

116805

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AMENDED AND RESTATED
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
MEADOW OAKS

RECEIVED FOR RECORD

AT 8:30 O'CLOCK A.M.

AT Request of

CONTINENTAL LAND TITLE CO.

APR 13 1989

Recorded in Official Records
of Riverside County, California

William E. Gray

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RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Loven & Benezra
10850 Wilshire Boulevard
Suite 600
Los Angeles, California 90024
Attn: Gary E. Leven, Esq.

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SPACE ABOVE THIS LINE FOR RECORDER'S USE

AMENDED AND RESTATED

DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

MEADOW OAKS

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, made this 1st day of January, 1989, by MEADOW OAKS DEVELOPMENT COMPANY, a California general partnership ("Declarant"), is made with respect to the following:

WITNESSETH

WHEREAS, Declarant's predecessor in interest recorded a Declaration of Covenants, Conditions and Restrictions, Establishment of Association and Establishment of Development Review Committee for the Property (the "Prior Declaration") on April 8, 1982 as Instrument No. 59532 in the Official Records of Riverside County, California, encompassing that certain real property (the "Property") in the County of Riverside, State of California, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference;

WHEREAS, pursuant to Article 15 of the Prior Declaration, seventy-five percent (75%) or more of the Owners of Lots in the Property may at any time amend or annul any or all of the provisions contained therein;

WHEREAS, on or about the date of recordation of this Declaration in the Office of the County Recorder of Riverside County, California, Declarant is the owner of Lots 1, 6 through 41, inclusive, and 43 through 53 of the Property which Lots constitute more than seventy-five percent (75%) of the Lots in the Property;

WHEREAS, Declarant, as owner of more than seventy-five (75%) of the Lots in the Property, desires to cancel and supercede the Prior Declaration in its entirety and to amend and restate the covenants, conditions and restrictions in this Declaration;

WHEREAS, Declarant intends to and does hereby establish for its own benefit and for the mutual benefit of all existing and future Owners or occupants of the Property and the Project, and each part thereof, certain easements and rights in, over and upon the Property and the Project, and certain mutually beneficial covenants, conditions, restrictions and obligations with respect to the proper use, conduct and maintenance thereof; and

WHEREAS, Declarant intends that the Owners, Mortgagees, occupants and all other persons now owning or hereafter acquiring any interest in the Property or the Project, or any part thereof,

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shall at all times enjoy the benefits of, and shall hold, sell and convey their interests subject to the rights, easements, covenants, conditions, restrictions and obligations hereinafter set forth, all of which are hereby declared to be in furtherance of a general plan to promote and protect the cooperative aspects of such development, and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property and the Project.

NOW, THEREFORE, Declarant covenants and declares that the Prior Declaration is cancelled and superceded in its entirety and the Property, the Project and all of the Lots, including any Improvements added to or constructed on or about the Project in the future, shall be held, conveyed, assigned, hypothecated, encumbered, leased, used, occupied and improved subject to the following limitations, easements, covenants, conditions and restrictions, which are for the purpose of mutually benefiting the Property, the Project and all of the Lots and the Owners thereof. All of the restrictions set forth herein shall constitute equitable servitudes which shall run with the land and which shall be binding on and inure to the benefit of all parties having any right, title or interest in the Property, the Project or any of the Lots, or in any part thereof, and their heirs, successors and/or assigns.

ARTICLE I

DEFINITIONS

As used herein, unless otherwise specified or unless the context otherwise requires:

"Amended Subdivision Public Report" shall mean and refer to the amended Final Subdivision Public Report issued to Meadow Oaks Development Company, a California general partnership, by the California Department of Real Estate.

"Articles" shall mean and refer to the Articles of Incorporation of M.O. Homeowners Association, which are, or shall be, filed in the Office of the Secretary of State of California, as said Articles are amended from time to time.

"Association" shall mean and refer to M.O. Homeowners Association, a California nonprofit mutual benefit corporation, its successors and assigns.

"Board of Directors" or "Board" shall mean and refer to the board of directors of the Association.

"Building" shall mean and refer to any structure having a roof supported by columns or walls and intended for the shelter, housing or enclosure of any person, animal, chattel or property of any kind.

"By-laws" shall mean and refer to the By-laws of the Association, as such By-laws may be amended from time to time.

"Common Area" shall mean and refer to all portions of the Property over which (i) an easement has been reserved as set forth on that certain Tract Map for Tract No. 13403 filed in Book 123, Pages 18 to 26 of Maps, Records of Riverside County, including, but not limited to, all streets and roads within the Project, and (ii) any area over which an easement has been expressly granted or reserved by Declarant for the purposes of construction, installation, maintenance and/or operation of a guardhouse, gate and/or other improvement for the control of ingress, egress and access to, from and within the Project.

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"County" shall mean and refer to the County of Riverside, California.

"Declarant" shall mean and refer to Meadow Oaks Development Company, a California general partnership, and its successors and assigns if the rights of Declarant are assigned to such successors and assigns, and if such successors and assigns assume the duties of Declarant hereunder.

"Declaration" shall mean and refer to this instrument by which the covenants, conditions and restrictions governing this Project are now amended and restated herein and as this Declaration may be further amended from time to time.

"Development Review Committee" shall mean and refer to a committee created pursuant to Article IV hereof.

"Development Review Committee Rules" shall mean and refer to the rules adopted by the Development Review Committee from time to time.

"Improvements" shall mean and refer to buildings, outbuildings, pools, courts, barns, stables, paddocks, corrals, retaining walls, stairs, poles, signs, garages, carports, roads, driveways, walkways, parking areas, fences, walls; covered patios, if any, porches, elevated porches, sun decks, balconies, hedges, plantings, planted trees and shrubs and all other structures or landscaping improvements of every kind, nature and description to the extent same are included in the development of the Property.

"Lot" shall mean and refer to any Lot shown upon any recorded Final Map or Parcel Map (as those terms are defined in the California Subdivision Map Act) of the Property, the Owner of which is required by this Declaration to be a Member of the Association.

"Manager" shall mean and refer to that person or entity employed from time to time by the Board to manage the affairs of the Association, if any.

"Member" shall mean and refer to every person or entity entitled to membership in the Association as provided in this Declaration, the Articles and the By-laws.

"Mortgage" shall mean and refer to a deed of trust, as well as a mortgage, encumbering a Lot, or any part thereof.

"Mortgagee" shall mean and refer to the beneficiary of a recorded deed of trust or the holder of a recorded mortgage encumbering a Lot, or any part thereof. A "first Mortgagee" is one having priority as to all other holders of Mortgages encumbering the same Lot.

"Owner" shall mean and refer to the person or persons whose estates or interests, individually or collectively, aggregate to fee simple ownership of a Lot, (including the Declarant) but excluding those having an interest merely as security for the performance of an obligation.

"Project" shall mean and refer to all of the Property, together with all of the Lots, the Common Area, and all other Improvements on the Property.

"Property" shall mean and refer to all of the real property in the County of Riverside, State of California, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.

ARTICLE II

M. O. HOMEOWNERS ASSOCIATION

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Section 1. Organization. The Association is a California non-profit mutual benefit corporation charged with the duties and vested with the powers prescribed by law and set forth in the Articles, the By-laws and this Declaration. Neither the Articles nor By-laws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. In the event of any such inconsistency the provisions of this Declaration shall prevail. The Board of Directors and such officers as the Board may elect or appoint, shall conduct the affairs of the Association in accordance with this Declaration, the Articles and the By-laws, as same may be amended from time to time.

Section 2.

(a) Membership in Association. Every Owner including Declarant, shall be a Member of the Association. Every Owner shall promptly, fully and faithfully comply with and abide by the Articles and the By-laws, and, the rules and regulations ("Association Rules") adopted from time to time by the Board and the officers of the Association.

(b) Members' Rights and Duties. Each Member shall have the rights, duties and obligations set forth in this Declaration, the Articles, the By-laws, the Association Rules, if any, and the Development Review Committee Rules, as same may be amended from time to time; provided that, the Association shall not be empowered to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his individually-owned Lot on account of the failure by the Owner to comply with provisions of the Declaration, Articles, By-laws or Association Rules, except by judgment of a court.

(c) Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said Lot; and then only to the transferee of title to said Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

Section 3. Voting.

(a) Number of Votes. The Association shall have two (2) classes of voting membership:

Class A. Class A Membership shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person or entity is the Owner of a Lot, all such persons or entities shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant who shall be entitled to three (3) votes for each Lot owned. Class B Membership shall be converted to Class A Membership and shall forever cease to exist on the happening of one of the following events, whichever occurs first:

(1) When the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership; or

(2) Not later than the second anniversary of the issuance of the Amended Subdivision Public Report for the Project.

Where the vote or written assent of each class of membership is required, any requirement that the vote of Declarant be excluded is not applicable.

(b) Vesting of Voting Rights. Voting rights attributable to the Lots shall not vest until the assessments have been levied in accordance with the provisions of Article III, hereof.

(c) Joint Owner Disputes. The vote, or votes, for each Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Lot. In the event more than one vote is cast for a particular Lot, none of said votes shall be counted and all said votes shall be deemed void.

(d) Election and Removal of Board of Directors-Cumulative Voting Features. An Owner entitled to vote at any Board election may cumulate his votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which his Lot(s) is entitled, or may distribute his vote on the same principle among as many candidates as he desires. However, a Member shall be entitled to cumulate his votes for one or more candidates for the Board only if the candidate's name has been placed in nomination prior to the time of voting and if the Member has given notice (either orally or in writing) prior to the time of voting, of his intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination. The candidates receiving the highest number of votes shall be elected. Voting for candidates for the Board shall be by secret written ballot. The entire Board or any individual director may be removed from office with or without cause by vote of the majority of the voting power of the Members; provided, however, unless the entire Board is removed, an individual director shall not be removed prior to the expiration of his term of office if the number of votes against the resolution for his removal or not consenting in writing to such removal would be sufficient to elect the director if voted cumulatively at an election at which the same number of votes were cast and the entire number of directors authorized at the time of the most recent election of the director were then being elected. If any or all of the directors are so removed, new directors may be elected at the same meeting. Each director must be a Member of the Association or a representative of Declarant designated by Declarant.

(e) Special Procedure. To assure resident Owners representation on the Board, at least twenty percent (20%) of the directors on the Board shall be elected solely by the vote of the Owners other than Declarant, for so long as a majority of the voting power of the Association resides in Declarant. A director who has been elected to office solely by the vote of Members other than Declarant, may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members, other than Declarant.

(f) Approval of Each Class of Members. Any provision of the Articles, By-laws or the Declaration which expressly

requires the approval of a specified percentage of the voting power of the Association before being undertaken, shall require the approval of said specified percentage of the Class A Membership and the Class B Membership, unless otherwise provided herein.

Section 4. Duties of the Association. In addition to the powers delegated to it by its Articles, and without limiting the generality thereof, the Association shall have the obligation to perform each of the following duties:

(a) Operation and Maintenance of Common Area. To exclusively operate, maintain and otherwise manage or provide for the operation, maintenance and management of the Common Area in a safe condition, including but not limited to, any easements granted to or for the benefit of the Association and the Owners as provided for in this Declaration.

(b) Operation and Maintenance of Utilities. To operate, maintain and otherwise manage or provide for the operation, maintenance and management of underground utilities serving the Property.

(c) Water and Other Utilities. To acquire, provide and/or pay for water, sewer, garbage disposal, electrical, telephone and gas and other necessary utility services for the Common Area, if any.

(d) Title to Property upon Dissolution. To convey, upon dissolution of the Association, the assets, if any, of the Association to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event that such conveyance is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization organized and operated for such similar purposes.

(e) Rubbish Collection. To provide refuse pickup and garbage disposal for the Lots (if the Association elects to contract for such service), and for the Common Area, if required.

(f) Taxes and Assessments. To pay all real and personal property taxes and assessments separately levied upon or assessed against the Association and/or any Lot or other property owned by the Association. Such taxes and assessments may be contested or compromised by the Association; provided, however, that they are paid or a bond insuring the payment is posted prior to the sale or other disposition of any such Lot or property of the Association to satisfy the payment of such taxes.

(g) Insurance. To obtain from reputable insurance companies qualified to do business in the State of California and to maintain in force at all times the following policies of insurance:

(1) General comprehensive public liability insurance against claims for personal or bodily injury, death, or property damage with limits with regard to injury or death of not less than \$1,000,000 per occurrence; and with limits of not less than \$500,000 per occurrence in respect to property damage, insuring against liability for bodily injury, death and property damage arising from the activities of the Association or with respect to property under its jurisdiction.

(2) Such faithful performance and fidelity bonds as are required to insure the Association against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of any Association funds or other property.

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(3) To the extent necessary, such other insurance, including directors and officers errors and omissions insurance and Worker's Compensation insurance, to comply with any applicable law, and other bonds as the Board shall deem necessary or expedient to carry out the Association functions.

The liability insurance referred to above shall name as separately protected insureds, Declarant, each Owner of a Lot which contains any portion of the Common Area, the Association, the Board, the Development Review Committee, and their representatives, members and employees, if any, with respect to any liability arising out of the maintenance or use of the Common Area, or other property under the jurisdiction of the Association. Every policy of insurance obtained by the Association shall expressly waive any and all rights of subrogation against Declarant, its representatives and employees.

Copies of all such insurance policies (or certificates thereof) shall be retained by the Association and shall be open for inspection by Owners at any reasonable time(s). All such insurance policies shall (i) provide that they shall not be cancellable by the insurer without first giving at least thirty (30) days prior written notice to the Association, and (ii) contain a waiver of subrogation by the insurer(s) against the Association, its Board and the Owners.

Insurance premiums for the insurance provided for herein shall be a common expense to be included in the quarterly assessments levied by the Association. Each Owner may carry such hazard and liability insurance covering his Lot as he deems appropriate. It is not intended that the Association carry hazard or liability insurance covering the Lots.

(h) Rule Making. To make, establish, promulgate, amend and repeal the Association Rules, if any.

(i) Development Review Committee. To appoint and remove members of the Development Review Committee, all subject to the provisions of this Declaration.

(j) Enforcement of Restrictions and Rules. To perform such other acts, whether or not expressly authorized by this Declaration as may be reasonably necessary to enforce any of the provisions of this Declaration, the Association Rules, and the Development Review Committee Rules.

(k) Budgets and Financial Statements. The Board shall cause financial statements for the Association to be regularly prepared and copies to be distributed to each member of the Association as follows:

(1) A pro forma operating statement (budget) for each fiscal year other than the first fiscal year (which shall include a reserve for the repair and replacement of Common Area Improvements) shall be distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of such fiscal year. The budget shall include all of the following:

(A) The estimated revenue and expenses on an accrual basis for the next fiscal year.

(B) The identification of the total cash reserves currently set aside.

(C) The identification of the estimated remaining life of, and the methods of funding used 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.

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(D) A general statement addressing the procedures used for the calculation and establishment of those reserves to defray the future repairs, replacement, or additions to those major components that are attributable to the areas which the Association is obligated to maintain.

(2) A financial statement (including a balance sheet and operating statement) of the affairs of the Association to be made as of the last day of the month closest in time to the date six (6) months following close of escrow for the sale of the first (1st) Lot by Declarant to an Owner other than Declarant following the issuance of the Amended Subdivision Public Report. Said financial statements shall reflect the financial condition of the Association as of said date and shall summarize the financial transactions in which the Association was involved during the period between the close of escrow for such first sale and the date of the financial statement. The operating statement shall include a schedule of assessments received and receivable identified by the description of the Lot and name of the person or entity assessed. A copy of said financial statement shall be distributed personally or by mail to each of the Members and, upon written request, to all first Mortgagees, within sixty (60) days after the date of such financial statement.

(3) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of each of the Associations' fiscal years:

(i) A balance sheet as of the end of such fiscal year.

(ii) An operating (income) statement for such fiscal year.

(iii) A statement of changes in financial position for such fiscal year.

(iv) Any information required to be reported under Section .8322 of the California Corporations Code; and

(v) For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of a review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. If such annual report is not prepared by a licensee of the California State Board of Accountancy, it shall be accompanied by the certificate of an authorized officer of the Association that states that the statements were prepared from the books and records of the Association without independent audit or review.

(4) A statement as to the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of its assessments shall be delivered within sixty (60) days prior to the beginning of the next fiscal year.

(1) Quarterly Review of Accounts. The Board shall do the following not less frequently than quarterly:

(1) Cause a current reconciliation of the Association's operating accounts to be made and review the same.

(2) Cause a current reconciliation of the Association's reserve accounts to be made and review the same.

(3) Review the current year's actual reserve revenues and expenses compared to the current year's budget.

(4) Review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts.

(5) Review an income and expense statement for the Association's operating and reserve accounts.

Section 5. Powers and Authority of the Association. The Association shall have all of the powers of a nonprofit mutual benefit corporation organized under the General Nonprofit Mutual Benefit Corporation Law of the State of California, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-laws, or this Declaration. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under this Declaration, the Articles and the By-laws, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association, including without limitation:

(a) Assessments. To levy assessments on the Owners of Lots and to enforce payment of such assessments, all in accordance with the provisions of this Declaration and particularly Article III hereof.

(b) Right of Entry and Enforcement. To enter upon any Lot (excluding the interior of any dwelling thereon) for the purpose of enforcing by peaceful means any of the provisions of this Declaration, the Development Review Committee Rules or the Association Rules or for the purpose of maintaining or repairing any area required to be maintained or repaired by this Declaration. The Association shall also have the power and authority from time to time in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration, the Development Review Committee Rules or the Association Rules and to enforce, by mandatory injunction or otherwise, all of the provisions hereof. Such entrance shall be after twenty-four (24) hours prior written notice to the Owner or such greater notice as may be required by any provision hereof; provided, however, that such entrance shall be permitted without any prior notice whatsoever in the event of any emergency. In addition, or as an alternative method of enforcing this Declaration, the Development Review Committee Rules and the Association Rules, the Board may impose monetary penalties, temporary suspension of an Owner's rights as a Member or other appropriate discipline for failure to comply with the provisions of this Declaration, the Development Review Committee Rules or the Association Rules, as set forth in the By-laws.

(c) Security. To install, operate, maintain, repair and provide for such security controls and devices in, on or upon the Property as the Association deems appropriate from time to time, including but not limited to, employing a guard or private patrol.

(d) Easements and Rights of Way. To grant, convey or assign to any third party, easements and rights of way in, on, over or under the Common Area, or easements and rights of way in, on, over or under the Lots as reserved to Declarant in this Declaration, for the purposes of constructing, erecting, operating or maintaining thereon, therein or thereunder (1) overhead or underground lines, cables, wires, conduits or other devices for the transmission of electricity for lighting, heating, power, security system, telephone and cable and other purposes, (2) public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and (3) any similar public or quasi-public improvements or facilities.

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(e) Employment of Agents. To employ the services of any person or corporation as Manager, together with other employees, as may be directed by the Board, and to manage, conduct and perform the business, obligations and duties of the Association, and enter into contracts for such purpose. Such agents or employees shall have the right of ingress and egress over such portions of the Property and the Common Area as is necessary for the purpose of performing such business, duties and obligations.

(f) Hold Title and Make Conveyances. To acquire, hold title to and convey, with or without consideration, real and personal property and interests therein, including but not limited to easements.

(g) Services. To contract for or otherwise provide for all services necessary or convenient to the management, maintenance and operations of the Property including the Common Area.

(h) Limitation of Authority. Notwithstanding the powers of the Association as set forth hereinabove, the Board shall not take any of the following actions without the prior vote or written consent of a majority of the Class A Members and the Class B Members, if any, in the Association of if the Class B Membership ceases to exist, the majority of the voting power residing in Members other than Declarant:

(1) Enter into a contract with a third person or entity wherein such person or entity will furnish goods or services for the Common Area or the Association for a term longer than one year with the following exceptions:

(i) A management contract, the terms of which have approved by the Federal Housing Administration or Veterans Administration.

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

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

(iv) Agreements for cable television services and equipment if not to exceed five (5) years duration provided that the supplier is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(2) Incur aggregate expenditures for capital improvements to the Common Area in any accounting year in excess of five percent (5%) of the budgeted gross expenses of the Association for that accounting year.

(3) 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, however, that the Board may cause a Director or an officer to be reimbursed for expenses incurred in carrying on the business of the Association.

(4) Sell during any accounting year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that accounting year.

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Notwithstanding anything herein to the contrary, any agreement for professional management of the Property or Project, or any other contract providing for services by Declarant, must provide for termination by either party without cause or payment of a termination fee on not more than ninety (90) days written notice and a maximum contract term of three (3) years.

Section 6. The Association Rules. By a majority vote of the Board, the Association may, from time to time, adopt, amend and repeal such rules and regulations as it deems reasonable (the "Association Rules"). The Association Rules shall govern the use of any Common Area by the Owners, by the families of Owners, or by any invitee, licensee, lessee, or contract purchaser of any Owner; provided that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or By-laws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, said Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event of any conflict between any such Association Rules and any of the other provisions of this Declaration, or the Articles or By-laws, the provisions of this Declaration, the Articles or the By-laws shall prevail to the extent of such inconsistency. In the event of any conflict between the provisions of this Declaration and the provisions of the By-laws or Articles of the Association, the provisions of this Declaration shall prevail.

Section 7. Personal Liability. No member of the Board or any committee of the Association, or any officer of the Association, or the Declarant, or the Manager, if any, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the Manager, if any, or any other representative or employee of the Association, the Declarant, the Development Review Committee, or any other committee, or any officer of the Association or the Declarant provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS.

Section 1. Creation of the Personal Obligation of Assessments. The Declarant, for each Lot owned, hereby covenants, and each Owner of any Lot, by acceptance of a Deed therefor, whether or not it shall be so expressed in such Deed, is deemed to covenant and agree, for each Lot owned, to pay to the Association: (1) Annual Assessments, (2) Special Assessments, (3) Emergency Assessments, and (4) Remedial Assessments, if any, such assessments to be established, made and collected as hereinafter provided. Each such assessment, together with interest, costs and reasonable attorneys' fees, if any, shall be the personal obligation of each such person, firm or entity who was an Owner of such Lot at the time when the assessment became due and payable. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title unless expressly assumed by them, but no such assumption shall relieve any Owner personally obligated hereby for delinquent assessments from such Owner's personal liability therefor. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by nonuse of the Common Area, or any part thereof, or by abandonment of his Lot.

Section 2. Purpose of Assessments. Assessments levied shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property, the improvement, operation, maintenance, and supervision of the Common Area and the performance of the duties of the Association as set forth in this Declaration.

Section 1. Annual Assessments.

(a) Levy and Enforcement of Annual Assessments:
Annual Assessments shall be made and enforced by the Board in the manner provided in this Declaration against the Owners of all Lots, including Declarant.

(b) Amount of Assessments:
The amount of the total Annual Assessment for all the Lots shall be determined by the Board at least thirty (30) days prior to the commencement of each fiscal year based on the budget for such fiscal year. The total Annual Assessment and any Special or Emergency Assessment shall be assessed equally against all of the Lots.

(c) Increase of Annual Assessments:
The Annual Assessments for each fiscal year may be increased by the Board for such fiscal year without a vote of the Members by an amount which shall not exceed twenty percent (20%) of the Annual Assessments for the immediately preceding fiscal year. Any increase in the Annual Assessments which exceeds twenty percent (20%) of the preceding year's Annual Assessments shall be made only upon the affirmative vote or written consent of the Members, other than Declarant.

The provisions of the preceding paragraph do not limit assessment increases in the case of emergency situations, which are any of the following:

(1) An extraordinary expense required by court order.

(2) An extraordinary expense necessary to repair or maintain the Project, or any part of it for which the Association is responsible where a threat to safety of persons is discovered.

(3) Repairs to or maintenance of the Project that could not have been reasonably foreseen in preparing the budget. Prior to imposition of the assessment, the Board shall be required to make written findings, distributed to the Members, as to the necessity of the expense and why it could not have been foreseen.

(d) Reserve Fund:
For purposes of creating reserves to insure payment when due of the cost of capital expenditures relating to the repair and replacement of the Common Area, a portion of the Annual Assessments shall constitute a capital contribution to the Association. The specific items for which such capital contributions shall be made and the amount of such contribution in respect of each such item shall be determined by the Board, acting in its sole discretion, at the time it adopts the budget for the Annual Assessments. All such capital contributions shall be collected in equal quarterly installments, shall be accounted for separately and shall be held in trust and used to pay for each specific capital expenditure in such manner and at such times as the Board, acting in its sole discretion, shall determine. Immediately upon receipt, all such capital contributions shall be deposited in a separate interest-bearing account or accounts, denominated Trustee Capital Account, in any savings and loan association, bank or trust company under the supervision of the California Superintendent of Banks, the

California Commissioner of Savings and Loan Associations, the Federal Home Loan Bank Board or the United States Controller of the Currency as may be determined by the Board by resolution or invested in certificates of deposit issued by a bank or financial institution having assets in excess of Five Hundred Million Dollars (\$500,000,000).

Withdrawal of funds from the Association's reserve account shall require the signatures of either:

- (1) Two members of the Board, or
- (2) One member of the Board and an officer of the Association who is not also a member of the Board.

Section 4. Special Assessments for Capital Improvements. In addition to the Annual Assessments authorized above, the Board may levy, during any fiscal year, a special assessment ("Special Assessment") applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or unexpected repair or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto. Special Assessments, which in the aggregate in any fiscal year exceed an amount equal to five percent (5%) of the budgeted gross expenses of the Association for the fiscal year, may be levied only the upon vote or written assent of fifty-one percent (51%) of each class of Members present either in person or by proxy and entitled to vote at a meeting of the Members called for such purpose at which a quorum is present.

Section 5. Special Assessments for Emergency Needs. In the event that the Board shall determine that its budget for any current quarter is, or will become inadequate to meet all expenses hereunder for any reason, including nonpayment of any Owner's assessments on a current basis, it shall immediately determine the approximate amount of such inadequacy for such quarter and issue a supplemental budget, noted as to the reason therefor, and levy an emergency assessment ("Emergency Assessment") against the Owners of each of the Lots after approval by fifty-one (51%) of the Members of each class present in person or by proxy and entitled to vote at a meeting of the Members called for such purpose at which a quorum is present, for the amount required to meet all such expenses on a current basis. The Emergency Assessment shall be paid within thirty (30) days from written notice thereof given by the Board.

Section 6. Remedial Assessments. Pursuant to this Declaration, the Board may levy an assessment against any Lot to reimburse the Association for costs incurred in bringing such Lot and its Owner into compliance with the provisions of this Declaration, the Development Review Committee Rules or the Association Rules. Remedial Assessments shall be due ten (10) days after the Board gives written notice thereof to the Owner subject thereto. The provisions of this Article III with respect to approval of Special Assessments and Emergency Assessments shall not apply in the case of Remedial Assessments.

Section 7. Notice and Quorum for any Action Authorized Under Sections 3, 4 and 5. Any action authorized under Section 3, 4 or 5 of this Article III which requires the vote or written consent of the Members shall require the vote or written consent of (1) Declarant and at least a majority of the votes of the Class A Members entitled to vote while there is a Class B membership, or (2) a majority of the voting power of the Members of the Association entitled to vote, including a majority of the voting power of the Association held by Members other than Declarant, after there is no longer a Class B membership. Such vote may be taken or written approval obtained at a meeting called for that purpose at which a quorum is present as provided in the By-laws,

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written notice of which shall be sent to all Members not less than ten (10) days or more than ninety (90) days in advance of the meeting. If the proposed action is favored by a majority of the voting power of the Association present at such meeting, excluding Declarant, Members who were not present in person or by proxy may give their consent in writing within ten (10) days after the aforesaid meeting so that the required percentage of the voting power of all Members may be obtained.

Section 8. Uniform Rate of Assessment. Annual, Special and Emergency Assessments must be fixed at a uniform rate for all Lots. Annual Assessments shall be collected on a quarterly basis in equal quarterly payments. Emergency and Special Assessments, pursuant to this Declaration, shall be paid in full within thirty (30) days from written notice thereof unless the Board adopts some other basis for collection.

Section 9. Date of Commencement of Annual Assessments. Subject to the provisions of any maintenance or subsidy agreement then in effect, the Annual Assessments provided herein shall commence to accrue on all Lots on the date (the "Initial Commencement Date") which is the first day of the first month following the month in which shall occur the recordation of the first deed of a Lot to an Owner subsequent to the issuance of the Amended Subdivision Public Report. The first Annual Assessment shall be adjusted according to the number of quarters remaining in the calendar year and shall be payable in equal quarterly installments unless the Board adopts some other basis for collection. The Board shall fix the amount of the Annual Assessment against each Lot at least forty-five (45) days, but not more than sixty (60) days, in advance of each Annual Assessment period (except the initial Annual Assessment period). Written notice of the Annual Assessment shall be sent to every Owner subject thereto. The quarterly due dates for Annual Assessments, if any, shall be the first day of January, April, July and October of each year. The Board shall, upon demand, and for a reasonable charge, furnish a certificate to persons requesting same, signed by an officer of the Association, setting forth whether all assessments on a specified Lot, whether Annual, Special or Emergency have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 10. Effect of Nonpayment of Assessments: Remedies of the Association. Each Owner of any Lot, on becoming an Owner thereof, is and shall be deemed to covenant and agree to pay to the Association each and every of the assessments provided for in this Declaration; and agrees to the enforcement of all such assessments in the manner herein specified. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. In the event of a default in payment of any such assessment when due, such assessment shall be deemed to be delinquent fifteen (15) days thereafter. Any assessment not paid within fifteen (15) days from and after the date it is deemed delinquent shall thereafter bear interest from the date of delinquency at the maximum rate per annum permitted by law. In addition to any other remedies herein or by law provided, the Board, or its authorized representative, may enforce the obligations of the Owners to pay the assessments provided for herein, and each of them, in any manner provided by law or in equity, or without any limitation of the foregoing, by commencement and maintenance of a suit at law against any Owner or prior owner to enforce said assessment obligation, such suit to be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency together with interest

thereon at the maximum legal rate per annum commencing fifteen (15) days after the date of the delinquency, and court costs and reasonable attorneys' fees in such amount as the Court may adjudge against the delinquent Owner. Suit to recover a money judgment for unpaid assessments shall be maintainable without filing or foreclosing any lien against the delinquent Owner's Lot.

Section 11. Personal Obligation for Delinquent Assessments. The sale or transfer of any Lot shall not diminish or defeat the personal obligation of any Owner for delinquent assessments as provided for by Section 1 of this Article III.

Section 12. Mortgage Protection Clause. No breach of the covenants, conditions or restrictions herein contained, shall defeat or render invalid the lien of any prior deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

ARTICLE IV

DEVELOPMENT REVIEW COMMITTEE

Section 1.

(a) Preamble. It is the intention of Declarant to provide, through the Development Review Committee described herein, a means by which this Declaration and the Development Review Committee Rules will be administered and enforced for proper development and operation of the Property. So long as Declarant owns any Lot(s) within the Property, the Development Review Committee Rules shall not be amended, modified or changed in any manner without the prior written approval of the Declarant.

(b) Committee Composition. The Development Review Committee shall consist of three (3) persons, none of which shall be required to be an architect, or an officer or director of the Association or to meet any other particular qualifications.

(c) Initial Members. The following persons are hereby designated as the initial members of the Development Review Committee:

Office No. 1	Bernard F. Burger
Office No. 2	James Knapp
Office No. 3	Joe Davis

(d) Terms of Office. Unless the initial members of the Development Review Committee have resigned or been removed, their terms of office shall continue for the period of time indicated below, and until the appointment of their respective successors:

(1) The term of Office No. 1 shall expire on the third anniversary date of the issuance of the Amended Subdivision Public Report for the Property.

(2) The term of Office No. 2 shall expire on the second anniversary date of the issuance of the Amended Subdivision Public Report for the Property.

(3) The term of Office No. 3 shall expire on the first anniversary date of the issuance of the Amended Subdivision Public Report for the Property.

Thereafter the term of each Development Review Committee member shall be for a period of three (3) years or until the appointment of his successor. Any new member appointed to replace a member who has died, resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed, or whose terms have expired, may be reappointed.

(e) Appointment and Removal. The right to appoint and remove all members of the Development Review Committee at any time, shall be and is hereby vested solely in the Board; provided, however, that no member of the Development Review Committee may be removed from the Development Review Committee by the Association prior to the expiration of his term of office except by the vote or written consent of four-fifths (4/5) of the members of the Board; provided, further, that until the first anniversary of the issuance of the Amended Subdivision Public Report, Declarant shall have the sole and exclusive right to appoint, replace and remove members of the Development Review Committee. Thereafter and until ninety percent (90%) of all the Lots have been sold or until the fifth (5th) anniversary date of the issuance of the Amended Subdivision Public Report, whichever occurs first, the Board shall have the right to appoint one member to the Development Review Committee and thereafter to appoint all such members of the Development Review Committee. All members of the Development Review Committee who are appointed by the Board shall be Members or representatives of Declarant designated by Declarant. Members of the Development Review Committee who are appointed by Declarant are not required to be Members of the Association.

(f) Resignations. Any member of the Development Review Committee may at any time resign from the Development Review Committee by giving written notice thereof to the Board which then has the right, subject to paragraph (e) above, to appoint new members to fill the unexpired term upon vote of a majority of members of the Board.

(g) Vacancies. Subject to paragraph (e) above, vacancies on the Development Review Committee, however caused, shall be filled by the Board. A vacancy or vacancies on the Development Review Committee shall be deemed to exist in case of the death, resignation or removal of any member and shall be filled by the vote of a majority of the members of the Board.

Section 2. Duties. It shall be the duty of the Development Review Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to insure that any Improvements constructed on the Property by anyone other than the Declarant conforms to plans approved by the Development Review Committee and is in conformity with the Development Review Committee Rules, to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by this Declaration. Notwithstanding anything contained in this Declaration expressly or impliedly to the contrary, no Improvements may be removed, constructed or placed on the Lots, or any portion thereof, by anyone other than Declarant without the approval of the Development Review Committee having first been obtained, and the Development Review Committee, in its own name or on behalf of the Association, may exercise all available legal and equitable remedies to prevent or remove or cause to be removed any such unauthorized and unapproved construction or Improvements on the Lots or any portion thereof. No residence or dwelling unit shall be constructed upon any Lot by anyone other than the Declarant unless such residence or dwelling unit (a) has a minimum square footage of 2,250 square feet, exclusive of open porches, patios and garages, (b) is approved by the Development Review Committee as required by this Declaration, and (c) otherwise complies with both all applicable building codes and ordinances and all applicable Development Review Committee Rules. Each prospective purchaser of a Lot should familiarize himself

with the contents of the Development Review Committee Rules before executing any agreement for the purchase of a Lot.

Section 3. Meetings and Compensation. The Development Review Committee shall meet from time to time as necessary to perform its duties hereunder. The vote or written consent of any two (2) members, at a meeting or otherwise, shall constitute the act of the Development Review Committee unless the unanimous decision of the Development Review Committee is required by any provision of (a) this Declaration and/or (b) the Development Review Committee Rules. The Development Review Committee shall keep and maintain a written record of all action taken by it at such meetings or otherwise. Unless authorized by the Association, the members of the Development Review Committee shall not receive any compensation, but all members shall be entitled to reimbursement from the Association for reasonable expenses incurred in the performance of any Development Review Committee function. In any event, the Development Committee shall not be entitled to compensation or reimbursement from the Association so long as said Development Review Committee is appointed by Declarant.

Section 4. Development Review Committee Rules. The Development Review Committee may, from time to time, and in its sole and absolute discretion, adopt, amend and repeal, by a two-thirds (2/3) vote or written consent of its members, rules and regulations, to be known as "Development Review Committee Rules". A copy of the Development Review Committee Rules, as they may from time to time be amended, shall be maintained with the records of the Association and shall be available for inspection by any Owner. The Development Review Committee Rules shall interpret and implement this Declaration by setting forth the standards and procedures for Development Review Committee review and the guidelines for architectural design, placement of Buildings, landscaping, color schemes, exterior finishes and materials and similar features which are recommended for use within the Property.

Section 5. Non-Waiver. The approval by the Development Review Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Development Review Committee under this Declaration shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

Section 6. Variances. The Development Review Committee shall have the power to allow reasonable variances to the provisions of this Declaration in order to overcome practical difficulties and prevent unnecessary hardships, provided the following conditions are met:

(1) A hearing on the application for such variance is held by the Development Review Committee after giving ten (10) days prior written notice to (i) Owners of Lots in the Project within a radius of one-half (1/2) mile of the subject Lot; and (ii) the Association; and

(2) The Development Review Committee finds in its sole discretion that the variance will not be materially detrimental to other Lots in the Project and/or the Common Area.

Section 7. Liability. Neither the Association, the Board, the Development Review Committee nor any member thereof shall be liable to any Owner, or to any other party, for any damage, loss, prejudice or expense suffered or claimed on account of (a) the approval or disapproval of any plans, drawings, or specifications, whether or not defective, (b) any defects in the construction or performance of any work, whether or not pursuant to approved plans and specifications, or (c) the inability of anyone

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to obtain either a building permit for the construction or alteration of any improvement pursuant to approved plans and specifications, or an estoppel certificate as provided herein; provided, however, that such member has acted in good faith on the basis of such information as may be possessed by him.

Section 8. Certification. After the expiration of one (1) year from the date of completion of any structures, work, improvements or alterations, said structures, work, improvements or alterations shall, in favor of purchasers and encumbrancers for value and in good faith, be deemed to comply with all of the provisions hereof unless actual notice of such noncompliance or noncompletion, executed by the Development Review Committee, shall appear of record in the Office of the County Recorder of Riverside County, California.

Section 9. Estoppel Certificate. Within thirty (30) days after written demand therefor is delivered to the Development Review Committee by any Owner and upon payment therewith to the Association of a reasonable fee to be fixed by the Association from time to time, the Development Review Committee shall record an estoppel certificate executed by any two (2) of its members, certifying with respect to any Lot of said Owner that as of the date thereof either (a) all improvements and other work made or done upon or within said Lot by the Owner, or otherwise, comply with the Declaration, or (b) such improvements and/or work do not so comply, in which event the certificate shall also (1) identify the non-complying improvements and/or work, and (2) set forth the cause or causes for such non-compliance. Any purchaser from the Owner or Mortgagee or other encumbrancer shall be entitled to rely on said certificate with respect to the matter therein set forth, such matters being conclusive as between the Association, Declarant and all Owners and any purchaser, Mortgagee or other encumbrancer.

Section 10. Approval of Plans. The right of an Owner of a Lot to construct, reconstruct, refinish, alter or maintain any improvement on his Lot, or to install any utility line (wire or conduit) thereon, or to make any excavation, or to drill any water well, or to cut or remove any trees from his Lot, or do any act which would affect the drainage thereof, shall be absolutely prohibited unless and until the Owner of such Lot first obtains the approval thereof from the Development Review Committee, and otherwise complies with all of the provisions of this Article. The Association may remove any improvements constructed, reconstructed, refinished, altered or maintained in violation hereof and the Owner shall reimburse the Association for all expenses incurred in connection herewith. Any Owner proposing to do any of the things mentioned above, shall apply to the Development Review Committee for approval as follows:

(a) The Owner shall submit to the Development Review Committee for approval such plans and specifications for the proposed work as the Development Review Committee shall request, which may include but are not limited to the following:

1. A plot plan of the Lot showing (i) buildable space, (ii) contour lines, (iii) the location of all existing and/or proposed improvements, (iv) the proposed drainage plan, (v) the location of all trees and vegetation which the Owner proposes to remove, (vi) the location of all proposed utility installations, and (vii) the design and location of the septic tank and sewage facilities to serve said Lot with a certification of a registered civil engineer or other consultant approved by the Riverside County Health Department;

2. Floor plans;

3. Drawings showing all elevations of structures;

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4. Description of exterior materials and color, with samples;

5. Working drawings and construction specifications of all structures;

6. Description of provisions for replanting trees and vegetation and for stabilizing slopes during and after construction; and

7. The Owner's proposed construction schedule.

(b) The Development Review Committee may require that any such submission shall be accompanied by a reasonable inspection fee in an amount not to exceed One Hundred Dollars (\$100.00).

(c) The Development Review Committee shall approve the plans, drawings and specifications of any structure submitted to it only if each of the following conditions has been satisfied:

1. The Development Review Committee finds that the plans and specifications of the proposed structure on the Lot conforms to the provisions of the Declaration;

2. The Development Review Committee finds that the proposed structure is not aesthetically incompatible with the physical site, the adjoining Lots, or the environment of the Project; and

3. The Development Review Committee is satisfied that the proposed septic tank or sewage facility will adequately serve the Lot without creating a health hazard or nuisance to those occupying or using surrounding Lots;

(d) Any application which has been neither approved nor rejected within forty-five (45) days from the date of complete submission thereof to the Development Review Committee shall be deemed approved.

Section 11. Commencement and Completion of Work and Obligations of Owner After Approval.

(a) Upon receipt of the approval from the Development Review Committee, the Owner shall, as soon as practicable, proceed with the commencement and completion of the work contemplated by the application pursuant to the approved plans and specifications. If the Owner shall fail to commence the work within one (1) year from the date of approval, the approval shall be deemed revoked unless upon the written request of the Owner made to the Development Review Committee prior to the expiration of said one (1) year period, and a finding by the Development Review Committee that there has been no change in circumstances, the time for such commencement is extended in writing by the Development Review Committee. In any event, the Owner shall complete the construction of the foundation and all exterior surfaces (including the structure on his Lot) within six (6) months after commencing construction thereof, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies or other causes beyond the control of the Owner. If the Owner fails to comply with this Section, the Development Review Committee shall notify the Association of such failure, and the Association, at its option, shall either complete the exterior of any structure in accordance with the approved plans or remove the structure, and the Owner shall reimburse the Association for all expenses incurred in connection therewith.

(b) After receiving written notification of approval from the Development Review Committee, it is the Owner's responsibility:

1. To obtain necessary building permits required by the County of Riverside and to submit a copy of same to the Association prior to beginning construction;
2. To return to the Development Review Committee for review of all changes in plans required by the County of Riverside;
3. To see that the work progresses in an orderly fashion with minimum disruption or inconvenience to the neighborhood; and
4. To restore any damaged Common Area and property (e.g. streets, driveways, turf, sprinklers, etc.) to their former condition.
5. To obtain appropriate insurance naming the Association as an additional insured.

(c) Upon the completion of any work for which approval of the Development Review Committee is required under this Section, the Owner shall give notice thereof to the Development Review Committee, and within sixty (60) days thereafter, the Development Review Committee, or its duly authorized representative, may inspect such work to determine whether it was done in substantial compliance with the approved application. If the Development Review Committee finds that such work was not done in substantial compliance with the approved application, it shall notify the Owner of such non-compliance within such sixty (60) day period and shall require the Owner to remedy such non-compliance. If, upon the expiration of sixty (60) days from the date of such notification, the Owner shall have failed to remedy such non-compliance, the Development Review Committee shall notify the Association of such failure, and the Association, at its option, shall have the right to remedy the non-compliance and the Owner shall reimburse the Association for all expenses incurred in connection therewith. If for any reason the Development Review Committee fails to notify the Owner of any non-compliance within (60) days after receipt of said notice of completion thereof from the Owner, the work shall be deemed to be in accordance with the approved application.

ARTICLE V

USE RESTRICTIONS

In addition to all other covenants contained herein, the use and occupancy of the Property is subject to the following:

Section 1.

(a) Residential Use. Except as otherwise provided herein, each Lot shall be used as a residence for a Single Family and for no other purposes. The term "Single Family" shall mean a group of one or more persons each related by blood, marriage or legal adoption, or a group of one or more persons not so related, together with their domestic servants, who maintain a common household in a dwelling upon a Lot.

(b) Owner Responsibilities. The Owners of each Lot shall (i) be responsible for the maintenance of their Lot and dwelling units contained thereon, and appurtenances thereto, in a clean, sanitary and attractive condition, and in such a manner as not to create a fire hazard, (ii) keep the same free from rubbish, litter and noxious weeds, (iii) maintain, cultivate, and

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keep in good condition and repair shrubs, trees, grass, lawns, plantings and other landscaping located or from time to time placed upon his Lot in such a manner as to prevent or retard shifting or erosion and to encourage the growth of indigenous ground cover, (iv) replace dead plants, shrubs, trees, grass or any other landscaping on his Lot with plants shrubs, trees, grass or landscaping of the same or similar type, (v) maintain all paved surfaces and keep them clean, reasonably dry and free of oil and other extraneous matter, (vi) maintain all slopes if any, located upon such Lot, (vii) maintain all retaining walls, if any, located upon such Lot and (viii) maintain the equestrian easements, if any, located upon such Lot.

Section 2. Signs. No sign or billboard of any kind shall be displayed to the public view on any Lot, except for (a) directional signs established by the Declarant for the Association, (b) one sign for each Lot of not more than eighteen (18) inches by twenty-four (24) inches which may be placed thereon by the Owner of the particular Lot for the purpose of advertising the Lot for sale or rent, or (c) signs, billboards and other advertising or directional signs, devices or structures used by Declarant, its successors or assigns, in connection with the development, subdivision, advertising, and sale of the Property and Lots therein.

Section 3. Obnoxious and Offensive Activities. No noxious or offensive activity shall be carried on, in or upon any Lot or any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment by each of the Owners of his respective Lot, or which shall in any way increase the rate of insurance. Without limiting any of the foregoing, no exterior speakers, horns, whistles, bells, or other sound devices, except security devices used exclusively to protect the security of the Lot and Improvements located thereon, shall be placed or used upon any Lot without prior written approval of the Development Review Committee.

Section 4. Vehicles. Except to the extent desired by Declarant to be used in connection with, and during, the development and sale of Lots within the Project, no mobile home, truck camper, house trailer, or similar facility shall be placed upon any unimproved Lot, except in closed structures if approved by the Development Review Committee. No stripped down, wrecked or junk motor vehicle shall be kept, parked, stored or maintained on any Lot. No commercial vehicle bearing commercial insignias or names (except pick-up trucks), shall be parked on any Lot except within an enclosed structure or a screened area which prevents such view thereof from adjoining Lots, roads, and the Common Area, unless such vehicle is temporarily parked for the purpose of serving the Lot. The parking and storage of mobile homes, truck campers, house trailers, boats and similar vehicles on Lots shall be in accordance with Association Rules in effect from time to time. The parking of vehicles on the roads shall at all times be subject to and in accordance with the Association Rules. All overnight parking for residents of Lots shall be in an enclosed structure with the door closed; provided, however, that all overnight parking for guests need not be in an enclosed structure, but must be located on such portion of any Lot over which no road or street easement has been reserved or granted herein.

Section 5. Animals. Subject to control by the Association Rules, only a reasonable number of horses and generally recognized house pets shall be kept on any Lot. All such animals shall be kept in strict accordance with Association Rules, if any, as to the number of animals per acre, the required improvements and facilities for such animals, and such other regulations as shall be adopted from time to time by the

Association relating to keeping of such animals in the Project. No other animals shall be kept on Lots except in accordance with the Association Rules. Swine will not be allowed. Notwithstanding the foregoing, no animals or fowl may be kept on the Lots or Property which are unreasonably annoying or obnoxious to residents in the vicinity, and, in any event, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests and invitees, and to the Association, for any and all damage to person or property caused by any pets or other animals brought upon or kept upon the Lots by members of his family, guests or invitees. Upon the written request of an Owner, the Board shall conclusively determine in its sole and absolute discretion, whether, for the purposes of this paragraph, a particular animal, bird, fowl, poultry, or livestock, is a generally recognized house or yard pet, or a nuisance, or whether the number of animals or birds on any such property is reasonable. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions contained herein.

Section 6. Extraction of Minerals. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon, under, in or on any Lot, nor shall oil wells, tanks, tunnels, or mineral excavations or shafts be permitted upon the surface of any portion of the Property, or within five hundred (500) feet below the surface of any of the Lots, and no derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any portion thereof.

Section 7. Walls and Fences. No wall or fence shall be erected, altered or maintained along any exterior Lot line of any Lot which borders a public street, unless such fence or wall is first approved in writing by the Development Review Committee. No wall or fence shall be painted unless the colors have been approved in writing by the Development Review Committee. The following is acceptable material for fencing: (a) wood; (b) Wrought Iron (vertical bars); (c) masonry or stucco; and (d) wire fencing is acceptable in areas of difficult access or inside an area fenced by a previously acceptable material. All materials must be submitted to the Development Review Committee for approval. The following are unacceptable fencing materials: (a) aluminum or sheet metal; (b) chicken wire or wire mesh; (c) plastic coated chain link; (d) plastic webbing, reeded or straw like materials; (e) corrugated or flat plastic or fiberglass sheets or panels; (f) rope or other fibrous strand elements; and (g) glass block.

Section 8. Patio Structures. Patio structures, sunshades, arbors, trellises, and gazebos must conform to the original architectural character of the existing dwelling. Patio, sunshade, arbor, trellis and gazebo structures shall be of wood construction only with the exception of vertical supports which may be of stucco or masonry. Unacceptable construction materials for these structures are: (a) metal or prefabricated structures of metal; (b) corrugated plastic; (c) corrugated fiberglass; and (d) plastic webbing, split bamboo, reeded or straw-like materials.

Section 9. Antennae and Exterior Appliances.
 (a) No towers, antennae, aerials, or other facilities for the reception or transmission of radio or television broadcasts or other means of communication shall be erected and maintained or permitted to be erected and maintained on any Lot except by installations inside of Improvements constructed on said Lot, or by underground conduits, without the prior written consent of the Development Review Committee. All other types of appliances or installations upon the roofs or sides of any dwelling situated upon a Lot shall not be permitted unless they are installed in such manner that they are not visible from

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neighboring property or adjacent streets and are approved by the Development Review Committee.

(b) This Section shall not apply to, nor restrict, master antenna and head end system for a cable television system installed or approved by Declarant or by a franchise cable television operator.

Section 10. Debris and Outside Storage. All rubbish, trash and garbage shall be kept in covered containers, regularly removed from each Lot and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, woodpiles, storage areas and machinery and equipment shall be prohibited upon any Lot, unless obscured from view of adjoining Lots, the Common Area and streets by a fence or appropriate screen approved by the Development Review Committee. No incinerators shall be kept or maintained on any Lot.

Section 11. Taxes and Utilities. Each Owner of a Lot shall pay any real and personal property taxes or charges assessed against his respective Lot, and the utility charges for said Lot.

Section 12. No Discrimination. No Owner shall execute or file for record any instrument which imposes a restriction upon the sale, leasing or occupancy of his dwelling unit on the basis of race, color, national origin, sex, or creed. Failure to enforce any provision herein shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

Section 13. Pests. No Owner shall permit any thing or condition to exist upon any portion of the Property which shall induce, breed or harbor infectious plant diseases or noxious insects or vermin.

Section 14. Right of Entry. During reasonable hours, any member of the Development Review Committee, any member of the Board, or any authorized representative for any of them, shall have the right to enter upon and inspect any portion of the Property and the Improvements thereon for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry, provided twenty-four (24) hours' prior written notice has been given to the Owner.

Section 15. Declarant's Exception. The restrictions set forth in this Article V shall not apply to the Declarant, its agents or employees, during the course of construction of Improvements on the Property to the extent that they would interfere with such construction; provided, however, that in no event shall Declarant place any sign or any structure otherwise authorized by this Article V on any individual Lot conveyed to an Owner.

Section 16. Commercial Operations. Subject to the provisions of this Article V, no gainful profession, occupation, trade or other nonresidential use shall be conducted on any Lot. Nothing herein shall be deemed to prevent the leasing of any Lot from time to time by the Owner thereof for residential purposes only and subject to all of the provision of this Declaration.

Section 17. Trash cans. Trash cans and other rubbish containers shall not be allowed to be visible from any portion of any of the streets except during the days on which rubbish is collected.

Section 18. Compliance with laws. Each Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of Federal, State or municipal government or

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authorities applicable to use and occupancy of and construction and maintenance of any Improvements, upon the Lots.

Section 19. Drainage. Each Owner hereby covenants and agrees for himself, his heirs, assigns, vendees and successors in interest that he will refrain from interference with the natural drainage pattern over his Lot from adjoining or other Lots, and will make adequate provision for proper drainage from any such other Lot in the event the natural drainage over his Lot is changed or altered. For the purpose hereof, "natural" drainage is defined as the drainage that exists prior to the grading of the Property by each Owner.

Section 20. Views. No Owner shall permit any thing or condition to exist upon any portion of his Lot which shall interfere in any material way with the view from any adjoining Lot. It shall be in the discretion of the Development Review Committee to determine if any such material obstruction of an adjoining Lot's view exists and to require the removal thereof, after due notice and an opportunity to be heard has been afforded the obstructing Lot Owner. By the establishment and/or enforcement of the Development Review Committee Rules, or otherwise, neither Declarant, the Board, the Development Review Committee, nor the members, employees or other persons related to the foregoing, have made any representation whatsoever concerning the view, if any, which is available to a particular Lot or other Improvement constructed or otherwise placed thereon.

Section 21. Improvements on Common Area. No Improvements shall be constructed, altered, erected, placed or maintained upon any portion of the Common Area, except for Improvements constructed thereon by or on behalf of Declarant, as the same may be rebuilt or repaired from time to time by the Association in conformity with the original plans and specifications therefor.

Section 22. Property Division. None of the Lots shall be divided, subdivided or resubdivided, nor shall any portion thereof be consolidated with any other parcel of land.

Section 23. Reservation of Rights. Notwithstanding the provisions of this Declaration, Declarant hereby expressly reserves the right to make any and all cuts and fills on the Property and on any portion thereof, and to do such grading and other work of improvement thereon, as in its judgment may be necessary to complete its general plan of development of the Property and Declarant shall have the right of ingress and egress upon the Lots for such purposes.

Section 24. Exterior Lighting. There shall be no exterior lighting of any sort either installed or maintained on a Lot, the light source of which is visible from neighboring property, and all exterior lighting of a Lot shall be subject to the approval of the Development Review Committee.

Section 25. Removal of Destroyed Improvements. No Improvement which has been partially or totally destroyed shall be allowed to remain on any Lot in such state for more than six (6) months from the date of such destruction.

Section 26. Materials for Construction. All structures constructed or placed on any Lot shall be constructed of new material (rock and used brick excepted) and no used structures shall be relocated or placed on any such Lot.

Section 27. Guest House. No more than one residence shall be constructed on any Lot, except that a guest house or servants' quarters meeting all requirements of the applicable laws of the County of Riverside, in effect from time to time, may be constructed on a Lot upon obtaining approval of the Development Review Committee.

Section 28. Minimum Square Footage. Every dwelling (except a guest house or servants' quarters) constructed on a Lot shall contain a minimum of 2,250 square feet of fully enclosed floor area to be devoted to living purposes (exclusive of roofed or unroofed porches, terraces, decks, garages, carports and other outbuildings). Said square footage limitation is not applicable to any guest house or servants' quarters constructed on a Lot.

Section 29. Maximum Height. No structures or Improvement on any Lot shall be constructed having a height of more than one (1) story; provided, however, that the height of a structure or Improvement may exceed one story if permissible by law and if the Development Review Committee determines that the proposed height is compatible with the physical site involved and adjoining properties.

Section 30. Failure to Comply. In the event an Owner shall fail to comply with the provisions of this Article V, the Association shall notify such Owner in writing of such lack of compliance, which notice shall specify the nature of such lack of compliance. If such Owner fails to remedy such lack of compliance within five (5) days after receipt of such notice (or within such greater time period as may be specified in such notice), or in the alternative, fails to deliver written notice to the Board within five (5) days from receipt of such notice requesting a hearing before the Board with regard to the matters of noncompliance set forth in such notice, the Association or its authorized agents shall have the right to enter upon such Owner's Lot for the purpose of remedying the matters set forth in such notice, and shall not be liable for trespass in connection with such entry. If the Owner timely requests a hearing before the Board, the Board shall schedule a hearing and shall provide the Owner with at least seven (7) days' written notice as to the date, time and place thereof. At the hearing the Owner will have an opportunity to discuss with the Board the merits of the claims set forth in the Association's original notice of noncompliance and the Board will determine what action, if any, need be taken by the Owner. The decision of a majority of the members of the Board present at the hearing will be binding on the Association and the Owner. The cost to the Association of remedying an Owner's failure to comply with his obligations pursuant to this Declaration shall be assessed to the Owner, and such assessment shall constitute a Remedial Assessment as provided in Article III hereof but shall not require the consent of the Members, or any percentage thereof, and shall be enforceable by suit against the Owner in the manner provided in this Declaration. Notice and/or the requirement of a hearing may be dispensed with in the event of an emergency.

Section 31. Exceptions. The covenants, conditions and restrictions set forth in this Article and Article IV shall not and do not apply to any of the following:

(a) Any act done or proposed to be done upon the Property, or any condition created thereon, by any governmental agency or entity, or the agents or employees of any governmental entity acting in the scope of their authority as such agents or employees;

(b) Any act done or proposed to be done upon the Property, or any condition created thereon, by any utility company (including, but not limited to, companies furnishing electric, gas, water, telephone, cable television and/or sewer service to all or parts of the Property), or the agents or employees of any such company, which act could be done by such company were this Declaration not made;

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(c) Any act done or proposed to be done upon the Property, or any condition created thereon, by Declarant, or its successors, assigns, agents, employees or contractors, in connection with the marketing and sales by Declarant of the Lots, or in the course of planning for, preparing the Property for and/or construction upon the Property or any Lot of streets, utilities, security systems, and all other original improvements, or in connection with the exercise of any easement reserved to Declarant in Article VI hereof;

(d) Any act done or proposed to be done upon the Property, or any condition created thereon, which act or condition has been approved in advance by the Board or the Development Review Committee acting within its authority as set forth in this Declaration;

(e) Any act done or proposed to be done upon the Property, or any condition created thereon, by any person pursuant to court order, or the order of any public officer or public agency; provided, however, that the orders contemplated in this subparagraph are only those which are the result of action initiated by public officers or agencies and which embody mandatory requirements with penalties for nonperformance, and are not those orders which result from the application of private parties or are merely permissive.

ARTICLE VI

EASEMENTS

Section 1. Common Area Easements. Each Lot within the Property subject to this Declaration is hereby declared to have, and Declarant hereby reserves for itself, its successors and assigns, and grants to each Owner, a nonexclusive easement over all of the Common Area, for the benefit of the Lots, the Owners of the Lots and each of them, and for their respective families, guests, invitees, tenants and contract purchasers, and such other classes of persons to whom the Board may, from time to time and subject to published rules and regulations, extend the privilege of use and enjoyment of the Common Area, for all of the purposes and uses set forth herein. Such easements are appurtenant to and shall pass with the title to every Lot. The right of Declarant and each Owner, and of such Owner's tenants, guests, contract vendees, invitees and family, to use the Common Area as set forth herein, shall be subject to and governed by the provisions of this Declaration, the Articles and the By-laws, and such other rules and regulations as may hereafter be adopted by the Board from time to time. The Association shall have the authority to lease or grant licenses or concessions with respect to all or any part of the Common Area, subject only to the provisions of this Declaration, the Articles and By-laws; provided, however, that any charges levied against the general public for any particular facilities shall not be less than charges levied against Lot Owners for the same use of the same facilities.

Section 2. Minor Encroachments. Each Lot and the Common Area is hereby declared to have an easement over all adjoining Lots and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of any Building, or any other similar cause, and any encroachment due to Building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, or by the settling or shifting of any Building or Improvement; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event any Building or

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Improvement on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots resulting from such construction shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist.

Section 3. Cross-Easements. Each Lot shall be subject to an easement in favor of each adjoining Lot and the Association for ingress, egress and access to make necessary repairs upon said adjoining Lots and Improvements thereon; provided, however, that:

(a) Any damage caused by said entry shall be repaired at the expense of the Owner whose property was the object of the repair work which led to such entry or by the Association if the repair work was an Association responsibility.

(b) Any such entry shall be made only at reasonable times and with as little inconvenience as possible to the Owner of the entered Lot; and

(c) In no event shall said easement be deemed to permit entry into the interior portions of any dwelling.

Section 4. Association Easements. There is hereby reserved to Declarant, its successors and assigns, and Declarant hereby grants to the Association, the Development Review Committee and/or their duly authorized agents, employees and representatives, such easements as are necessary to perform the duties and obligations of the Association and/or the Development Review Committee as are set forth in this Declaration, the By-laws, the Articles, the Association Rules or the Development Review Committee Rules including, but not limited to:

(a) the right of access at all reasonable hours to any Lot or any part of the Property (excluding the interior of any dwelling) or the Common Area, and to any Improvements being built thereon, for the purpose of inspection relative to compliance with the Declaration, the By-laws, the Articles, the Association Rules or the Development Review Committee Rules.

(b) an easement on, over, under, across and through and the right of access, at all reasonable hours to any Lot or any part of the Property for the purpose of installing, operating, maintaining and repairing any and all irrigation water meters necessary and appropriate, from time to time, to provide water to those portions of the Lots and the Property which are the maintenance obligations of the Association.

Section 5. Declarant's Easements. In addition to any easements which have been or may hereafter be excepted or reserved in the grant deed of each Lot or other portion of the Property or by a separately recorded instrument, Declarant excepts and reserves for itself, its contractors, subcontractors, employees, agents, invitees, successors and assigns, and declares that upon the conveyance by it of any Lot, there is reserved and excepted, for a period of time extending until five (5) years following the closing of the sale of the first Lot following the issuance of the Amended Subdivision Public Report, a nonexclusive easement in, on, over, under and through the Common Area for ingress and egress and for the purpose of: (1) completing the development of the Property, including constructing, maintaining and repairing all Improvements on the Property and the Common Area, if any, now or hereafter planned to be constructed thereon by Declarant or required to be constructed on the Property or Common Area by any municipal or governmental agency; (2) marketing, selling and reselling the Lots therein; and (3) customer relations and providing post sale customer service to Owners; and in connection with such easement, the right, but not the obligation: (a) to perform any and all architectural, engineering,

grading, construction, excavation, landscaping and related work and activities; (b) to erect and maintain upon the Property storage buildings, storage areas and temporary sewage disposal facilities; (c) to store and use materials, equipment, vehicles, tools and machines which may be necessary or desirable in connection with such construction, (d) to display signs and erect, maintain and operate, for sales and administrative purposes, a fully staffed customer relations, customer service and sales office complex on the Property, (e) to show the Property, unsold Lots and any Lots which are offered for resale, and to arrange for the use of recreational facilities, if any, in the Common Area, by prospective purchasers, (f) to perform maintenance, repair and replacement work and to make custom improvements, alterations and additions to Improvements, and (g) to construct Improvements on any Lot. No such activities shall be deemed to be a nuisance. No Owner (other than Declarant) shall enter any construction area or cross any fence or other barricade constructed to prevent such entry or otherwise impede or interfere with such development and construction. Declarant shall have the right, without the joinder of any other person or entity, to grant and transfer all or any part of the easements reserved in this Section.

Section 6. Covenants Run with Land. Each of the easements provided for in this Declaration, shall be deemed to be granted and established upon the recordation of this Declaration, and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Lots, superior to all other encumbrances applied against or in favor of any portion of the Property which is the subject of this Declaration. In furtherance of the easements provided for in this Declaration, the individual grant deeds to Lots may, but shall not be required to, set forth said easements.

Section 7. Utilities. Each Lot shall be conveyed to Owners, other than Declarant, and thereafter held by such Owners, their successors and assigns subject to any and all easements of record at the time of the initial conveyance of the particular Lot involved to an Owner other than Declarant for the use and benefit of the several authorized public and/or other utilities, including but not limited to, cable television, sanitary sewers, water, gas, electrical, telephone, drainage and equestrian easements, and no Lot Owner shall damage or interfere with the installation and maintenance of such utilities, or in any manner change the direction or flow of drainage channels in any such easements, or in any manner obstruct or retard the flow of water through drainage channels in any such easements. Such easements shall be ten (10) feet wide on each side of common Lot lines and fifteen (15) feet wide along perimeter Lot lines of the Tract Map except, in all cases where Lot lines are coincident with road easement centerlines, the reservation shall be equal to one-half (1/2) of the width of the total road easement plus twenty (20) feet.

The rights and duties of the Owners of the Lots within the Property with respect to sanitary sewers and water, electricity, gas, cable television, drainage facilities, telephone and equestrian purposes shall be governed by the following; provided, however, that no such installation shall be located more than six (6) feet from the nearest boundary line of any Lot:

(a) Wherever sanitary sewer house connections and/or water house connections or electricity, gas, cable television, telephone lines or drainage facilities are installed within the Property, which connections or facilities or any portion thereof lie in or upon Lots owned by other than the Owners of the Lot served by said connections, lines or facilities, the Owners of any Lot served by said connections, lines or facilities shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon said Lots or to have the

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Association or utility companies' enter upon said Lots within the Property in or upon which said connections, lines or facilities, or any portion thereof lie, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below.

(b) Wherever sanitary sewer house connections and/or water house connections or electricity, gas, cable television, drainage facilities or telephone lines are installed within the Property, which connections serve more than one Lot, the Owner of each Lot served by said connections shall be entitled to full use and enjoyment of such portions of said connections as service his Lot.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Enforcement. The Declarant, the Association, and their successors and assigns, and the Board and its agents, or any Owner, or any of them, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, and charges now or hereafter imposed by the provisions of this Declaration, the By-laws, Articles, Development Review Committee Rules or the Association Rules. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. A waiver of such right shall only be pursuant to an instrument in writing signed by the party to be charged with such waiver and shall be limited to the particular covenant, condition or restriction contained herein which is expressly set forth as being waived. All expenses incurred by the Association in connection with such enforcement actions or proceedings, including court costs and attorneys' fees, and all damages, together with interest thereon at the maximum legal rate until paid, shall be charged to such defaulting or noncomplying Owner. Any and all such remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Declarant, by the Association, or by the Board.

Should any Owner institute suit against the Association, and should the Association be successful or sustained in its position in such suit, then such Owner shall be required to reimburse the Association for its legal expenses incurred, including but not limited to, attorneys' fees, fees of experts, court costs and other expenses reasonably incurred by the Association, and the amount to which the Association is entitled shall be enforceable pursuant to the provisions of Article III hereof.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 3. Term. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by fifty-one percent (51%) of the then Owners of Lots within the Property, has been recorded with the County Recorder, at least one (1) year prior to the end of any such period, agreeing to change or terminate said covenants, conditions and restrictions in whole or in part.

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Section 4. Amendments: This Declaration may be amended, superseded, modified, revoked or supplemented from time to time in whole or in part only by an instrument signed by Members representing not less than fifty-one percent (51%) of the total voting power of the Association and at least fifty-one percent (51%) of the votes of Members other than Declarant; provided, however, (a) that the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes required for action to be taken under such clause or provision; and (b) no amendment which would defeat the obligations of the Association to maintain the Common Area, in a first-class condition and good state of repair, or which would defeat the assessment procedures which assure the collection of funds for such maintenance shall be made unless such instrument is signed by Declarant and by fifty-one percent (51%) of the beneficiaries of first trust deeds of record. Any amendment must be properly recorded prior to becoming effective.

Section 5. Inapplicability to Property of Public Entity. The provisions hereof shall be inapplicable to any property now owned or hereafter acquired by the State of California or a political subdivision thereof.

Section 6. Violation and Nuisance. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner or Owners of Lots.

Section 7. Violation of Law. Any violation of any state, municipal, or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any of the Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 8. Remedies Cumulative. Each remedy set forth in this Declaration shall be in addition to all other remedies whether available at law or in equity, and all such remedies, whether or not set forth in this Declaration shall be cumulative and not exclusive.

Section 9. Delivery of Notices and Documents. Any written notice or other documents relating to or required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered and received forty-eight (48) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: If to the Association, c/o Meadow Oaks Development Corp., 2716 Ocean Park Boulevard, Santa Monica, California 90405. If to an Owner, to the address of any Lot owned, in whole or in part, by him or to any other address last furnished by an Owner to the Association; If to Declarant, Meadow Oaks Development Corp., 2716 Ocean Park Boulevard, Santa Monica, California 90405, provided, however, that any such address may be changed at any time by the party concerned by recording a written notice of change of address and delivering a copy thereof to the Association. Each Owner of a Lot shall file the correct mailing address of such Owner with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

Section 10. Successor of Declarant. Each and every right and obligation of Declarant under this Declaration shall inure to the benefit of and be binding on the successors of Declarant which are designated as a successor Declarant by an instrument duly recorded in the office of the County Recorder of the County.

Section 11. The Declaration. By acceptance of a deed or by acquiring any ownership interest in any of the real property included within this Declaration, each person or entity, for him-

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self or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the real property covered hereby, and hereby evidences his intent that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

Section 12. Notification of Sale of Lot. Concurrently with the consummation of the sale of any Lot under circumstances whereby the transferee becomes an Owner thereof or within five (5) business days thereafter, the transferee shall notify the Association in writing of such sale. Such notification shall set forth (i) the name of the transferee and his transferor, (ii) the street address of the Lot purchased by the transferee, (iii) the transferee's mailing address, and (iv) the date of sale. Prior to receipt of such notification, any and all communications required or permitted to be given by the Association, the Board or the Development Review Committee shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor.

Section 11. Breach. No breach of the covenants, conditions or restrictions herein contained shall defeat or render invalid the lien of any Mortgage or deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

Section 14. Special Mortgage Requirements.

(a) A first Mortgagee, at its request, is entitled to written notification from the Association of any default by the Owner of the Lot which is subject to a Mortgage or deed of trust in favor of said Mortgagee of such Owner's obligations under the Project documents which is not cured within sixty (60) days.

(b) Any first Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, or deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal".

(c) Any first Mortgagee who obtains title to a Lot shall not be liable for such Lot's unpaid assessments which accrued prior to the acquisition of title to such Lot by such first Mortgagee.

(d) First Mortgagees shall have the right to examine the books and records of the Association upon reasonable request therefore.

(e) An adequate reserve fund for replacement of the Common Area Improvements, if any, must be established and must be funded by regular quarterly payments rather than by Special Assessments.

(f) Notwithstanding anything to the contrary which may be set forth in this Declaration, the Articles or the By-laws, unless at least seventy-five percent (75%) of the first Mortgagees (based upon one (1) vote for each first Mortgagee

owned) have given their prior written approval, the Association shall not:

(1) by act or omission, change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of dwellings, the exterior maintenance of dwellings, or the maintenance of landscaping or Common Area, which would have a material adverse affect on the mortgagee's interest.

(2) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner.

(3) fail to maintain fire, if necessary, and extended coverage on the Common Area and other Association property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacements cost).

(4) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Owners shall not be deemed a transfer within the meaning of this clause;

(5) use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement or reconstruction of such Common Area;

(6) amend any part of this Section 15.

(g) The Association shall give the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC") notice in writing of any loss to, or taking of, the Property if such loss or taking exceeds Ten Thousand Dollars (\$10,000), or if damage to a Lot covered by a Mortgage purchased in whole, or in part by FHLMC or FNMA exceeds One Thousand Dollars (\$1,000).

(h) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a lien or charge against all or any portion of the Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Area and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

Section 15. General Mortgage Provisions.

(a) Any Owner may encumber his Lot by deed of trust or Mortgage.

(b) A Mortgagee who acquires title by foreclosure or deed in lieu of foreclosure shall not be obligated to cure any breach of this Declaration which is noncurable or of a type which is not feasible to cure or which is not practical to cure and does not materially affect the Association or any other Owners.

(c) It is intended that any loan to facilitate the resale of any Lot after foreclosure or deed in lieu of foreclosure is a loan made in good faith and for value and entitled to all of the rights and protections afforded to Mortgagees hereunder.

(d) No amendment to this Section 16 shall affect the rights of the Mortgagee under any Mortgage or trust deed recorded.

prior to recordation of such amendment who does not join in the execution thereof.

(e) Due to its financial interest in a Lot, a Mortgagee may appear (but may not vote) at meetings of the Owners and the Board to draw attention to violations of this Declaration which have not been corrected or made the subject of remedial proceedings or assessments.

(f) A Mortgagee is authorized to furnish information to the Board concerning the status of any loan encumbering a Lot.

(g) All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses naming the Mortgagees as insured parties, as their interest may appear.

(h) In the event of any conflict between any provision of this and any other provision in this Declaration, the language contained herein shall control.

Section 16. Plurals; Gender. Whenever the context so requires, the use of the singular shall include and be construed as including the plural, and the masculine shall include the feminine.

Section 17. Headings. Section headings are inserted for convenience only and are not intended to be a part of this document or, in any way, to define, limit, or describe the scope or intent of the particular section to which they refer.

Section 18. Enforcement of Bonded Obligations. If Declarant obtains a completion bond or other arrangement pursuant to California Business and Professions Code Section 11018.5(a)(2) (hereinafter referred to as the "Bond") in favor of the Association to secure the commitment of Declarant to complete the Common Area Improvements, then:

(1) The Board is directed to consider and vote upon 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 within sixty (60) days after the completion date for that Improvement set forth in the planned construction statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area Improvement, the Board is directed to consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension period.

(2) A special meeting of the Members for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question shall be held not less than thirty-five (35) days, nor more than forty-five (45) days after receipt by the Board of a petition for such a meeting signed by Members representing five percent (5%) or more of the total voting power of the Association.

(3) A vote of the majority of the voting power of the Association residing in Members other than the Declarant at the special meeting called pursuant to subparagraph (2) above to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

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Section 19. Counterparts: This Declaration may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 5th day of APRIL, 1989.

Meadow Oaks Development Company,
a California general partnership

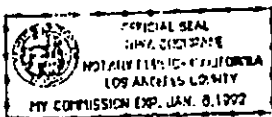
By: Meadow Oaks Development Corp.,
a California corporation
Its: General Partner

By: [Signature]
Its: President

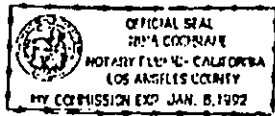
STATE)
COUNTY OF Los Angeles) SS.

On April 5, 1989, before me, the undersigned, a Notary Public in and for said State, personally appeared R.F. Burger known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the President on behalf of the corporation therein named, and acknowledged to me that such corporation pursuant to its by-laws or a resolution of its board of directors executed the within instrument on behalf of the partnership therein named and that such partnership executed the within instrument.

WITNESS my hand and official seal.



[Signature]
Notary Public



116605

EXHIBIT "A"
THE PROPERTY

Lots 1 through 53, inclusive of Tract No. 13403 as shown on file
in Book 123, Pages 18 to 26 of Maps, Records of Riverside County,
California.