered unfit for its prior use, and the Development has not been rebuilt or repaired substantially to its state prior to the damage or destruction;

(ii) Three-fourths or more of the Development is destroyed or substantially damaged and Owners holding in the aggregate more than 50% interest in the Common Area oppose repair or restoration of the Development;

(iii) The Development has been in existence more than 50 years, is obsolete and uneconomical, and Owners holding in the aggregate more than 50% interest in the Common Area oppose repair or restoration of the Development; or

(iv) The conditions for such a sale, as set forth elsewhere in this Declaration, have been met.

Any proceeds or property resulting from a partition shall be distributed to and among the respective Owners and their Mortgagees as their interests appear in proportion to the ratio that the fair market value of each Owner's Condominium bears to the fair market value of all Owners' Condominiums as of the date immediately preceding the date of the event giving rise to the right of the Owners to partition the Common Area, provided that any proceeds for Common Area recreational facilities shall be disbursed equally among the Condominiums.

2.12 Phasing.

(i) Phasing Schedule: The phasing schedule for the Development is attached as Exhibit B hereto. All phases shall benefit and be bound by the provisions of this Section 2.12 on recordation of this Declaration. The Other restrictions, rights and duties described herein shall benefit and bind Phase I on recordation of this Declaration and each subsequent phase on the recordation of a declaration of annexation annexing that phase into the Development as described in Article 13.

(ii) Reservation of Easements: Declarant reserves easements over the Common Area as the servient tenement in favor of the Property in all the phases described in Exhibit B as the dominant tenements for ingress and egress over the private streets and walkways situated on the servient tenement, for support from the land under and adjacent to any condominium building, and for access to and use of (including the right to install, maintain, repair or replace) any utility lines and equipment installed within, on or over the servient tenement in order to provide utility and related service to the dominant tenement, including water, electricity, telephone, gas, cable TV, sanitary sewer or storm drainage lines or equipment and for such access and related rights as may be necessary to construct, maintain, repair, and replace the Condominium buildings and Units, including the buildings and Units in the later phases.

(iii) Allocation of Maintenance and Repair Costs: If any subsequent phase is developed for residential or other purposes, then pending annexation and the commencement of assessments, the Owner of the property in that phase shall pay an equitable share of the cost of the maintenance, repair, replacement and insul3Dce of any Improvements located on or within the Common Area that are used by the Owners or occupants of the property in that phase, including the streets, walkways, parking areas or recreational facilities. The Owner's allocable share shall be based on the amount of use, type of use and other relevant factors. The Owner shall remit to the Association its share of the costs within 30 days after receipt of demand for same. If Owner fails to pay its share when due, the Association may bring an action in any court of competent jurisdiction to recover the cost, together with interest thereon at the rate of 12% per annum. In such action the prevailing party shall be entitled to recover costs and attorney's fees.

If there are any disputes regarding the Owner's allocable share of the cost, the dispute shall be submitted to the American Arbitration Association, or any successor thereto, for resolution in accordance with its commercial Rules. The parties shall be entitled to the discovery rights provided by Code of Civil

Procedure Section 1283.05. The Arbitration may award costs and attorneys' fees to the prevailing party. The arbitrator's decision shall be binding on the parties and may be enforced in any court of competent jurisdiction. If the Owner fails to initiate arbitration within the 30-day period after receipt of demand from the Association for payment of the Owner's share of the cost, it shall be conclusively presumed that the Owner has waived its arbitration rights with respect to that demand.

ARTICLE 3 - Restrictions

3.1 Residential Use. Each Condominium shall be used for residential purposes only and no part of the Development shall be used or caused, allowed or authorized to be used in any way, directly or indirectly for any business, commercial, manufacturing, mercantile, storing, vending or other non-residential purpose. Notwithstanding the foregoing, Owners or occupants of the Condominiums may use a room or rooms in the residence as an office provided that the primary use of the Condominium is as a residence, no advertising or a sign is used in any manner in connection with the office use, and no customers, clients, or patients enter the Condominium on any regular basis. The Board shall have the authority to adopt additional Rules and regulations regarding the use of offices within the Development in order to maintain the residential characteristics of the Development. The use of Condominiums or other Improvements in the Development by the Declarant or its designees as models, and sales and construction offices for purposes of developing, improving and selling the Condominiums in the Development shall not be a violation of this restriction provided that such use shall terminate no later than three years after the date of recordation of this Declaration or any declaration of annexation annexing property in any additional phase into this Development, whichever occurs later.

3.2 Leasing: The Owner may rent or lease his or her Condominium provided each of the following conditions is satisfied:

- (i) The lease or rental agreement must be in writing and must be for a term not less than 60 days;
- (ii) The lease or rental agreement must contain a provision that the lease or rental agreement is subject to this Declaration, the Bylaws and the Rules and that any violation of any of the foregoing shall be a default under the lease or rental agreement;
- (iii) Before commencement of the lease or rental agreement, the Owner shall provide the Association with the names of the tenants and each family member that will reside on the Condominium and the address and telephone number of the Owner.

Any Owner that leases or rents his or her Condominium shall keep the Association informed at all times of the Owner's address and telephone number. Any lease or rental agreement shall be subject to this Declaration, the Bylaws and the Rules and any breach of any of the foregoing shall constitute a default under the lease or rental agreement, regardless of whether it so provides in the lease or rental agreement. If any tenant breaches any restriction contained in this Declaration, the Bylaws or the Rules, the Owner, on demand from the Association, immediately shall take such steps as may be necessary to correct the breach, including, if necessary, eviction of the tenant.

3.3 Nuisance. No activity shall be conducted in any Condominium that constitutes a nuisance or unreasonably interferes with the use or quiet enjoyment of the occupants of any other Condominium.

3.4 Vehicle Restrictions. No mobile home, camper or recreational vehicle, boat, truck or similar equipment shall be parked anywhere within the Development unless parked within an enclosed garage. For

purposes herein, truck does not include a pickup truck that does not exceed three-quarter ton. No dilapidated, broken-down or disabled vehicles shall be maintained in the Development at anytime.

Occupants shall park their vehicles in their garages so that any unassigned Common Area parking is available primarily for guest parking. No parking space may be converted into any use that would prevent its use as a parking space for the number of spaces the garage was designed to contain. The Board may adopt Rules regulating parking in the unassigned spaces, including regulations that prohibit occupants from parking in all or part of these spaces so that the spaces are available exclusively for guest parking.

3.5 Towing Authority. The Association may install a sign at each vehicular entrance to the Development containing a statement that public parking is prohibited and that all vehicles not authorized to park on the Development will be removed at the owner's expense. The sign shall contain the telephone number of the local traffic law enforcement agency and shall not be less than 17" by 22" in size and the lettering not less than two inches in height.

The Association may cause the removal of any vehicle wrongfully parked within the Development, including a vehicle owned by an occupant. If the identity of the registered owner of the vehicle is known or readily ascertainable, the president of the Association or his or her designee shall, within a reasonable time thereafter, notify the owner of the removal in writing by personal delivery or first class mail. In addition, notice of the removal shall be given to the local traffic law enforcement agency immediately after the vehicle has been removed. The notice shall include a description of the vehicle, the license plate number and the address from where the vehicle was removed. If the identity of the owner is not known or readily ascertainable and the vehicle has not been returned to the owner within 120 hours after its removal, the Association immediately shall send or cause to be sent a written report of the removal by mail to the California Department of Justice in Sacramento, California and shall file a copy of the notice with the proprietor of the public garage in which the vehicle was stored. The report shall be made on a form furnished by the Department of Justice and shall include a complete description of the vehicle, the date, time and place from which the vehicle was removed, the amount of mileage on the vehicle at the time of removal, grounds for removal and the name of the garage or place where the vehicle is stored. Notwithstanding the foregoing, the Association may cause the removal, without notice, of any vehicle parked in a marked fire lane, within 15 feet of a fire hydrant, in a parking space designated for handicapped without proper authority or in a manner which interferes with any entrance to, or exit from, the Development or any Condominium, parking space or garage located thereon. The Association shall not be liable for any damages incurred by the vehicle owner because of the removal in compliance with this section or for any damage to the vehicle caused by the removal, unless such damage resulted from the intentional act of any agent of the Association. If requested by the owner of the vehicle, the Association shall state the grounds for the removal of the vehicle.

The provisions of this Section 3.5 are intended to comply with Vehicle Code Section 22658.2. If this Vehicle Code Section is amended, this provision automatically shall be amended in the same manner. If this section is repealed and no successor section is enacted, this provision shall remain in full force and effect.

3.6 Animals. Normal and customary household pets may be maintained within a Unit under the following conditions:

- (i) There shall be no more than two dogs, two cats; or one dog and one cat;
- (ii) No animal shall be maintained for any commercial purposes;
- (iii) The use of the Common Area by pets shall be subject to such regulations as may be adopted by the Association;

(iv) The Owner shall be responsible for any damage to any Common Area caused by any animal maintained on the Owner's Condominium; and

(v) The Association may, after notice and a hearing, require the permanent removal from the Development of any animal that the Association, in its discretion, determines is a nuisance or otherwise interferes with the quiet use and enjoyment of occupants of any Condominium. The Association may find that an animal is a nuisance if the animal or its Owner continues to violate the pet regulations after receipt of a demand from the Association to comply with the regulations.

3.7 Television or Radio Equipment. No television or radio poles, antenna, satellite dishes, cables or other external fixtures or personal property shall be installed or maintained in any Condominium that is visible from any other Condominium except for such equipment installed by Declarant as part of the original construction of the Development, without the prior written consent of the Board. The Board may adopt Rules regulating the installation and maintenance of such equipment, including a rule that prohibits such installation or maintenance.

Nothing herein shall be construed to restrict in any manner, the Association's right to authorize a cable television franchisee or other provider of similar services to provide cable television, radio or other similar services to the Development.

3.8 Signs. No sign of any kind shall be displayed from any Condominium that is visible from any other Condominium, except the following:

(i) Any sign not exceeding 3' by 5' advertising the Condominium for sale or for rent, provided that no more than one such sign is used, and the sign is displayed in a window of the Condominium or other area designated by the Association;

(ii) Any sign of a political nature, provided the sign is placed inside a window; or

(iii) Any sign approved by the Board either on an individual basis or pursuant to Rules adopted by the Board.

3.9 Trash Removal. Each Owner shall be responsible for the removal of all the trash and refuse from that Owner's Unit to the central pickup points located within the Development for trash pickup. The Board may adopt Rules regulating the trash pickup sites.

3.10 Clothesline. No exterior clothesline shall be erected or maintained on any Condominium and there shall be no exterior drying or laundering of clothes on any balcony, patio, porch or other outside area on any Condominium.

3.11 Automobile Maintenance. There shall be no maintenance or repairs performed on any automobile anywhere within the Development except for any emergency repairs that are necessary in order to remove the vehicle to a proper repair facility.

3.12 Commonly Metered Utilities. The Board may adopt Rules regulating the use of any commonly metered utilities that are paid by the Association, including the right to allocate any penalties or fines imposed by any governmental entity or public utility company for excessive use or other violations in any manner the Board considers fair and reasonable under the circumstances.

3.13 Alterations, Modifications or Additions. There shall be no alterations, modifications or additions made to any Condominium or any Improvement thereon except in compliance with the provisions of Article 7.

3.14 Compliance with Law. No Owner shall permit anything to be done or kept in his or her Condominium that violates any law, ordinance, statute, rule or regulation of any local, county, state or federal agency. Nothing shall be done or kept in any Condominium that might increase the rate of or cause the cancellation of any insurance maintained by the Association.

3.15 Drilling. No drilling, mining, or quarrying operation shall be conducted anywhere within the Development at any time.

ARTICLE 4 – Maintenance, Repair, and Landscaping Obligations

4.1 Owner's Maintenance and Repair Obligations. Each Owner shall maintain his or her Unit and all Improvements therein in good condition and repair at all times, including, but not limited to, interior doors and walls (including exterior surfaces of bearing walls), cabinets, appliances, and all electrical, heating, plumbing and other utility fixtures situated within the Unit or located both in the Unit and in the Common Area and exclusively serving the Unit, such as electrical and telephone outlets. In addition, each Owner shall maintain and repair any utility lines (including electrical, water, and gas) that are separately metered and that exclusively serve the Owner's Unit, including any portion located in the Common Area not maintained by a utility company. Each Owner shall periodically clean and maintain any windows, fireplace, chimney and flue that serve the Owner's Unit, including repair or replacement of any broken windows. If any window breakage is covered by insurance maintained by the Association, the Association, on request from the Owner, shall submit an appropriate claim and shall remit any available insurance proceeds to the Owner on receipt of satisfactory evidence that the proceeds are or will be used for repair of the window. Any deductible amount shall be borne by the Owner. The Association shall repair any damage to any exterior doors serving a Unit, provided that if the damage is covered by insurance maintained by the Association, the Owner shall be responsible for paying any deductible amount. Each Owner shall maintain any Exclusive Use Common Areas appurtenant to that Owner's Condominium, including any landscaping within any exclusive use patios in a neat and clean condition at all times. Unless the Association elects to provide chimney sweeping services, each Owner shall have the chimney that services the Owner's Unit swept periodically and no less than one time every two years.

If any Owner fails to maintain his or her Condominium as required herein, the Association, after notice and hearing as described in the Bylaws, may, but is not obligated to, enter the Condominium and perform the necessary maintenance and repair. The Association may levy a reimbursement assessment against the Condominium in the manner described in Section 6.4.

Each Owner shall maintain, repair and replace any smoke detectors located in the Owner's Unit, The Association shall maintain any automatic fire sprinkler heads located in any Unit, provided that each Owner immediately shall notify the Association of any problems with any automatic sprinkler heads located in the Owner's Unit

4.2 Owner's Landscaping Obligations. Except for such landscaping as may be maintained by the Association, each Owner shall maintain the landscaping within any Exclusive Use Common Area patio appurtenant to the Owner's Condominium in a healthy and weed-free condition,

4.3 Association's Maintenance, Repair, and Landscaping Obligations. The Association shall maintain in good condition and repair the Common Area, including, but not limited to, foundations, siding, trim, roofs, exterior doors, decks, balconies, exterior staircases, private streets, walkways, parking spaces, garages, bearing walls, and landscaping (except landscaping within the Exclusive Use Common Area patios).

Unless otherwise maintained or repaired by governmental entity or public or private utility company, the Association shall maintain in good condition and repair all utilities that service two or more Condominiums, including, but not limited to, meters, distribution lines, storage tanks, wires, ducts, flues, pumps, boilers, and pipes, but excluding any utility equipment and fixtures located within a Unit

The Association shall have the Common Area periodically inspected for wood-destroying pests and organisms and shall take appropriate corrective measures therefor.

The Association may elect to have all chimneys periodically swept and the costs thereof shall be separately assessed to those Condominiums whose chimneys have been swept. If the Association does not so elect, the Owner shall have the chimneys periodically swept as required in Section 4.1.

The Association shall maintain and repair the fire sprinkler system, including any sprinkler heads located within the Units.

The maintenance and repair of windows shall be the responsibility of each Owner to the extent described in Section 4.1.

All landscaping to be maintained by the Association shall be maintained in a healthy and weed-free environment. Maintenance shall include regular fertilization, irrigation, pruning and other prudent landscaping practices. The Association immediately shall remove and replace all dying or dead vegetation.

If the Association incurs any maintenance or repair costs because of the willful or negligent act or omission of any Owner or occupant, or their family members, guests, agents or pets, the Association shall charge the cost to the Owner of the Condominium responsible for the costs and may levy a reimbursement assessment as described in Section 6.4. The Owner immediately shall pay the charge or reimbursement assessment to the Association together with interest thereon at the rate of 12% per annum, but not in excess of the maximum rate authorized by law. If the Owner disputes the charge, the Owner shall be entitled to a notice and hearing as provided in the Bylaws. The Association shall not charge the Owner to the extent that the cost is met through insurance maintained by the Association. Any deductible amount shall be paid by the Owner.

ARTICLE 5 - The Association

5.1 Formation of the Association. The Association is a nonprofit mutual benefit corporation formed under the laws of the State of California. The Association shall commence operations no later than the date that assessments commence. Pending the commencement of the Association's operations, Declarant shall perform the duties and shall have the rights of the Association as described herein.

5.2 Governing Body. The governing body of the Association shall be the Board. It shall be the responsibility of the Board to insure that the Association exercises its rights and performs its duties as described within the Declaration, the Articles, the Bylaws and any amendments thereto.

5.3 Membership. Each Owner of a title interest in a Condominium automatically shall be a Member of the Association. If there is more than one title Owner of a Condominium, each Owner shall be a Member. The holder of a security interest in a Condominium shall not be a Member of the Association except and until that holder obtains both the legal and equitable interest in the Condominium. If any Owner executes an installment contract of sale for the sale of that Owner's Condominium, the purchaser shall become the Member upon satisfaction of the requirements described in Section 1.18 and the Owner no longer shall be a Member. If the purchaser's rights are terminated under the contract without transfer of title to the purchaser, the Board, upon receipt of satisfactory evidence of the termination of the purchaser's rights, shall reinstate the Owner as the Member and the purchaser shall no longer be a Member.

Membership shall be appurtenant to the Condominium and may not be separated therefrom. Any transfer of an Owner's interest in a Condominium (other than a security interest), by operation of law or otherwise, automatically transfers the membership to the Owner's successor in interest. No Owner may resign or revoke his or her membership for any reason.

5.4 Membership Classes and Voting Rights. The Association shall have the following two classes of voting memberships:

(i) Class A. Class A Owners are all Owners except the Declarant. Class A Owners shall be entitled to one vote for each Condominium in which he or she owns an interest. If more than one Owner owns an interest in a Condominium, only one vote may be cast with respect to that Condominium.

(ii) Class B. The Class B Owner shall be the Declarant who shall be entitled to three votes for each Condominium owned by the Declarant. Class B membership shall cease and be irreversibly converted to Class A on the occurrence of one of the following events:

(a) On the second anniversary of the issuance of the original subdivision report for the most recent phase of the Development; or

(b) On the fourth anniversary of the issuance of the original final subdivision public report for the first phase of the Development.

As long as two classes of voting membership exist, any action by the Association that requires approval by the Owner shall require approval by the designated percentage of voting power in each class, except the action described in Section 5.11 of this Declaration. Voting rights shall vest at the time that assessments are levied against the Owner's Condominium. Except as otherwise provided in this Declaration, the Articles or the Bylaws, and subject to the provisions of Section 5.11, all matters requiring the approval of the Owners shall be approved if (i) approved at a duly called regular or special meeting at which a quorum was present, either in Person or by proxy, by Owners holding the majority of the total voting power of all Owners present, either in Person or by proxy; (ii) approved by written ballot pursuant to the requirements of Corporations Code Sections 7513 or (iii) approved by unanimous written consent of all the Owners. If the vote or written consent of each class of membership is required, any requirement that the vote of the Declarant be excluded is not applicable except as provided in Section 5.11.

5.5 Joint Ownership Votes. The vote that is attributed to each Condominium may not be cast on a fractional basis. If the Condominium has more than one Owner and the Owners are unable to agree as to how the vote shall be cast, the vote shall be forfeited on the matter in question. Any vote cast by an Owner for any Condominium is conclusively presumed to be the vote cast by all the Owners of that Condominium. If more than one Owner casts a vote attributed to a Condominium on any matter on which only one vote could be cast for that Condominium, the votes cast by such Owners shall not be counted and shall be conclusively presumed to be forfeited.

5.6 Powers of the Association. The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the general nonprofit mutual benefit corporation law of California, subject only to such limitations on the exercise of these powers as are set forth in the Articles, Bylaws and this Declaration. The Association shall have the power to do any lawful thing that may be authorized, required or permitted to be done by the Association under this Declaration, the Articles and the Bylaws and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association, including without limitation, each of the following:

(i) The Association shall establish, fix and levy assessments against the Owners and collect and enforce payment of such exceptions in accordance with the provisions of Article 6 of this Declaration.

(ii) The Association may adopt, amend and repeal Rules as it considers appropriate. The Rules shall regulate the use and enjoyment of the Common Area and such other matters as are authorized herein. A copy of the Rules as adopted, amended or appealed shall be mailed or otherwise delivered to each Owner and a copy shall be posted in a conspicuous place within the Development. If any provision of this Declaration, the Articles or the Bylaws is inconsistent with or materially alters any Rules, the Declaration, the Articles or the Bylaws shall control to the extent of any such inconsistency.

Any Rules adopted by the Association shall apply to all Owners or occupants in a uniform and nondiscriminatory manner. The Association may adopt a rule as the result of an act or omission of any Owner or occupant or their family members or guests or a rule that does not directly affect all Owners or occupants in the same manner, as long as the rule applies to all Owners or occupants.

Under no circumstances may the Association cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of the Owner's Unit on account of the failure of the Owner to comply with the provisions of the Declaration, Articles, Bylaws or Rules, except by judgment of a court, or decision of an arbitrator or on account of a foreclosure or sale under power of sale for failure of the Owner to pay assessment duly levied by the Association.

(iii) In addition to any other enforcement rights described in this Declaration and the Bylaws or as may be authorized by law subject to any restrictions on the Association's enforcement rights, including any due process requirements imposed by this Declaration, the Bylaws or by law, the Association may take any of the following actions against any Person or entity whose act or failure to act violates or threatens to violate any provisions of this Declaration, the Bylaws or Rules; (a) impose monetary penalties, including late charges and interest, (b) suspend voting rights in the Association, (c) suspend use privileges for any Improvement within the Common Area, and (d) commence any legal or equitable action for damages, injunctive relief or both. The determination of whether to impose any of the foregoing sanctions shall be within the sole discretion of the Association. Any legal action may be brought in the name of the Association on its own behalf and on behalf of any Owner who consents, and the prevailing party in such action shall be entitled to recover costs and reasonable attorneys' fees. The Association, in its sole discretion, may resolve or settle any dispute, including any legal action under such terms and conditions as it considers appropriate.

(iv) The Association may delegate any of its powers and duties to its employees, committees or agents, including a professional management agent.

5.7 Duties of the Association. In addition to the duties described in the Articles or Bylaws, or elsewhere in this Declaration, the Association shall have the duty to manage the Common Area, perform the maintenance as described in Section 4.3, procure and maintain the insurance as described in Article 8, levy and collect assessments as described in Article 6, prepare and distribute financial statements, reports and copies of Governing Documents as described in Section 5.10, and enforce bonded obligations as described in Section 5.11. The Association shall perform such other acts as may be reasonably necessary to exercise its powers to perform its duties under any of the provisions of this Declaration, the Articles, Bylaws, Rules or Board resolutions.

5.8 Taxes and Assessments. The Association shall pay all real and personal property taxes and assessments and all other taxes levied against the Association, the Common Area or the personal property owned by the Association. Such taxes and assessments may be contested or compromised by the Association, provided that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

5.9 Utility Service to the Common Area. Except for utility service that is separately metered to each Condominium, the Association shall acquire, provide and pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone, gas and other necessary utility services for the Common Area.

(ii) The Association may adopt, amend and repeal Rules as it considers appropriate. The Rules shall regulate the use and enjoyment of the Common Area and such other matters as are authorized herein. A copy of the Rules as adopted, amended or repealed shall be mailed or otherwise delivered to each Owner and a copy shall be posted in a conspicuous place within the Development. If any provision of this Declaration, the Articles or the Bylaws is inconsistent with or materially alters any Rules, the Declaration, the Articles or the Bylaws shall control to the extent of any such inconsistency.

Any Rules adopted by the Association shall apply to all Owners or occupants in a uniform and nondiscriminatory manner. The Association may adopt a rule as the result of an act or omission of any Owner or occupant or their family members or guests or a rule that does not directly affect all Owners or occupants in the same manner, as long as the rule applies to all Owners or occupants.

Under no circumstances may the Association cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of the Owner's Unit on account of the failure of the Owner to comply with the provisions of the Declaration, Articles, Bylaws or Rules, except by judgment of a court or decision of an arbitrator or on account of a foreclosure or sale under power of sale for failure of the Owner to pay assessment duly levied by the Association.

(iii) In addition to any other enforcement rights described in this Declaration and the Bylaws or as may be authorized by law subject to any restrictions on the Association's enforcement rights, including any due process requirements imposed by this Declaration, the Bylaws or by law, the Association may take any of the following actions against any Person or entity whose act or failure to act violates or threatens to violate any provisions of this Declaration, the Bylaws or Rules; (a) impose monetary penalties, including late charges and interest, (b) suspend voting rights in the Association, (c) suspend use privileges for any Improvement within the Common Area, and (d) commence any legal or equitable action for damages, injunctive relief or both. The determination of whether to impose any of the foregoing sanctions shall be within the sole discretion of the Association. Any legal action may be brought in the name of the Association on its own behalf and on behalf of any Owner who consents, and the prevailing party in such action shall be entitled to recover costs and reasonable attorneys' fees. The Association, in its sole discretion, may resolve or settle any dispute, including any legal action under such terms and conditions as it considers appropriate.

(iv) The Association may delegate any of its powers and duties to its employees, committees or agents, including a professional management agent.

5.7 Duties of the Association. In addition to the duties described in the Articles or Bylaws, or elsewhere in this Declaration, the Association shall have the duty to manage the Common Area, perform the maintenance as described in Section 4.3, procure and maintain the insurance as described in Article 8, levy and collect assessments as described in Article 6, prepare and distribute financial statements, reports and copies of Governing Documents as described in Section 5.10, and enforce bonded obligations as described in Section 5.11. The Association shall perform such other acts as may be reasonably necessary to exercise its powers to perform its duties under any of the provisions of this Declaration, the Articles, Bylaws, Rules or Board resolutions.

5.8 Taxes and Assessments. The Association shall pay all real and personal property taxes and assessments and all other taxes levied against the Association, the Common Area or the personal property owned by the Association. Such taxes and assessments may be contested or compromised by the Association, provided that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

5.9 Utility Service to the Common Area. Except for utility service that is separately metered to each Condominium, the Association shall acquire, provide and pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone, gas and other necessary utility services for the Common Area.

5.10 Reporting Requirements. The Association shall prepare and distribute the following:

(i) A pro forma operating budget for each fiscal year shall be distributed not less than 45 days nor more than 60 days before the beginning of the fiscal year consisting of at least the following: (a) estimated revenue and expenses on an accrual bases; (b) identification of the total cash reserves the Association currently set aside; (c) an estimate of the current replacement costs of, the estimated remaining useful life of, and the methods of funding used to defray the future repair, replacement or additions to, those major components which the Association is obligated to maintain; (d) a general statement addressing the procedures used for the calculation establishing those reserves to defray the future repair, replacement or additions to those major components that are attributable to the areas which the Association is obligated to maintain.

In lieu of the distribution of the pro forma operating budget, the Board may elect to distribute a summary of the budget to all its Members with a written notice in at least 10-point bold type on the front page of the summary that the budget is available at the Association's business office or another suitable location within the boundaries of the Development and that copies will be provided on request and at the expense of the Association. If any Member requests a copy of the pro forma operating budget to be mailed to the Member, the Association shall provide the copy to the Member by first-class United States mail at the expense of the Association, which copy shall be mailed within five days of the receipt of the request.

(ii) A balance sheet rendered as of an accounting date that is the last day of the month closest in time to six months from the date of closing of the first sale of a Condominium (the "Accounting Date"), and an operating statement for the period commencing with the date of the closing of the first sale and ending on the Accounting Date. The operating statement shall include a schedule of assessments, received or receivable, identified by the Condominium number and the name of the Owner assessed. Copies of the balance sheet and operating statement shall be distributed to each Owner and any Mortgagee that has requested a copy within 60 days after the Accounting Date.

(iii) An annual report consisting of a balance sheet rendered as of the last day of the fiscal year, an operating statement for the fiscal year, and a statement of change in its financial position for the fiscal year. A copy of the annual report shall be distributed to each Owner and any Mortgagee that has requested a copy within the 120 days after the close of the fiscal year. In any fiscal year in which the gross income of the Association exceeds \$75,000, a copy of the review of the annual report prepared by a licensee of the California State Board of Accountancy in accordance with generally accepted accounting principles shall be distributed with the annual report. If the annual report is not reviewed by an independent accountant, the reports shall be accompanied by the certificate of an authorized officer of the Association that the report was prepared from the books and records of the Association without independent audit or review.

(iv) A statement of the Association's policies and practices in enforcing its remedies against Owners for delinquent regular or special assessments including the recording and foreclosing of liens against a delinquent Owner's Condominium. A copy of this statement shall be distributed to each Owner and any Mortgagee that has requested a copy within 60 days prior to the beginning of each fiscal year.

(v) Copies of this Declaration, the Articles, Bylaws, Association Rules and a statement regarding delinquent assessments as described in Section 6.11 shall be provided any Owner within 10 days of the mailing or delivery of a written request. The Board may impose a fee to provide these materials but not to exceed the Association's reasonable costs in preparing and reproducing the material.

5.11 Enforcement of Bonded Obligations. If the Association is the obligee under a bond or other arrangement ("Bond") to secure performance of the commitment of the Declarant or a successor or assign to complete the Common Area Improvements not completed at the time the California Commissioner of Real Estate issued a final subdivision report, for the latest phase of the Development, the Board will consider a vote on the question of action by the Association to enforce the obligations under the Bond with

respect to any Improvement for which a notice of completion has not been filed by the later of (i) 60 days after the completion date specified for that Improvement in the "plan construction statement" appended to the Bond; or (ii) 30 days after the expiration of any written extension given by the Association. If the Board fails to consider a vote on the action to enforce the obligations under the Bond, or if the Board decides not to initiate action to enforce the obligations under the Bond, then on receipt of a petition signed by Owners representing not less than five percent of the total voting power of the Association, the Board shall call a special meeting of Owners for the purpose of voting to override the decision of the Board not to initiate action or to compel the Board to take action to enforce the obligations under the Bond. The Board shall give written notice of the meeting to all Owners entitled to vote in the manner provided in this Declaration or in the Bylaws for notices of special meetings of Owners. The meeting shall be held not less than 35 days nor more than 45 days after receipt of the petition. At the meeting, the vote in Person or by proxy by a majority of the Owners entitled to vote (other than Declarant) in favor of taking action to enforce the obligations under the bond shall be considered the decision of the Association and the Board shall implement this decision by initiating and pursuing appropriate action in the name of the Association.

Upon satisfaction of the Declarant's obligation to complete the Common Area Improvements, the Association shall acknowledge in writing that it approves the release of the bond and shall execute any other documents or instruments as may be necessary or advisable to affect the release of the Bond. The Association shall not condition its approval to release the Bond on the satisfaction of any condition other than the completion of the Common Area Improvements as described on the planned construction statement. Any dispute between the Declarant and the Association regarding the completion of the Common Area shall be submitted to binding arbitration on the commercial rules of the American Arbitration Association or any successor thereto and the prevailing party shall be entitled to recover costs, including reasonable attorneys' fees.

5.12 Limitations on Authority of the Board. The Board shall not take any of the following actions without the vote or written consent of Owners holding 51 % of the voting rights of each class of Owners, if two classes exist or, if only one class exists, 51% of the voting rights of all Owners and 51 % of the voting rights of all Owners other than Declarant:

(i) Incur aggregate expenditures for capital Improvements to the Common Area in any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year;

(ii) Sell during any fiscal year property of the Association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the Association for that fiscal year;

(iii) Pay compensation to Members of the Board or to officers of the Association for services performed in the conduct of the Association's business, provided that the Board may reimburse a Member for expenses incurred in carrying on the business of the Association;

(iv) Enter into a contract with a third Person to furnish goods or services for the Common Area or the Association for a term longer than one year, with the following exceptions:

(a) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration;

(b) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission, provided the term does not exceed the shortest term for which the supplier will contract at the regulated rate;

(c) Prepaid casualty or liability insurance policies not to exceed three years' duration provided the policy permits for short rate cancellation by the insured;

(d) Lease agreements for laundry room fixtures and equipment not to exceed five years' duration provided the Declarant does not have a direct or indirect ownership interest of 10% or more in any lesser under such agreements;

(e) Agreements for cable television services and equipment or satellite dish television services and equipment not exceeding five years in duration provided the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of 10% or more; and

(f) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services not exceeding five years' duration, provided that the supplier or suppliers are not entities in which the Declarant has a direct or indirect ownership interest of 10% or more; and

(v) Institute any legal proceeding (including any arbitration or judicial reference proceeding) against any Person, the cost of which could reasonably be expected to exceed \$2500. In estimating costs, the Board shall include all normal and customary court costs and attorneys' fees without regard to the possibility of recovering costs and fees if the Association were to prevail.

ARTICLE 6 - Assessments

6.1 Obligations to Pay Assessments. The Owner of each Condominium is obligated to pay any assessments levied against that Owner's Condominium on or before the due date of the assessment. If there is more than one Owner of the Condominium, the obligation is joint and several. Each Owner on acceptance of title to a Condominium automatically personally assumes the obligation to pay any assessments against the Owner's Condominium and agrees to allow the Association to enforce any assessment lien established hereunder by nonjudicial proceedings under the power of sale or by any other means authorized by law. The Owner shall be liable for the full assessment levied against that Owner's Condominium regardless of the Owner's possession or use of the Condominium, the Common Area or any services rendered by the Association. The Owner has no right or power to commit or omit any act, such as waiving the right to use the Common Area, in an attempt to eliminate or reduce the assessments against that Owner's Condominium. An assessment shall be both a personal obligation of the Owners of the Condominium against which the assessment is levied and, on the recordation of a notice of delinquent assessment, a lien against the Condominium. Any Owner that transfers a Condominium shall remain personally liable for any unpaid assessments that accrued on or before the date of the transfer. No Owner shall be liable for any defaults of the Owner's predecessor in interest in the payment of any assessment that have accrued prior to the Owner taking title to the property unless that Owner expressly assumes the obligation to cure the delinquent assessments. Notwithstanding the foregoing, any Owner that takes title to a Condominium on which a lien for a delinquent assessment has been established will take title subject to the lien and the Association's enforcement remedies as a result thereof, unless the Owner takes title under a foreclosure or trustee sale resulting from a foreclosure or exercise of a power of sale under a Mortgage, deed of trust, or other lien recorded before the recordation of the notice of delinquent assessment.

6.2 Annual Regular Assessment. Not more than 90 days nor less than 60 days before the beginning of each fiscal year of the Association, the Board shall meet for the purpose of establishing the annual regular assessment for the forthcoming fiscal year. At such meeting the Board shall review the preliminary pro forma operating budget prepared in accordance with the provisions of Section 5.10(i), any written comments received from Members and Mortgagees, and such other related information that has been made available to the Board. After making any adjustments that the Board considers appropriate and subject to such Member approval as may be required by Section 6.S, the Board will establish annual regular assessment for the forthcoming fiscal year. Each annual regular assessment shall include a portion for reserves in such amount as the Board in its discretion considers appropriate to meet the cost of the future

repair, replacement or additions to the Improvements and fixtures that the Association is obligated to maintain and repair. Reserve funds shall be deposited in a separate account and the signatures of at least two Persons who shall either be Members of the Board or one officer who is not a Member of the Board and a Member of the Board shall ~ required to withdraw monies from the reserve account Reserve funds may not be expended for any purpose other than repairing, replacing or adding to the Improvements or fixtures that the Association is obligated to maintain without the consent of Owners holding a majority of the voting power obtained either at a duly held meeting or by written ballot.

If the Board for any reason fails to take the appropriate steps to establish the annual regular assessment for the next fiscal year, the annual regular assessment for the preceding fiscal year shall continue in effect subject to the Board's right at any time during the next fiscal year to adjust the assessment pursuant to the procedures described herein.

6.3 Special Assessments. Subject to the restrictions described in Section 6.5, the Board may levy a special assessment if the Board in its discretion determines that the Associations available funds are or will become inadequate to meet the estimated expense of the Association, including expenses resulting from inadequate reserves, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital Improvements, inadequate insurance proceeds or otherwise. The Board may levy the entire special assessment immediately or levy it in installments over a period the Board considers appropriate.

6.4 Reimbursement Assessments. The Board shall have the authority to levy reimbursement assessments against one or more Condominium Owners to reimburse the Association for any costs incurred by the Association as the result of any act or omission of any Owner or occupant of any Condominium or their family members, guests or agents. The levy shall not include any portion that is paid by any insurer under a policy maintained by the Association. Payment of the deductible amount shall be the responsibility of the Owner. In addition to reimbursing the Association for costs necessary to repair any Common Area or other property that is maintained by the Association, the Association may seek reimbursement for any costs incurred by the Association, including attorneys' fees, to bring the Owner or occupant or the Owner's Condominium into compliance with this Declaration, the Articles, Bylaws or Rules. A reimbursement assessment may not be levied against any Condominium until notice and hearing have been provided the Owner as described in the Bylaws and under no circumstances may a reimbursement assessment (or a monetary penalty imposed by the Association as a disciplinary measure for violation of the Declaration or Rules) become a lien against the Owner's Condominium that is enforceable by nonjudicial foreclosure proceedings under a power of sale. The foregoing restriction on enforcement is not applicable to late payment penalties for delinquent assessments or charges imposed to reimburse the Association for loss of interest or for collection costs, including reasonable attorneys' fees for delinquent assessments.

6.5 Assessment Increase Restriction. Notwithstanding any other provision in this Declaration to the contrary, the Board may not (i) impose a annual regular assessment for any fiscal year more than 20% above the annual regular assessment for the Association's preceding fiscal year, or (ii) impose special assessments which in the aggregate exceed five percent of the budgeted gross expenses of the Association for that fiscal year without the approval of a majority of the votes at a meeting of the Members of the Association for which a quorum is present. For purposes of this Section, a quorum means more than 50% of the Owners of the Association, and the meeting must be conducted in accordance with Corporations Code Sections 7510-7527, and 7613. The foregoing restrictions on assessment increases do not apply to increases necessary for emergency situations. An emergency situation is anyone of the following:

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

(ii) An extraordinary expense necessary to repair or maintain the Development or any part of it that the Association is responsible to maintain where a threat to personal safety on the Property is discovered;

(iii) An extraordinary expense necessary to repair or maintain the Development or any part of it that the Association is responsible to maintain that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget required under Civil Code Section 1365 provided that before the imposition or collection of any assessment under this subparagraph the Board must pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process and shall distribute the resolution to the Members with the notice of the assessment

If the Board fails to distribute the pro forma operating statement as required by Section 5.10(i) for any fiscal year, the Association may not increase its annual regular assessment for that fiscal year, as authorized by Civil Code Section 1366(b), unless the Board has obtained the approval of a majority of the votes at a meeting of the Members at which a quorum was present. For the foregoing purposes, a quorum means more than 50% of the Owners of the Association and the meeting must be conducted in accordance with corporations Code Sections 7510 - 7527 and 7613 or any successor statute thereto.

The provisions of this Section 6.5 are intended to comply with Civil Code Section 1366(a) and (b). If this section is amended in any manner, the provisions of this Section 6.5 automatically shall be amended in the same manner, provided that if Civil Code Section 1366(b) is repealed and no successor statute is enacted with respect to restrictions on assessments, the provisions of this Section 6.5 shall remain in full force and effect.

6.6 Commencement of Regular Assessments. Annual regular assessments shall commence for all Condominiums in phase one on the first day of the month coinciding with or immediately following the date of the first transfer of title of a Condominium by the Declarant to a purchaser under the authority of a final subdivision public report issued by the California Department of Real Estate. Annual regular assessments for each subsequent phase that has been annexed into the Development by the recordation of a declaration of annexation shall commence on the first day of the month coinciding with or immediately following the first to occur of either of the following: (i) the date that Declarant first transfers title to a Condominium in that phase to a purchaser under the authority of a final subdivision public report issued by the California Department of Real Estate; or (ii) the date that a Condominium in that phase is first occupied and used either by an Owner or by a tenant of the Owner. Owners shall be liable only for that portion of the annual regular assessment that becomes due and payable from and after the date assessments commence against the Owner's Condominium.

6.7 Due Dates of Assessments. Unless otherwise directed by the Board, the annual regular assessment shall be collected in 12 equal monthly installments and each installment shall be due and payable on the first day of each month. As described in Section 6.3, special assessments shall be due on such date or dates as selected by the Board. Reimbursement assessments shall be due and payable 10 days after the Owner receives the notice of the Reimbursement Assessment. The notice shall be deemed received on the date described in Section 12.15.

Any assessment not paid within 15 days after the due date shall be delinquent, shall bear interest at the rate of 12% per annum from 30 days after the due date until paid and shall incur a late penalty in an amount to be set by Board from time to time not to exceed the maximum amount permitted by law.

6.8 Allocation of Assessments. Except for reimbursement assessments and special assessments levied as described in Sections 9.1 and 9.3, and subject to the provisions of Section 6.10, regular and special assessments levied by the Board shall be allocated in equal amounts among the Condominiums, subject to this Declaration.

6.9 Enforcement of Delinquent Assessments. The Association may elect to pursue one or both of the following remedies in the event of a delinquent assessment:

(i) Personal Obligation. The Association may bring a legal action directly against the Owner for breach of the Owner's personal obligation to pay the assessment, and in such action, shall be entitled to recover the delinquent assessment or assessments, accompanying late charges, interest, costs and reasonable attorneys' fees. Commencement of a legal action shall not constitute a waiver of any lien rights as described in Section 6.9(ii).

(ii) Assessment Lien. The Association may impose a lien against the Owner's Condominium for the amount of the delinquent assessment or assessments, together with accompanying late charges, interest, costs and reasonable attorneys' fees, by recording a notice of delinquent assessment in the records of the county in which the Development is located. The notice shall describe the amount of the delinquent assessment or assessments, the related charges authorized by this Declaration, a description of the Condominium, the name of the Owner, and, if the lien is to be enforced by power of sale under nonjudicial foreclosure proceedings, the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice shall be signed by any officer of the Association or an employee or agent of the Association authorized to do so by the Board.

Unless the Board considers the immediate recording of the notice to be in the best interests of the Association, the notice shall not be recorded until 15 calendar days after the Owner has received a written notice of default and a demand for payment from the Association. The notice shall be deemed received on the date described in Section 12.15. If the delinquent assessment or installment and related charges are paid or otherwise satisfied, the Association shall record a notice of satisfaction and release of lien.

The Board may enforce any assessment lien established hereunder by filing an action for judicial foreclosure, or, if the notice of delinquent assessment contained the name and address of the trustee authorized by the Association to enforce the lien by nonjudicial foreclosure, by recording a notice of default in the form described in Civil Code Section 2924c (b) (1) to commence a nonjudicial foreclosure. All nonjudicial foreclosure shall be conducted in accordance with the requirements of Civil Code Sections 2924, 2924(b), 2924(c), 2924(f), 2924(g) and 2924(h) that apply to nonjudicial foreclosure of Mortgages or deeds of trust. The sale shall be conducted by the trustee named in the notice of delinquent assessment or by a trustee substituted in accordance with the provisions of Civil Code Section 2934(a). The Association may bid on the Condominium at the sale and may hold, lease, mortgage and convey the acquired Condominium. If the default is cured before the sale, or before completing a judicial foreclosure, including payment of all costs and expenses incurred by the Association, the Association shall record a notice of satisfaction and release of lien, and on receipt of a written request by the Owner, a notice of rescission of the Declaration of Default and Demand for Sale. In addition to the remedies described herein, the Board may, pending the payment in full of all delinquent assessments and related charges, suspend the voting rights of the Owner and the rights of the Owner or occupant, their family members or guests to use any Common Area recreational facilities.

6.10 Assessment Exemption. Any Condominium having no structural Improvement for human occupancy shall be exempt from the payment of that portion of any assessment that is for the purpose of defraying expenses and reserves directly attributable to the existence and use of the structural Improvement. Exemption may include but is not limited to:

- (i) Roof replacement;
- (ii) Exterior maintenance;
- (iii) Walkway and carport lighting;
- (iv) Refuse disposal;
- (v) Cable television; and

(vi) Domestic water supply to Units.

The foregoing exemptions shall be in effect until the earliest of the following events:

(a) A notice of completion of the structural Improvements has been recorded;

(b) Occupation or use of the Condominium; or

(c) Completion of all elements of the residential structures that the Association is obligated to maintain.

The Declarant and any other Owner of a Condominium are exempt from the payment of that portion of any assessment that is for the purpose of defraying expenses and reserves directly attributable to the existence and use of a common facility that is not complete at the time assessments commence. This exemption from the payment of assessments shall be in effect until the earliest of the following events:

(i) A notice of completion of the common facility has been recorded; or

(ii) The common facility has been placed into use.

6.11 Estoppel Certificate. Within ten days of the mailing or delivery of a written request by any Owner, the Board shall provide the Owner with a written statement containing the following information: (i) whether to the knowledge of the Association, the Owner or occupant or the Owner's Condominium is in violation of any of the provisions in this Declaration, the Articles, Bylaws or Rules; (ii) the amount of regular and special assessments, including installment payments, paid by the Owner during the fiscal year the request is received; and (iii) the amount of any assessments levied against the Owner's Condominium that are unpaid as of the date of the statement, including any late charges, interest or costs of collection and as of the date of the statement are or may be made a lien against the Owner's Condominium as provided by this Declaration.

ARTICLE 7 - Architectural Review

7.1 Architectural Review Committee. An Architectural Review Committee (the "Committee") may be established by the Declarant or by the Board. The Committee shall consist of three members. Declarant may appoint all of the original members of the Committee and all replacements until the first anniversary of the issuance of the original final subdivision public report for the Development. Declarant's appointees need not be Members of the Association. Declarant shall have the right to appoint a majority of the members of the Committee until 90% of all the Condominiums of the Development have been sold or until the fifth anniversary of the issuance of the final public report for the first phase of the Development, whichever occurs first. On the first anniversary date of the issuance of the original public report for the first phase of the Development, the Board shall have the power to appoint one member to the Committee until 90% of the Condominiums of the Development have been sold or until the fifth anniversary date of the issuance of the final public report for the first phase of the Development, whichever first occurs. Thereafter, the Board shall have the power to appoint all of the members of the Committee. The Board appointees shall be Members of the Association. The term of the members shall be as designated by the Declarant or by the Board. If a member is removed from the Committee for any reason, the Person appointing the member immediately shall appoint a replacement for the balance of the removed member's term. Until a replacement is named, the remaining members of the Committee shall have full authority to act on behalf of the Committee. No member of the Committee shall be entitled to any compensation for serving as a member, provided that member shall be entitled to be reimbursed for any expenses incurred by the member in performing its duties by the Committee provided the member received

prior authorization for the incurrence of the expense. All actions of the Committee shall be governed by a majority vote of the members. The Committee shall meet at such times and places as it shall designate. Meetings of the members shall be open to all members of the Association. The Committee may adopt guidelines regarding the type, location, quality, size, height and other matters relating to any Improvements or landscaping to be constructed or installed in the Condominiums and may establish a procedure for reviewing all plans and specifications submitted to it for prior approval and shall be responsible for periodic review and modification of the guidelines. The guidelines shall comply with the use restrictions described in Article 3. Factors that shall be considered in approving proposed plans and specifications shall include, without limitation: (i) conformity and harmony of external design with other Condominiums in the Development; (ii) effect of the proposed location on neighboring Condominiums; (iii) relation of the topography, grade and finished ground elevation to that of adjoining Condominiums; (iv) proper facing of elevations with respect to nearby streets and adjoining lots; (v) overall conformity with the general purpose of the Development and the restrictions in this Declaration; and (vi) the guidelines.

7.2 Approval. None of the following actions shall take place on any Condominium without the prior written approval of the Committee:

- (i) Any construction, installation, repair (including exterior painting), replacement, alteration or removal of any building, out building, structure, wall, fence, sign, garage, trash enclosure, storage area, beams, utilities (gas, electricity, telephone, water, or otherwise) or other Improvements;
- (ii) Any planting or landscaping (including the removal of any trees);
- (iii) Any grading, excavation or site preparation; or
- (iv) Any placement or storage of building materials or temporary structures (including trailers, tents, mobile homes, offices or vehicles).

Approval shall require the applicant to submit to the Committee plans and specifications and in a manner and in form satisfactory to the Committee. All plans and specifications shall conform to any guidelines established by the Committee. Plans shall adequately describe the proposed Improvements; plot layout; all exterior elevations; material and colors; signs, landscaping plans (including the type of sodding, seeding, trees, hedges, shrubs and irrigation); number, size and layout of parking; storage areas; trash enclosures; grading and excavation plans; easements and utility locations; proposed fencing; construction schedule; and such other information as the Committee shall require. The Committee, in its sole discretion, may grant variances or exceptions from any guidelines it has established for approving plans and specifications, which variances or exceptions which may contain such conditions and time limitations as the Committee deems appropriate.

Notwithstanding anything herein to the contrary, any Owner may repaint the interior of the Owner's Unit in any color the Owner desires or remodel the Unit provided the remodeling does not in any manner remove or adversely affect any bearing wall or affect the structural integrity of the Common Area and does not alter the exterior appearance of any Condominium building.

The Committee may establish reasonable fees to reimburse the Committee for any out-of-pocket costs incurred by the Committee in reviewing plans and specifications. Except as paid or reimbursed by the applicant, any costs incurred by the Committee in the performance of its duties shall be paid by the Association. If the Committee fails to approve or disapprove any plans or specifications within 30 days of receipt of either the plans and specifications or any advance payments required by the Committee, whichever shall occur later, the plans and specifications shall be deemed approved unless a written extension is executed by the Person submitting the plans and the Committee.

Any member of the Committee, or any authorized agent of the Committee, may from time to time and any time during normal business hours enter any Condominium for the purpose of inspecting any construction to confirm compliance with the plans and specifications as approved by the Committee.

In approving or disapproving any proposed modification, the Committee shall comply with all federal, state and local laws regulating the rights of handicapped Persons.

7.3 Non-liability. The Association, the Committee, the Declarant, or the other Condominium Owners, or their respective successors or assigns, shall not be liable to any Person submitting plans to the Committee for approval or to any other Condominium Owners or occupants by reason of any act or omission arising out of or in connection with the approval or disapproval of any plans or specifications. Approval shall not constitute any warranty or representation by the Committee or its members that the plans satisfy any applicable governmental law, ordinance or regulation or that any Improvement constructed in accordance with the plan shall be fit for the use for which it was intended and safe for use and occupancy. Applicants shall make their own independent verifications of the foregoing and shall not rely on the Committee or its members in any manner in this regard.

7.4 Enforcement. If any Owner or occupant violates the provisions of this Article 7, the Declarant or the Association, in addition to any other remedy available at law or equity, may bring an action to compel compliance, including an action for a court order mandating the removal of any Improvement or other property constructed or installed in violation of the provisions of this Article 7. In such action, the prevailing party shall be entitled to recover costs and reasonable attorneys' fees.

7.5 Board's Authority. If for any reason the Committee is not established or not active, the Board shall perform the duties and shall have the rights of the Committee as described in this Article 7.

7.6 Governmental Approval. Before commencement of any alteration or Improvement approved by the Committee, the Owner shall comply with all the appropriate governmental laws and regulations. Approval by the Committee does not satisfy the appropriate approvals that may be required from any governmental entity with appropriate jurisdiction.

7.7 Declarant Exemption. Declarant, or its successor or assign, shall not be subject to the approval requirements of this Article 7 in connection with the construction or alteration of any Improvement within the Development, provided that this exemption shall expire on the third anniversary date of the recordation of the Declaration of Annexation annexing the last phase into the Development.

ARTICLE 8 - Insurance

8.1 Liability Insurance. The Association shall obtain and maintain a comprehensive public liability insurance insuring the Association, any manager, Declarant, the Association's directors and officers and the Owners and occupants of the Condominiums and their respective family members against any liability incident to the ownership or use of the Common Area or any other Association owned or maintained real or personal property and including, if obtainable, a cross liability or severability of interest endorsement insuring each insured against the liability to each other. The limits of such insurance shall not be less than \$1,000,000 covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and other liability or risk customarily covered with respect to projects similar in construction, location and use. The Association, and its directors and officers, shall have no liability to any Owner or Mortgagee if, after a good faith effort, is unable to obtain the liability insurance required hereunder, because the insurance is no longer available or, if available, can be obtained only at a cost that the Board in its sole discretion determines is unreasonable under the

circumstances, or the Members fail to approve any assessment increase needed to fund the insurance premiums. In such event, the Board immediately shall notify each Member and any Mortgagee entitles to notice that the liability insurance will not be obtained or renewed.

8.2 Hazard Insurance. The Association shall obtain and maintain a master or blanket policy of fire insurance coverage for all of the Improvements within the Development to cover damage or destruction caused by fire and all other hazards that are normally covered by the standard extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by the standard -all-risk" endorsement. The policy shall cover 100% of the current replacement cost of the Improvements, including, but not limited to, interior and exterior walls and doors, cabinets, and electrical, gas, heating, water and plumbing fixtures wherever located. Coverage need not include interior wall or floor surfaces other than surface materials (e.g. paint, wallpaper, mirrors, carpets, hardwood floors) that were installed as a part of the original constructions of the Unit; electrical or plumbing fixtures within a Unit other than standard type installed as a part of the original construction; land; foundation; excavations; or other items usually excluded from insurance coverage. If obtainable at costs that the Board in its discretion deems reasonable, the policy should contain an inflation-guard endorsement and a construction code endorsement and cooling and steam boiler and machine coverage endorsement. The named insured under the policy shall be the Association, or if the Board elects an insurance trustee as designated by the Board pursuant to Section 8.3 below. The policy shall contain the standard mortgage clause and shall require the insurer to notify in writing the Association and each first Mortgage holder named in the mortgage clause at least ten days before it cancels or substantially changes the coverage.

8.3 Insurance Trustee. All master hazard insurance proceeds payable under Section 8.2 for losses to any Improvements within the Development, subject to the rights of Mortgagees under Article 10 may be paid to a trustee as designated by the Board to be held and expended for the benefit of the Owners, Mortgagees, as their respective interests shall appear. The trustee shall be a commercial bank or other financial institution with trust powers in the County in which the project is located that agrees in writing to accept such trust. If repair or reconstruction is authorized, the Association will have the duty to contract for such work as provided for in this Declaration.

8.4 Prohibition Against Individual Hazard Policies. Except as provided in this Section, no Owner shall separately insure his or her Condominium against any loss by fire or other casualty covered by any insurance maintained by the Association as described in Section 8.2. If any Owner violates this provision, any diminution in insurance proceeds otherwise payable under the policy as described in Section 8.2 that results from the existence of such other insurance will be chargeable to the Owner who acquired other insurance, and such other Owner will be liable to the Association to the extent of any such diminution. Any master hazard policy maintained by the Association does not provide insurance for any damage or destruction to any personal property located within any Unit or any wall or floor coverings other than the coverings installed as a part of the original construction, or for any liability resulting from any injury or damage occurring within the Unit. It will be the Owner's responsibility to insure against the foregoing risks. All such insurance that is individually carried must contain a waiver of subrogation by the insurer as to other Owners, the Association, Declarant and any first Mortgagee of the Condominium.

8.5 Other Insurance. In addition to the policies described in Sections 8.1 and 8.2, the Association shall obtain and maintain the following insurance:

- (i) Workers Compensation Insurance to the extent required by law;
- (ii) Fidelity bonds or insurance covering officers, directors and employees that have access to any Association funds;
- (iii) Flood insurance on Common Area Improvements if the project is located in an area designated by an appropriate governmental agency as a special flood hazard area and the Improvements are of the nature on which hazard insurance is normally maintained;

(iv) Officers and directors liability insurance; and

(v) Such other insurance as the Board in its discretion considers necessary or advisable.

8.6 FNMA and FHLMC Requirements. Notwithstanding anything herein to the contrary, the Association shall maintain such policies, containing such terms, amount of coverage, endorsements, deductible amounts, named insured, loss payees, standard mortgage clauses, notice of changes or cancellation, and an appropriate insurance company rating that shall satisfy the minimum requirements imposed by the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC") or any successor thereto. If the FNMA or FHLMC requirements conflicts, the more stringent requirements shall be met.

8.7 Board's Negotiation Authority. The Board is authorized to negotiate and agree on the value and extent of any loss under any policy carried by the Association, including, but not limited to, the right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

Each Owner, by acceptance of a deed of a Condominium, irrevocably appoints the Association or the Insurance Trustee, described in Section 8.3 above, as that Owner's attorney-in-fact for purposes of procuring, negotiating, accepting, compromising, releasing, settling, distributing and taking other related actions in connection with any insurance policy maintained by the Association and any losses or claims related thereto and agrees to be bound by the actions so taken as if the Owner had personally taken the action.

8.8 Insurance Review. The Board shall periodically and not less than once every two years review the insurance policies maintained by the Association and may increase the policy amounts or extent of coverage at the Board's discretion, subject only to the assessment increase restrictions contained in Section 6.5 to the extent applicable.

ARTICLE 9 – Damage, Destruction or Condemnation

9.1 Destruction. If there is total or partial destruction of any of the Improvements in the Development and, if available proceeds of the insurance carried pursuant to Article 8 are sufficient to cover not less than 85% of the costs of repair and reconstruction, the Improvements shall be rebuilt. If the proceeds of insurance are less than 85% of the costs of repair and reconstruction, the Improvements shall be rebuilt unless within 90 days from the date of destruction, Owners holding at least 75% of the total voting power of each class of Owners present and entitled to vote, in Person or by proxy, at a duly constituted meeting, determine that repair or reconstruction shall not take place. If such a meeting is called, the Association shall solicit and obtain bids from at least two reputable contractors to repair and reconstruct the Improvements in accordance with the original plans and shall present this information to the Owners at the meeting. If repair and reconstruction are to take place, the Association shall execute, acknowledge and record in the office of the County Recorder of the County not later than 120 days from the date of destruction a certificate declaring the intention of the Owners to rebuild.

If Improvements are to be rebuilt, each Owner of each Condominium subject to assessments shall be obligated to contribute his or her proportionate share of the cost of reconstruction or restoration over and above the available insurance proceeds. The proportionate share of each Owner in the case of damage or destruction to common Improvements shall be determined based on the ratio that the square footage of the living area of the Owner's Unit bears to the total square footage of the living area of all the Units in the Development subject to assessments. In the case of damage or destruction to any recreational facilities, the amount needed from the Owners over and above available insurance proceeds shall be allocated equally

among the Condominiums. The Board shall levy a special assessment against the Condominiums to collect the amount due from the Owners pursuant to the procedures described in Article 6.

9.2 Reconstruction Contract. If the Improvements are to be rebuilt or restored, the Board shall solicit and obtain bids from at least two reputable contractors to repair and reconstruct the Improvements in accordance with the original plans and specifications subject to such changes as may be approved by the Architectural Review Committee or required by law, and shall award the repair and reconstruction work to the lowest bidder unless the Board in its reasonable judgment elects to select a higher bidder. The Association shall have the authority to enter into a written contract with the contractor or contractors for the repair and reconstruction, and the insurance proceeds held by the Association or insurance trustee shall be disbursed to the contractor according to the terms of the contract. It shall be the obligation of the Association to take all steps necessary to insure the commencement and completion of authorized rebuilding at the earliest possible date.

9.3 Minor Repair and Reconstruction. The Association shall have the duty to repair and reconstruct Common Area Improvements within the Development, without the requirement of any consent of the Owners and irrespective of the amount of available insurance proceeds in all cases of partial destruction when the estimated cost of repair or reconstruction does not exceed \$20,000. The Association may levy a special assessment for the cost of repairing and reconstructing Improvements to the extent insurance proceeds are unavailable pursuant to the procedures described in Article 6.

9.4 Completion of Repair or Reconstruction. The repair or reconstruction of any Improvement shall commence no later than 90 days after the date of such damage or destruction and shall be completed no later than 180 days subject to extensions of like periods because of delays that are beyond the control of the Association. The Association immediately shall take such steps as may be reasonably required to secure any hazardous condition resulting from the damage or destruction and to screen any unsightly views.

9.5 Election Not to Rebuild. If any Improvement is not repaired or reconstructed in accordance with the foregoing, all available insurance proceeds from the master hazard insurance policy will be disbursed proportionally among all the Condominiums subject to assessments, based on the fair market value of the Condominiums as of the date immediately preceding the date of damage or destruction, provided that any insurance proceeds for Common Area recreational facilities shall be disbursed equally among the Condominiums subject to assessments. The fair market value shall be determined by an independent appraiser selected by the Board with at least five years appraisal experience for residential properties in the county in which the Development is located and who is a member of a nationally recognized appraisal organization. The Board shall provide the Owners with written notice of the name and qualifications of the appraiser within 10 days following the appraiser's selection and written notice of the appraiser's values within 10 days after the values are submitted to the Board. If within 30 days after the receipt of either of the foregoing notices, a written protest is filed with the Board signed by Owners holding not less than 25 percent of the total voting power of the Association challenging the appraisers qualification or the values, the protest shall be submitted to arbitration to the American Arbitration Association, or any successor thereto, for resolution. If the challenge is to the appraiser's qualifications, the arbitrator may confirm the selection or select a new appraiser. If the challenge is to the values, the arbitrator shall confirm the values or select new values. The parties to the arbitration shall have full discovery rights as provided by state law for arbitration proceedings. The decision of the arbitrator shall be binding on the parties and may be enforced in any court of appropriate jurisdiction. If no protest is tiled within the applicable time period, the action for which the protest could have been filed shall be final and any future challenges are forever barred.

If the Improvement is not to be repaired or reconstructed and the Improvement is part of a building containing Units that are no longer habitable, all the Condominiums subject to assessments shall be sold and the proceeds disbursed among the Condominiums in the same manner as any insurance proceeds. Each Owner, by accepting a deed to a Condominium, grants to the Association an irrevocable power of attorney to sell the entire Development in this situation, terminate the Declaration and dissolve the Association.

Notwithstanding anything herein to the contrary, insurance proceeds shall be disbursed only after first applying the proceeds to the cost of mitigating hazardous conditions on the Property, and making provisions for the continuance of public liability insurance to protect the interests of the Owners until the Property can be sold.

9.6 Condemnation Action. If an action for condemnation of all or a portion of the Development is proposed or threatened by any governmental agency having the right of eminent domain, then, on unanimous written consent of all of the Owners and all first Mortgagees, the Development, or a portion of it, may be sold and conveyed to the condemning authority by the Association or its designees acting as the attorney-in-fact of all the Owners under an irrevocable power of attorney, which each Owner by accepting a deed to a Condominium in the project grants to the Association and which shall be coupled with an interest of all other Owners for a price deemed fair and equitable by the Board. If the requisite numbers of Owners or first Mortgagees do not consent to a sale of all or a portion of the Development, and the condemning authority institutes condemnation proceedings, the Court shall fix and determine the condemnation award.

9.7 Disposition of Condemnation Proceeds on a Total Taking. If there is a total sale or taking of the Development, meaning a sale or taking (i) that renders more than 50% of the Units uninhabitable (such determination to be made by the Board in the case of a sale and by the Court in the case of a taking) or (ii) that renders the Development as a whole uneconomical as determined by the vote or written consent of 75% of those Owners and their respective first Mortgagees whose Units will remain habitable after the taking, the right of any Owner to partition through legal action as described in Section 2.11 shall revive immediately. However, any determination that a sale or taking is total must be made before the proceeds from any sale or award are distributed. The proceeds of any such total sale or taking of the Development, together with the proceeds of any sale pursuant to any partition action, after payment of all expenses relating to the sale, taking or partition action, shall be paid to all Owners and to their respective Mortgagees as their interests appear in proportion to the ratio that the fair market value of each Owner's Condominium bears to the fair market value of all Owners' Condominiums as determined in Section 9.5, provided that proceeds for any Common Area recreational facilities shall be disbursed equally among the Condominiums.

9.8 Partial Taking. In the case of a partial sale or taking of the Development, meaning a sale or taking that is not a total taking as described in Section 9.7, the proceeds from the sale or taking shall be paid or applied in the following order of priority, and any judgment of condemnation shall include the following provisions as part of its terms:

(i) To the payment of the expenses of the Association in effecting the sale or to any prevailing party in any condemnation action to whom such expenses are awarded by the Court to be paid from the amount awarded; then

(ii) To Owners and their respective Mortgagees as their interests may appear whose Units have been sold or taken, in an amount up to the fair market value of such Condominiums as determined by the Court in the condemnation proceeding or by an appraiser selected by the Board who meets the qualifications described in Section 9.5, less such Owner's share of expenses paid pursuant to the preceding subsection (i) (which share shall be in proportion to each Owner's undivided interest in the Common Area). After such payment, the recipient shall no longer be considered an Owner, and the Board or individuals authorized by the Board acting as attorney-in-fact of all Owners shall amend the Condominium Plan, the subdivision map (if necessary), and this Declaration to eliminate from the Development the Condominium so sold or taken and to adjust the undivided ownership interests of the remaining Owners in the Common Area based on the ratio that each remaining Owner's undivided interest bears to all of the remaining Owners' undivided interest in the Common Area; then

(iii) To any remaining Owner and to his or her Mortgagees, as their interest may appear, whose Condominium has been diminished in fair market value as a result of the sale or taking disproportionately to any diminution in value of all Condominiums, as determined pursuant to Section 9.9

but as of a date immediately after any announcement of condemnation, an amount up to the total diminution in value; then

(iv) To all remaining Owners and to their respective Mortgagees, as their interests may appear, the balance of the sale proceeds or award in proportion to the ratio that the fair market value of each remaining Owner's Condominium bears to the fair market value of all remaining Owners' Condominiums as determined by the Court in the condemnation proceeding or by an appraiser pursuant to Section 9.9.

Notwithstanding the above, any proceeds from the partial sale or taking of Common Area recreational facilities shall be disbursed equally among all the Condominiums in existence immediately before the sale or taking.

9.9 Determination of Fair Market Value. Any reference made to a determination of the value or fair market value of one or more Condominiums shall mean the relative fair market value of each such Condominium as of a date immediately prior to the announcement of condemnation, as determined by an appraisal by an independent appraiser selected by the Board who meets the qualification described in Section 9.5. The costs of such appraisal shall be paid from the sale proceeds.

ARTICLE 10 - Rights of Mortgagees

10.1 Lender Definitions. Unless the context indicates otherwise, the following terms as used in this Article 10 shall have the definitions contained in this Section 10.1. An "institutional" Mortgagee is a first Mortgagee that is a bank or savings and loan association or mortgage company or other entity chartered or licensed under federal or State laws whose principal business is lending money on the security of real property or investing in such loans, or any insurance company or any federal or state agency or instrumentality including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation and any insurer or governmental guarantor of a first Mortgage including the Federal Housing Authority and the Veteran's Administration. A "first mortgage" or "first mortgagee" is one having a priority as to all other Mortgages or holders of Mortgages encumbering the same Condominium or other portions of the Development. An "eligible mortgage holder" shall mean a first Mortgagee who has requested the Association to notify the first Mortgagee of any proposed action that requires the consent of a specified percentage of eligible Mortgage holders.

10.2 Encumbrance. Any Owner may encumber his or her Condominium with a Mortgage or Mortgages.

10.3 Rights of Institutional Mortgagees. Any institutional Mortgagee who obtains title to a Condominium pursuant to the remedies provided in the first Mortgage including judicial foreclosure or nonjudicial foreclosure under a power of sale (but excluding voluntary conveyance to the first Mortgagee) shall take the Condominium free of any obligation to pay any assessments that were delinquent as of the date the institutional Mortgagee acquired title to the Condominium including any interest, penalties or late charges in connection therewith. The institutional Mortgagee as Owner of the Condominium shall be obligated to pay any assessments that were not delinquent as of the date the institutional Mortgagee took title to the Condominium and all future assessments levied against the Condominium as long as the institutional Mortgagee remains in title, including any special assessments levied by the Association to raise operating or reserve funds needed because of uncollected delinquent assessments as long as the special assessment is allocated equally among all the Condominiums.

10.4 Subordination. Any assessment lien established under the provisions of this Declaration is expressly made subject to and subordinate to the rights of any Mortgage that encumbers all or any portion of the project or any Condominium made in good faith and for value and recorded before the recordation

of a notice of delinquent assessment. No assessment lien shall in any way defeat, invalidate or impair the obligation or priority of such. Mortgage unless the Mortgagee expressly subordinates its interest in writing to such lien. If any Condominium is encumbered by a Mortgage made in good faith and for value, the foreclosure of any assessment lien cannot operate to affect or impair the lien of any Mortgage recorded prior to the recordation of the notice of delinquent assessment. Upon the foreclosure of any prior recorded Mortgage, any lien for delinquent assessment shall be subordinate to the Mortgage lien and the purchaser at the foreclosure sale shall take title free of the assessment lien. By taking title, the purchasers shall be obligated to pay only assessments or other charges that were not delinquent at the time the purchaser acquired title or that were levied by the Association on or after the date the purchaser acquired title to the Condominium. AJ: 1y subsequently levied assessments or other charges may include previously unpaid assessments provided all Owners including the purchaser and its successors and assigns are required to pay their proportionate share of such unpaid assessments.

10.5 Special Voting Requirements. Unless at least 67% of first Mortgagees (based on one vote for each Condominium secured by the first Mortgage) or 67% of the total voting power of the Members of the Association other than Declarant have given their prior written approval, the Association shall not:

(i) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area. However, the granting of easements for public utilities or for any other public purposes consistent with the intended use of the Common Area by the Association is not a transfer within the meaning of this clause;

(ii) change the method of determining the obligations, assessments, dues or other charges that may be levied against a Condominium;

(iii) by act or omission to change, waive or abandon the provisions of the Declaration, or the enforcement of them, pertaining to architectural design or the exterior appearance of Condominium structures, the exterior maintenance of Condominium structures, the maintenance of the Common Area walks or common fences and driveways, or the upkeep of lawns and plantings within the Development;

(iv) fail to maintain fire and extended coverage insurance on insurable Common Area Improvements, on a current replacement cost basis in an amount not less than 100% of the insurable value (based on current replacement costs);

(v) use hazard insurance proceeds for losses to any Common Area Improvements for other than the repair, replacement or reconstruction of such Property.

Approval by Owners who represent at least 67% of the total allocated votes in the Owner's Association and by eligible Mortgage holders who represent at least 51% of the votes of Condominiums that are subject to Mortgages held by eligible Mortgage holders must be obtained prior to adoption of any amendment affecting any of the following matters:

- (i) voting rights;
- (ii) assessments, assessment liens, or the priority of assessment liens;
- (iii) reserves for maintenance, repair or replacement of Common Areas;
- (iv) responsibility for maintenance and repair;
- (v) reallocation of interests in the Common Areas or rights to their use;
- (vi) redefinition of any Unit boundary;

- (vii) convertibility of Units into Common Areas or vice versa;
- (viii) expansion or contraction of the Development or the addition, annexation or withdrawal of Property to or from the Development;
- (ix) insurance or fidelity bond requirements;
- (x) leasing of Unit;
- (xi) imposition of any restriction on an Owner's right to sell or transfer his or her Condominium;
- (xii) a decision by the Association to establish self-management when professional management had been required previously by the Governing Documents or by an eligible Mortgage holder;
- (xiii) restoration or repair of the Development (after a hazard damage or partial condemnation) in a manner other than specified in the Governing Documents;
- (xiv) any action to terminate the legal status of the Development after substantial destruction or condemnation occurs; or
- (xv) any provisions that expressly benefit Mortgage holders, insurers, or guarantors.

If Owners are considering termination of the legal status of the Development for reasons other than substantial destruction or condemnation of the Property, eligible Mortgage holders that represent at least 67% of the votes of the mortgaged Condominiums must agree. If any eligible Mortgage holder fails to submit a response to any written proposal for an amendment within 30 days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail with a return receipt requested, shall be deemed approval by that eligible Mortgage holder.

10.6 Distribution of Insurance and Condemnation Proceeds. No Owner, or any other party, shall have priority over any right of any institutional Mortgagees pursuant to their Mortgages in case of distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of any Condominiums or Common Area. Any provision to the contrary in this Declaration or in the Bylaws or other documents relating to the Development is to such extent void.

10.7 Use of Amenities. All Common Area improvements, such as parking, recreation and service areas, shall be available for use by Owners or occupants subject to the exclusive use rights of any Owner, the provisions on transfer of use rights to tenants, and the Association's rights to suspend an Owner's or occupant's right to use Common Area recreational facilities (if any) for breach of the obligations in this Declaration, the Bylaws or the Rules.

10.8 Mortgagee Notice. If any Owner is in default under any provision of this Declaration or under any provision of the Articles, Bylaws or the Rules, and the default is not cured within 60 days after written notice to that Owner, the Association shall give to any first Mortgagee of such Owners, upon request, a written notice of such default and of the fact that the 60 day period has expired.

Any Mortgage holder, insurer or guarantor may send a written request to the Association, stating both its name and address or address of the Condominium of which it holds, insures or guarantees a Mortgage to receive timely written notice of any of the following:

- (i) any condemnation or casualty loss that affects either a material portion of the Development or the Condominium securing the Mortgage;

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

(iii) any proposed action that requires the consent of a specified percentage of eligible Mortgage holders;

(iv) any proposed amendment of the Governing Documents that would affect a change in (a) the boundaries of any Unit for the exclusive use right appurtenant to any Unit, (b) the interest in the Common Area (including Exclusive Use Common Area) appurtenant to any Unit with a liability for assessments appurtenant thereto, (c) the number of votes in the Association appurtenant to any Unit, or (d) the purpose to which any unit or the Common Area are restricted; and

(v) any proposed termination of the Condominium regime.

10.9 Tax Payments. First Mortgagees of any Condominium may, jointly or severally, pay taxes or other charges which are in default and which may have become a charge against the Common Area and may pay any overdue premiums on hazard insurance policies or secure new hazard insurance on the lapse of a policy for Common Area Improvements or other insured property of the Association and, by making such payments, such Mortgagees shall be owed immediate reimbursement from the Association. The provisions shall constitute an agreement by the Association for the express benefit of all first Mortgagees and on request of any first Mortgagee the Association shall execute and deliver such Mortgagee a separate written agreement embodying this provision.

10.10 Breaches. No breach or any provision of this Declaration shall invalidate the lien of any Mortgage made in good faith or for value but all of the covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee sale or otherwise.

10.11 Right of First Refusal. No right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey the Owner's Condominium is imposed by this Declaration, the Articles, Bylaws or in any deed restriction of any deed from the Declarant from the first purchaser of the Condominium.

10.12 Management Contracts. Any agreement between the Association and Declarant pursuant to which the Declarant agrees to provide services, and in any agreement for professional management by a manager shall provide for termination by either party without cause and without payment of a termination fee on 90 days written notice or less and shall have a maximum term of one year, provided that the Association can renew any such contract on a year-to-year basis. If any first Mortgagee requires that the project be professionally managed, the Association shall not terminate professional management and assume self-management without the consent of 67% of the voting rights of each class of Owners and a 51% of first Mortgagees.

10.13 Audited Financial Statements. On receipt of written request from any institutional Mortgagee, the Association shall prepare and furnish the party making the request within a reasonable time an audited financial statement of the Association for the immediately-preceding fiscal year.

10.14 Annexation. No additional Property may be annexed to the Development without the prior written consent of HUD, VA, or an FNMA to the extent that either of the foregoing holds, insures or guarantees any Mortgage in the Development at the time the Property is to be annexed.

ARTICLE 11 - Amendments

11.1 Amendment Before Close of First Sale. Before the close of the first sale of a Condominium in the Development to a purchaser other than Declarant or an entity controlled by Declarant, this Declaration may be amended in any respect or rescinded by Declarant by recording an instrument amending or rescinding the Declaration. Before the close of a first sale of a Condominium in a second or subsequent phase of the Development to a purchaser other than Declarant or entity controlled by Declarant, any declaration of annexation recorded pursuant to Article 13 with respect to such phase may be amended in any respect or rescinded by the Declarant by recording an instrument amending or rescinding the declaration of annexation. The amending or rescinding instrument shall make appropriate reference to this Declaration and its amendments and shall be acknowledged and recorded in the office of the County Recorder of the county in which the Development is located. For purposes herein, a Person is considered controlled by Declarant if the Declarant holds 50% or more of the capital and profit interests if a partnership, 50% or more of the shares if a corporation and 50% or more of the beneficial interests if a trust.

11.2 Amendment After Close of First Sale. After the close of the first sale of a Condominium in the Development to a purchaser other than Declarant or an entity controlled by Declarant, this Declaration may be amended or revoked in any respect with the vote or written consent of the holders of not less than 51 % of the voting rights of each class of Owners, or if a single class of Owners is then in effect, by the vote or written consent of not less than 51% of all votes and 51% of the votes excluding Declarant. If any provision of this Declaration requires a greater or lesser percentage of the voting rights of any class of Owners in order to take affirmative or negative action under such provision, the same percentage of such class or classes of Owners shall be required to amend or revoke such provision. Also, if the consent or approval of any governmental authority, Mortgagee or other Person, firm, agency or entity is required under this Declaration, with respect to any amendment or revocation of any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

The amendment is effective when it has been approved by the appropriate percentage of Owners as required herein, the approval has been certified in a writing executed and acknowledged by the officer designated in the Declaration or by the Association for that purpose or if no one has been designated, the president of the Association, and the amendment and certification have been recorded in the county in which the Development is located.

ARTICLE 12 - Miscellaneous Provisions

12.1 Headings. The headings used in this Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Declaration.

12.2 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions shall not invalidate any other provision.

12.3 Cumulative Remedies. Each remedy provided for in this Declaration shall be cumulative and nonexclusive. Failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver of the remedy.

12.4 Discrimination. No Owner shall execute or cause to be recorded any instrument that imposes a restriction on the sale, leasing or occupancy of the Owner's Condominium on the basis of race, sex, marital status, national ancestry, color or religion.

12.5 Access to Books. The Association shall make available to all Owners, lenders and holders and insurers of any first Mortgages, current copies of the Declaration, Bylaws, other Governing Documents, books, records and financial statements of the Association. In addition, the Association shall make available to prospective purchasers current copies of the Declaration, Bylaws, other Governing Documents and the most recent annual audited financial statement if such a statement has been prepared. The foregoing shall be made available for inspection on request during normal business hours.

12.6 Notification of Sale. No later than five days after the execution of a binding contract to sell any Condominium, the selling Owner shall notify the Association of such sale. Such notification shall be in writing and shall set forth the name and address of the buyer, and the date of sale.

12.7 Number and Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary; and the masculine, feminine and neuter shall include the masculine, feminine or neuter, as the context requires.

12.8 Reservation or Grant of Easements. Any easements referred to in this Declaration shall be deemed reserved or granted, or both reserved and granted, by reference to this Declaration in any deed to any Condominium.

12.9 Incorporation of Exhibits. All exhibits referred to herein and attached to this Declaration are incorporated herein by reference as fully set forth herein.

12.10 Covenants Running With the Land and Equitable Servitudes. The covenants, restrictions, rights, and duties contained in this Declaration constitute covenants running with the land and equitable servitudes that benefit and bind each Condominium in the project, each Owner or occupant and any successor or assign, and may be enforced by the Association or any Owner in any action at law or equity, including but not limited to an action for a court order mandating that an Owner or occupant take such action or forbear from taking such action as may be necessary to bring the Owner or occupant or the Owner's Condominium into compliance with the covenants, restrictions, rights and duties contained herein. Each Owner, by acceptance of his or her deed, acknowledges and accepts that in any action for equitable relief against that Owner, the Owner irrevocably waives the right to challenge the relief claim on the grounds the money damages may be adequate.

12.11 Term. The term of this Declaration shall be for a period of 50 years from the date on which this Declaration is recorded in the county in which the Development is located. After that time, this Declaration and each of its restrictions and covenants and other provisions automatically shall be extended for successive ten year periods unless this Declaration is rescinded by the written consent of Owners holding a majority of the total voting power of the Association. The rescission shall be effective on recordation of a notice of rescission in the records of the county in which the Development is located.

12.12 Reserved Rights of Declarant. Declarant is recording this Declaration as part of the construction of a residential development. No covenant or restriction contained herein shall be applied in any manner that would unreasonably interfere with Declarant's rights to complete the construction of the Improvements and to sell the Improvements. The rights retained by Declarant during the construction and sales period include, but are not limited to the right to:

- (i) Maintain construction equipment, personnel and materials on the Property;
- (ii) Use such portions of the Property as may be necessary or advisable to complete the construction or sales;
- (iii) Maintain construction or sales offices on the Property;
- (iv) Maintain sale signs or other appropriate advertisements on the Property;

(v) Maintain model homes for viewing by prospective purchasers; and

(vi) Allow prospective purchasers' access to the Property to inspect any Common Area or any model homes.

12.13 Assignment by Declarant. Declarant may assign all of its rights and delegate all of its duties to any other Person and from and after the date of such assignment and/or delegation, the Declarant shall have no further rights and/or duties hereunder. Any successor or assign of the rights and duties of the Declarant may execute an instrument assuming the rights and duties of the Declarant hereunder and thereafter shall be entitled to exercise all the rights of Declarant and shall be obligated to perform all the Declarant's duties, provided such successor or assign shall not be liable in any manner for any act or omission committed or omitted by the Declarant before the date the successor or assign succeeded to the rights of the Declarant hereunder.

12.14 Attorneys' Fees. In the event of any litigation or arbitration regarding the rights or obligations of the Declarant, the Association, or any Person subject to this Declaration, the prevailing party in such litigation or arbitration proceeding shall, in the discretion of the judge or the arbitrator, be entitled to recover costs, including reasonable attorneys' fees.

12.15 Notices. Any notice permitted or required by this Declaration, the Articles, Bylaws or Rules shall be considered received on the date the notice is personally delivered to the recipient or 48 hours after the notice is deposited in the United States mail, first-class, registered or certified, postage fee prepaid and addressed to the recipient at the address that the recipient has provided the Association for receipt of notice, or if no such address was provided, at the recipient's Condominium address in the Development.

12.16 No Enforcement Waiver. Failure to enforce a restriction in the past shall not, in and of itself, constitute a defense to any action brought against any Owner for violation of any restriction contained herein. Each Owner, by acceptance of a deed to a Condominium in the Development, acknowledges that the enforcement of these restrictions may vary as a result of different Owners, Boards or Architectural Review Committees, changing conditions, or other reasons, and agrees that the failure of any Owner, Board or Committee to enforce any particular restriction, even if such failure is for an extended period of time, shall not in any manner restrict or stop the right of any Owner, Board or Committee to enforce these restrictions at any future time.

12.17 Consent. Declarant, by its execution of this Declaration, and any beneficiary under a deed of trust encumbering the Property, by its subordination to this Declaration, certify that each consents to the recordation of the Condominium Plan attached hereto as Exhibit A and incorporated herein.

ARTICLE 13 - Annexation

13.1 Automatic Annexation. The real property described in Exhibit B or any portion of it may be annexed into the Development and made subject to this Declaration at the written election of the Declarant (or by the successors in title to such real property) made at any time and from time to time within three years following the original issuance of a final subdivision public report by the California Department of Real Estate for the most recent phase of the project. Such election shall be made by the recording of a declaration of annexation. The declaration of annexation shall describe the real property to be annexed, and shall state that it is being executed pursuant to the terms of this Declaration for the purpose of annexing the property described in the declaration of annexation to the Development and to subject the property to the terms of this Declaration. Any declaration of annexation recorded in accordance with the terms of this section shall be conclusive in favor of all Persons who relied on it in good faith. In recording the declaration

of annexation in accordance with the provisions of this Declaration. the real property described in the declaration of annexation shall be a part of the Development and subject to the provisions of this Declaration and to the rights and powers 'of the Association pursuant to the terms of this Declaration. the Articles and the Bylaws, and thereafter all Owners of Condominiums constituting a portion of the annexed real property shall automatically be Members of the Association with voting rights commencing on the date regular assessments commence. Regular and special assessments with respect to the annexed property shall commence at the time and to the extent described in Section 6.6.

Declarant expressly reserves for the benefit of all property that may from time to time be covered by this Declaration reciprocal easements of use, enjoyment, access, ingress and egress. Such easements may be used by Declarant, its successors, purchasers and all Owners of Condominiums, their guests, tenants and invitees for sidewalks, walkways, vehicular access and such other purposes reasonably necessary to the use and enjoyment of all the Condominiums in the Development. The declaration of annexation may contain complimentary additions, amendments and modifications of this Declaration necessary to reflect the different character, if any, of the real property being annexed, which are not consistent with the general scheme of this Declaration or which are required by any institutional Mortgagee as defined in Section 10.1 to make Condominiums in the Development eligible for mortgage purchase, guarantee or insurance.


13.2 Annexation by Approval. Except for the automatic annexation provision contained in Section 13.1, no additional real property shall be annexed into the project \without the approval of Members holding two-thirds of the total voting power of the Association other than Declarant and such approval of Mortgages as may be required herein.

Declarant has executed this Declaration as of May 29, 1991

VALLEJO CORONA PARTNERS, LTD.,
a California Limited Partnership

By: WIC/W189, LTD., a California Limited Partnership,
a Managing General Partner

By: WIC Properties Corporation,
a California Corporation as General Partner

By: 
Walter B. Eeds, Executive Vice President

STATE OF CALIFORNIA))
 ss.)

COUNTY OF ORANGE

On May 29, 1991, before me, Jenny Chandler, personally appeared Walter B. Eeds, 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.

Signature 