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DECLARATION OF RESTRICTIONS

FOR

PALISADES CANYON

A PLANNED UNIT DEVELOPMENT

1-4-77

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DECLARATION OF RESTRICTIONS

FOR

PALISADES CANYON

THIS DECLARATION is made this 6th day of SEPTEMBER, 1977, by C S & M INCORPORATED, a California corporation, and by CHINO HILLS, a joint venture, (hereinafter collectively referred to as "Declarant").

W I T N E S S E T H :

(a) WHEREAS, Declarant is the Owner of that certain real property located in the County of San Bernardino, State of California, more particularly described as:

Lots 64 through 122, inclusive, of Tract 8437 as shown on a Map recorded in Book 121, Pages 27 to 33, inclusive, of the Maps in the Office of the County Recorder of said County.

(b) WHEREAS, Declarant desires to create and develop upon said real property, and any additional property which may be annexed thereto pursuant to this Declaration, a planned development (hereinafter referred to as the "Project") consisting of single-family residential structures;

(c) WHEREAS, Declarant deems it desirable to impose a general plan for the development, maintenance, protection, use, occupancy and enjoyment of the Project and to establish, adopt and impose covenants, conditions and restrictions upon the Project for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of same;

(d) WHEREAS, Declarant deems it desirable for the efficient enforcement, protection and preservation of the value, desirability and attractiveness of the Project to create a non-profit corporation which shall be delegated and assigned the powers of administering and enforcing said covenants, conditions and restrictions;

(e) WHEREAS, PALISADES CANYON HOMEOWNERS ASSOCIATION, a nonprofit corporation, has been or will be incorporated under the laws of the State of California for the purpose of exercising the aforesaid powers; and

(f) WHEREAS, Declarant intends to convey the Project, and any portion thereof, subject to the covenants, conditions and restrictions set forth hereinbelow.

NOW, THEREFORE, Declarant agrees and declares that it has established, and does hereby establish, a plan for the development, maintenance, protection, use, occupancy and enjoyment of the Project, and has fixed and does hereby fix the covenants, conditions, restrictions, easements, reservations, liens, and charges upon the Project. Each and all of the covenants, conditions, restrictions, easements, reservations, liens and charges, (hereinafter collectively referred to as "covenants") shall run with the land and shall inure to the benefit of and be binding upon Declarant, its successors and assigns, all subsequent owners of all or any portion of the Project, together with their grantees, successors, heirs, executors, administrators, devisees, and assigns.

ARTICLE I

DEFINITIONS

Section 1. "Project" shall mean and refer to all of that certain real property described in Paragraph (a) of the Recitals hereinabove, any additional property which may be annexed thereto pursuant to this Declaration, and all structures and other improvements constructed thereon.

Section 2. "Association" shall mean and refer to PALISADES CANYON HOMEOWNERS ASSOCIATION, a California nonprofit corporation, its successors and assigns.

Section 3. "Owner" shall mean and refer to the owner or buyer under a conditional sales contract, whether one or more persons or entities, of the fee simple title to any Lot in the Project improved by the construction thereon of residential structures. The foregoing is not intended to include persons or entities who hold an interest in a Lot in the project merely as security for the performance of an obligation.

Section 4. "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first Lot in the Project shall be as follows:

Lot 122, inclusive, of Tract 8437 as shown on a Map recorded in Book 121, Pages 29 to 33, inclusive, of Maps in the Office of the County Recorder of San Bernardino County.

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Section 5. "Restricted Common Area" shall mean and refer to that portion of a fenced patio space which extends beyond the Lot line of its respective Lot and protrudes into the Common Area, as located and described in Exhibit A attached hereto.

Section 6. "Lot" shall mean and refer to, unless the context shall imply otherwise, all residential Lots within the Project, but shall exclude the Common Area described hereinabove.

Section 7. "Residential Structure" shall mean and refer to the individual dwelling which is designed and intended for use and occupancy as a single-family residence and which occupies a separate Lot in the Project, and to all other buildings or other structures located on said Lot.

Section 8. "Declarant" shall mean and refer to C S & M INCORPORATED, a California corporation, and to CHINO HILLS, a joint venture, and to their respective successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 9. "Mortgage" shall mean and refer to a Mortgage in the conventional sense, and/or to a Deed of Trust, and said terms may be used interchangeably herein with the same meaning.

Section 10. "Mortgagee" shall mean a person or entity to whom a mortgage is made and/or the beneficiary of a Deed of Trust; "Mortgagor" shall mean and refer to a person or entity who mortgages his or its property to another, and/or the Trustor of a Deed of Trust.

Section 12. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 13. "County" shall mean and refer to the County of San Bernardino.

Section 14. The aforesaid definitions shall be applicable to this Declaration and to any supplements or amendments thereto, (unless the context shall prohibit), filed or recorded pursuant to the provisions of this Declaration.

ARTICLE II

OWNERS' PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of access, use and enjoyment in and to the Common Area. Said right and easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Extent of Owners' Easements. The rights and easements of access, use and enjoyment set forth in Section 1 hereinabove shall be subject to the following:

(a) The right of the Association to reasonably limit the number of guests of Owners;

(b) The right of the Association to establish and enforce reasonable rules and regulations pertaining to the use of the Common Area and the recreational facilities, if any, thereon;

(c) The right of the Association to charge reasonable admission and other fees for the use of the recreational facilities, if any, situated on the Common Area;

(d) The right of the Association, in accordance with its Articles, By-Laws, and this Declaration, to borrow money with the assent of two-thirds (2/3) of the voting power of each class of Members for the purpose of improving the Common Area and recreational facilities, if any, and in aid thereof, to mortgage the Common Area; provided, however, that the rights of such mortgagee shall be subordinate to the rights of the Owners.

(e) The right of the Association to assess monetary penalties against an Owner and/or suspend said Owner's voting rights and right to use the recreational facilities, if any, for the period during which any assessment against his Lot remains unpaid and delinquent after notice and hearing given and had, and for a period not to exceed thirty (30) days after notice and hearing given and had for any single infraction of the rules and regulations established by the Association.

(f) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless (1) an instrument approving said dedication or transfer is signed by Owners representing two-thirds (2/3) of the voting power of each class

of Members and recorded in the office of the County Recorder, and (2) a written notice of the proposed dedication or transfer is sent to every Owner not less than fifteen (15) nor more than thirty (30) days in advance; provided, however, that the dedication or transfer of easements for utilities or for other public purposes consistent with the intended use of the Common Area shall not require the prior approval of the Members of the Association.

(g) The right of the Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure;

(h) The right of the Association to perform and exercise its duties and powers as set forth herein;

(i) Other rights of the Association, the Architectural Control Committee, the Board of Directors, the Owners and Declarant with respect to the Common Area as may be provided for in this Declaration; and

(j) Any limitations, restrictions or conditions affecting the use, enjoyment or maintenance of the Common Area imposed by Declarant or by the County or other governmental agency having jurisdiction to impose any such limitations, restrictions or conditions, including but not limited to, the rights of the County or such other governmental agency having jurisdiction to use their vehicles or appropriate equipment over those portions of the Common Area designed for vehic-

ular movement to perform municipal functions or emergency or essential public services.

Section 3. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of use and enjoyment to the Common Area and recreational facilities, if any, to the Members of his family or his tenants who reside on his property, and to their guests.

Section 4. Easements for Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Lot and such portion or portions of the Common Area adjacent thereto and as between adjacent Lots due to the unwilling placements or settling or shifting of the improvements constructed, reconstructed or altered thereon (in accordance with the terms of the restrictions) to a distance of not more than five (5) feet, as measured from a point on the common boundary between each Lot and the adjacent portion of the Common Area or between said adjacent Lots, as the case may be, along a line

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perpendicular to such boundary at such point. In no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant or the Association. Notwithstanding the foregoing, where any portion of a chimney structure extends beyond the Lot line of its respective Lot and encroaches into any portion of the Common Area, there is hereby created an easement appurtenant to said Lot on and over said portion of the Common Area for said encroachment.

Section 5. Easements for Utilities. The rights and duties of the Owners of Lots within the Project with respect to sanitary sewer, water, electricity, gas and telephone lines and other facilities shall be governed by the following:

(a) It shall be the duty of each respective utility company to maintain its utility facilities and connection on any Lot; provided, however, that if any company shall fail to do so, it shall be the obligation of each Owner to maintain those facilities and connections.

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(b) Wherever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project and said connections, cables and/or lines lie in or upon a Lot in the Project owned by someone other than the Owner of the Lot served by said connections, cables and/or lines, the Owner of the Lot served by said connections, cables and/or lines shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon the Lot or to have the utility companies enter upon the Lot in or upon which said connections, cables and/or lines lie, to repair, replace and generally maintain same whenever it shall be necessary to do so.

(c) Wherever sanitary sewer, water or gas connections,

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television cables, electricity or telephone lines are installed within the Project, and said connections, cables and/or lines serve more than one Lot, the Owner of each Lot served by said connections, cables and/or lines shall be entitled to the full use and enjoyment of such portions of same as service his Lot.

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

(e) Easements over the Project for the installation and maintenance of electric and telephone lines, water, gas, drainage and sanitary sewer connections and facilities, and television antenna cables and facilities, all as shown on the recorded map of the Project, and as may be hereafter required or needed to service the Project, are hereby reserved by Declarant, together with the right to grant and transfer the same.

Section 6 . Easements for Vehicular Traffic. In addition to the general right and easements for access, use and enjoyment granted herein, there shall be and Declarant hereby covenants for itself and its successors and assigns that each and every Owner shall have a nonexclusive easement appurtenant for vehicu-

lar traffic over all private streets within the Project.

Section 7. Easements for Maintenance. For purposes of performing the exterior maintenance of the Common Area authorized herein, the Association, through its duly authorized agents or employees, shall have the right after reasonable notice to the Owner to enter upon any Lot at reasonable hours on any day. An Owner shall permit the Owner or Owners of an adjoining Lot or Lots, or his or their representatives to enter upon his Lot for the purpose of repairing and/or maintaining the exterior walls of his or their residential structures, provided, that request for entry is reasonably made in advance and that such entry is made at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be immediate.

Section 8. Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Association, nor release the Lot owned by him from the liens and charges hereof for any reason whatsoever, including but not limited to waiver of the use and enjoyment of the Common Area and facilities thereon, if any, or abandonment of his Lot.

Section 9. Title to the Common Area. The Declarant hereby covenants for itself and its successors and assigns, that it will convey fee simple title to the Common Area in the Project to the Association, free and clear of all encumbrances and liens, except easements and other property rights therein which are of record or created herein and current real property taxes, which taxes shall be prorated to the date of transfer. Said conveyance shall be made to the Association prior to or concurrently with the first conveyance of an improved Lot in the Project.

ARTICLE III

OWNERS' ASSOCIATION

Section 1. Membership. Every person or entity who or which is an Owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot in the Project merely as security for the performance of an obligation.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership, as follows:

Class A. Class A Members 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 holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant, and shall be entitled to three (3) votes for each Lot owned in this development upon which Declarant is then paying the appropriate monthly assessments provided for hereinbelow. The Class B membership shall cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs earliest:

A. When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership;

B. The second anniversary of the original issuance of the most recently issued Public Report for a phase of the Project; or

C. On the fourth anniversary of the original issuance of the Public Report for the first phase of the Project.

At such time when the Class B membership shall cease and be converted to Class A membership, any and all provisions herein and in the By-Laws requiring the approval of both classes of members or of the voting power of the Association shall be understood and construed to require the approval of the Class A members only.

Section 3. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of such Lot. In the event of such sale or encumbrance, the Association membership may only be transferred, pledged, or alienated to a bona fide purchaser of the Lot, or to the mortgagee (or third-party purchaser) of such Lot upon a foreclosure sale. Any attempt to make a prohibited trans-

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fer is void, and will not be reflected upon the books and records of the Association.

ARTICLE IV

POWERS AND DUTIES OF ASSOCIATION

Section 1. The Association is hereby designated as the management body of the Project. The Members of the Association shall be the Owners in the Project as provided herein, and the affairs of the Association shall be managed by a Board of Directors as more particularly set forth in the By-Laws of the Association. The initial Board of Directors shall be appointed by the incorporating Directors or their successors. Thereafter, the Directors shall be elected as provided in said By-Laws.

Section 2. The Association shall have the right and power to do all things necessary for the management and operation of the Project. Subject to the provisions of the Articles of Incorporation, the By-Laws of the Association, and these Restrictions, the powers of the Association shall include, but shall not necessarily be limited to, the specific acts hereinafter enumerated.

Section 3. The Association shall possess, perform, and execute the following powers and duties on behalf of all Owners in the Project:

(a) Provide water, sewer, gas, electricity, garbage and trash collection, and other necessary utility services for the Common Area, and, if not separately metered, for the Lots;

(b) Provide:

(1) A policy or policies of fire insurance with extended coverage endorsement, for the full insurance replacement value of the Common Area;

(2) A policy or policies of liability insurance covering the Association, the Board of Directors, the Declarant, the Manager (as provided for hereinbelow), and the agents and employees of each of the foregoing, against any liability to the public or to any Owner, his invitees and/or tenants, arising from or incident to the ownership, occupation, use, maintenance, and/or repair of the Common Area, and if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured; limits of liability shall be set by the Association and such limits and coverage shall be reviewed at least annually by the Association and increased or decreased in its discretion;

(3) Workman's compensation insurance to the extent necessary to comply with any applicable laws;

(4) A standard fidelity bond in an amount determined by the Board naming all persons signing

checks or otherwise possessing fiscal responsibilities on behalf of the Association;

(5) Such other policies of insurance as the Association may deem appropriate; and

(6) The Association shall be deemed the trustee for the Owners in connection with any insurance proceeds paid to the Association under any of the aforesaid policies, and shall have full power to receive such funds on behalf of the Owners, Mortgagees, and beneficiaries of Deeds of Trust, as their interests appear, and to deal therewith.

(c) Contract for the services of a person or firm (hereinafter referred to as the "Manager") to manage and supervise the use and operation of the Common Area in the event that the Federal Home Loan Mortgage Corporation ("FHLMC") or the Federal National Mortgage Association/Government National Mortgage Association ("FNMA/GNMA") shall insure any mortgage or deed of trust on a Lot in the Project, but if neither FHLMC nor FNMA/GNMA shall insure any such mortgage or deed of trust, the Association may, at its option, retain a Manager as it deems necessary and proper.

(d) Paint, repair, and maintain in a neat, safe, attractive, sanitary, and orderly condition, all portions of the Common Area as defined and described in this Declaration, including, but without limiting the

generality of the foregoing, all buildings, equipment, landscaping, and furnishings in and upon the Common Area;

(e) In addition to all other provisions set forth herein respecting the maintenance of the Common Area, maintain all storm drains, sanitary sewers, private streets, utilities, and open spaces within the Common Area in a condition comparable to the condition initially approved by the County;

(f) Pay all real and personal property taxes and assessments which the Association is required to pay for pursuant to the terms and provisions of this Declaration or by law, unless separately assessed to the Owners;

(g) Obtain any other material, supplies, furniture, labor, services, maintenance, repairs, structural alterations, and insurance which the Association is required to pay for pursuant to the terms and provisions of this Declaration or by law;

(h) Cause financial statements for the Association to be regularly prepared and copies distributed to each Member of the Association as follows:

(1) A pro forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year.

(2) A balance sheet as of an accounting date

which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Lot and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received, and receivable, identified by the number of the Lot, and the name of the person or entity assessed.

(3) A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year shall be distributed within ninety (90) days after the close of the fiscal year.

An external audit by an independent certified public accountant shall be required for fiscal year financial statements (other than budgets) for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00); and

(i) Assume and pay out of the assessments provided for hereinbelow all costs and expenses incurred by the Association in connection with the performance and execution of all of the aforesaid powers and duties and any other powers and duties which the Association may assume as provided for in Section 4 hereinbelow.

Section 4. The Association, acting at its option and

by and through its Board of Directors, may assume, perform, and execute the following powers and duties on behalf of all Owners in the Project.

(a) Provide a policy or policies of liability insurance insuring the Owners against any liability to the public or to any other Owner, his invitees and/or tenants, arising from or incident to the ownership, occupation, or use of the Common Area; provided, however, that in the event the Association provides such policy or policies of liability insurance, the Association shall set the limits of liability and review said limits and extent of coverage annually and increase or decrease same as is deemed necessary and proper.

(b) In addition to the duties and powers of the Association respecting the retention of a Manager for the Common Area as set forth in Section 3 hereinabove, provide such other personnel as the Association deems necessary and proper to assist in the operation of the Association and/or management of the Common Area, regardless of whether such other personnel are employed directly by the Association or otherwise;

(c) Remove or replace any part of a patio, fence or other structure that extends into the Common Area under authority of an easement when access to a utility line underneath such patio, fence or structure is requested by any utility company, provided, however, that the cost shall be charged to the Owner of the Lot in-

volved if said Owner caused the patio, fence or other structure to be so placed in the Common Area;

(d) Incur any liability or pay any costs or expenses for a single Lot or Owner thereof, provided, however, that in the event the Association does incur any such liability or pay any such costs or expenses, the amount thereof shall be specifically assessed to the Owner of such Lot; provided further, however, that nothing herein shall permit the Association to assess the Owners for any new improvements or additions to the Common Area except as specifically provided in this Declaration; and

(e) Provide any other material, supplies, furniture, labor, services, maintenance, repairs, structural alterations, or insurance, or pay any taxes or assessments, which in the opinion of the Board of Directors shall be necessary or proper for the operation of the Common Area, for the benefit of the Owners, or for the enforcement of these Restrictions.

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Section 5. No contract entered into by the Association or the Board of Directors acting for and on behalf of the Association may run for a term longer than one (1) year, except with the vote or written assent of a majority of the voting power of the Association residing in Members other than the Declarant.

Section 6. In the event that the Association shall delegate any or all of its duties, powers, or functions to any person, corporation, or firm to act as Manager, neither the Asso-

ciation nor the members of its Board of Directors shall be liable for any omission or improper exercise by the Manager of any such duty, power, or function so delegated.

Section 7. The Association, any person authorized by the Association, or any Owner may enter any Lot in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owner of such Lot as is practicable, and in the event that any damage shall be proximately caused by or result from said entry, the Association shall repair the same at its expense.

Section 8. The Association, or any person authorized by the Association, shall have the right to enter, upon reasonable notice, any Lot to affect necessary repairs which the Owner has failed to perform or which are necessary in connection with repairs to the Common Area or an adjoining Lot.

Section 9. The Board of Directors of the Association shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the Association residing in Members other than the Declarant:

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

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

Administration or Veterans Administration;

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

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

(2) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year; or

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

Section 10. The Association is authorized and empowered to grant such licenses, easements, and rights-of-way for sewer lines, water lines, underground conduits, storm drains, and other public utility purposes over those portions of the Common Area upon which no building or other structure has been erected as may be necessary and appropriate for the orderly maintenance, preservation, and enjoyment of the Common Area or

for the preservation of the health, safety, convenience, and welfare of the Owners. Such licenses, easements, and rights-of-way may be granted at any time prior to twenty-one (21) years after the death of the individuals who have signed these Restrictions and their issue who are in being as of the date hereof, and the right to grant such licenses, easements, and rights-of-way is hereby expressly reserved.

Section 11. Other than as provided in Article X relating to restoration of damaged improvements, the Association may construct new improvements or additions to the Common Area of the Project or demolish existing improvements, provided that in the case of any improvement, addition, or demolition involving a total expenditure in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, the written consent or vote of a majority of the Owners (other than the Declarant) in the Project as to the maximum total cost therefor shall first be obtained, and provided that no Lot shall be altered or damaged by any such demolition or construction without the consent of the Owner thereof. The Association shall levy a special assessment on all Owners in the Project for the cost of such work.

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ARTICLE V

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessment. The Declarant, for each Lot owned within the Project, 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 to pay to the Association: (1) regular annual assessments or charges, and (2) special assessments for any action or undertaking on behalf of the Association including, but not limited to capital improvements, such assessments to be established and collected as hereinbelow provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Annual Assessments: Levy and Collection. The annual assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents in the Project and to maintain the Common Area. The Association, by and through its Board of Directors, shall levy and collect assessments from the Owner of each Lot in the Project in an amount sufficient to cover all of the costs and expenses incurred by the Association in connection with the performance and execution of its powers and duties set forth in Article IV hereinabove and the Articles of Incorporation.

Section 3. Annual Assessments - Basis. The Owners

of Lots in the Project shall share in the profits and common expenses of the Common Area and/or facilities, if any, on an equal basis. Until January 1 of the year immediately following the conveyance of the first Lot in the Project to an Owner the maximum monthly assessment under this Article shall be as shown on the Association budget approved by the Department of Real Estate.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1 of each year not more than ten percent (10%) above the maximum assessment for the previous year without the vote or written assent of fifty-one percent (51%) of each class of Members.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above ten percent (10%) by the vote or written assent of fifty-one percent (51%) of each class of Members.

Section 4. Special Assessments for Capital Improvements. In any fiscal year, the Board of Directors may not, without the vote or written assent of a majority of the voting power of the Association residing in Members other than the Declarant, levy special assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Every general

special assessment shall be levied upon the same basis as that prescribed for the levying of regular assessments. The Board of Directors may, however, levy special assessments at an amount not in excess of five percent (5%) without the vote or written assent of a majority of the voting power of the Association residing in members other than the Declarant.

Section 5. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots in the Project on the first day of the month following the closing of the first sale of a Lot in the Project to a bona fide purchaser. The first annual assessments shall be adjusted according to the number of months remaining in the fiscal year as set forth in the By-Laws. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto at least thirty (30) days in advance of each assessment period. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the assessments on a specified Lot have been paid. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment.

Section 6. Waiver Prohibited. No Owner may waive or otherwise avoid liability for the assessments provided for herein

for any reason whatsoever, including, but not limited to, non-use of the Common Area or abandonment of his Lot.

Section 7. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments herein:

(a) All property dedicated to and accepted by a local public authority;

(b) All property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of California. However, no land or improvements devoted to dwelling use shall be exempt from said assessment; and

(c) All property owned by any public authority.

ARTICLE VI

EFFECT OF NON-PAYMENT OF ASSESSMENTS

REMEDIES OF THE ASSOCIATION

Section 1. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall be deemed delinquent and may, at the Board's option, bear interest from the due date at the highest rate allowable by law. The Association may commence legal action against the Owner personally obligated to pay the same, or foreclose the lien against his Lot. The Association may also foreclose the lien described hereinbelow by a power of sale or other nonjudicial procedure provided for by the laws of the State of California.

Section 2. Notice of Lien. No action shall be brought to foreclose said assessment lien or to proceed under the power of sale herein provided less than thirty (30) days after the date a notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the office of the County Recorder of the County in which the Project is located. Said notice of claim must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which may, at the Association's option, include interest on the unpaid assessment at the highest rate allowable by law, plus reasonable attorney's fees and expenses of collection incurred in connection with the debt secured by said lien), and the name and address of the claimant.

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Section 3. Foreclosure Sale. Any foreclosure sale provided for above is to be conducted by the Board of Directors, its attorney or other persons authorized by the Board in accordance with the provisions of Sections 2924, 2924a, 2924b, and 2924c of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on the Lot at a foreclosure sale, and to acquire, hold, lease, mortgage, and convey the same.

Section 4. Curing of Default. Upon the timely curing of any default for which a notice of claim or lien was filed by the Association, the officers thereof are hereby authorized

to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed Fifteen Dollars (\$15.00), to cover the costs of preparing and filing or recording such release.

Section 5. Cumulative Remedies. The Association's remedies for non-payment of assessments, including, but not limited to, an action to recover a money judgment, assessment lien,

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and right of foreclosure and sale, are cumulative and in addition to and not in substitution of any other rights and remedies which the Association and its assigns may have hereunder or at law.

ARTICLE VII

USE RESTRICTIONS

The Lots and Common Area shall be occupied and used only as follows:

Section 1. Each Lot shall be used as a private dwelling, and for no other purpose except such temporary uses as shall be permitted by Declarant while the Project is being developed and Lots are being sold by Declarant; provided, however, that Declarant reserves the right, for a period of three (3) years from recordation hereof or until all Lots in the Project are sold, whichever shall first occur, to carry on normal sales activity on the Project, including the operation of models and a sales office, and Declarant shall have, during the above period, the nonexclusive right to use the recreation area and buildings, if any, for such purposes.

Section 2. All Owners shall be Members of the Association and shall comply with the terms and conditions as set forth in the Articles of Incorporation and the By-Laws and any rule or regulation of the Association. No Owner shall transfer any membership or interest in the Association, except upon the transfer of the Lot to which it is appurtenant.

Section 3. Use of the Common Area shall be subject

to the provisions of this Declaration, and to any additional limitations determined by the Association.

Section 4. Nothing shall be done or kept in any Lot or in the Common Area which will increase the rate of insurance on the Common Area without the approval of the Association. No Owner shall permit anything to be done or kept in his Lot or in the Common Area which will result in the cancellation of insurance on the Common Area or which would be in violation of any law.

Section 5. No sign of any kind shall be displayed to the public view on or from any Lot, or the Common Area without the approval of the Association, except such signs as may be used by Declarant for a period not to exceed three (3) years in connection with the development of the Project and sale of Lots, and except one (1) "for sale" or "for lease" sign on any Lot; provided, however, that all signs permitted under this Section shall conform with any County sign ordinances.

Section 6. No animals of any kind shall be raised, bred or kept in or upon any Lot or Common Area, except that an Owner may keep one dog, cat or other household pet on his Lot subject to the approval of the Association; provided, however, that no such pet shall be kept, bred or maintained for any commercial purpose.

Section 7. No Owner shall permit or suffer anything to be done or kept upon his Lot or Common Area which will obstruct or interfere with the rights of other Owners, or annoy them by unreasonable noises or otherwise, nor will he commit

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or permit any nuisance on the premises or commit or suffer any immoral or illegal act to be committed thereon. Each Owner shall comply with all of the requirements of the Board of Health and of all other governmental authorities with respect to their respective Lots. If by reason of the occupancy or use of his Lot by the Owner the rate of insurance on the Common Area shall be increased, the Owner shall become personally liable for the additional insurance premiums.

Section 8. No professional, commercial or industrial operations of any kind shall be conducted in, or upon or from any Lot or Common Area, except such temporary operations as may be approved by a majority of a quorum of the Association, and such temporary uses as shall be permitted by Declarant while the Project is being constructed and Lots are being sold by the Declarant.

Section 9. No Owner of a Lot in the Project shall park, store or keep any vehicle on any Lot or the Common Area except wholly within the parking area designated therefore, such as garages, streets and driveways. No Owner shall park, store or keep any large commercial type vehicle, any recreational vehicle (including but not limited to camper units, motorhomes, trailers, boat trailers, mobile homes or other similar vehicles), boat over twenty (20) feet in length or any vehicle other than a private passenger vehicle in his garage, on any other portion of his Lot, or on the Common Area. The foregoing shall not include camper trucks up to and including three-quarter (3/4) ton when used for everyday-type transporta-

tion. No Owner shall conduct major repairs or major restorations of any motor vehicle of any kind whatsoever upon any portion of any Lot, including the garage spaces, or upon the Common Area, except for emergency repairs thereto and then only to the extent necessary to enable movement thereof to a proper repair facility. Garage doors shall remain closed at all times when not in use, and Owner shall maintain his garage such that it is readily available for parking. In any event, all vehicles shall be parked in compliance with County ordinances.

Section 10. No outbuilding, basement, tent, shack, garage, trailer, camper, motorhome or shed or temporary building of any kind shall be used as a residence either temporarily or permanently.

Section 11. No rubbish, trash, garbage or other waste material shall be kept or permitted upon any Lot or Common Area, except in sanitary containers located in appropriate areas screened and concealed from view.

Section 12. Nothing shall be done in, on or to any building in the Common Area which would structurally change any such building, except as is otherwise provided herein.

Section 13. There shall be no structural alteration, construction or removal of any building, fence or other structure in the Project (other than repairs or rebuilding pursuant to Article X hereof) without the approval of the Architectural Control Committee, as required herein. No building, fence or other structure shall be constructed upon any portion of any Common Area other than such buildings and structures as shall

be constructed (a) by the Declarant (or person to whom Declarant assigns its rights as developer), or (b) by the Association pursuant to Article IX or Article X.

Section 14. No Owner shall install an air-conditioning unit without the prior written approval of the Architectural Control Committee, which shall have the right to approve or disapprove the size, shape, noise level and proposed location of such air-conditioning unit.

Section 15. No Owner shall install or cause to be installed any T.V. or radio antenna or other similar electronic receiving or broadcasting device on any portion of the exterior of any building in the Project.

Section 16. No Owner shall install or cause to be installed any patio cover or roof in or on the patio area of his Lot without the prior written consent of the Architectural Control Committee, and when necessary, of the County.

Section 17. With the exception of a lender in possession of a Lot following (1) a default in a first mortgage, (2) a foreclosure proceedings, or (3) a conveyance or other arrangement in lieu of foreclosure, no Owner shall be permitted to lease his Lot for transient or hotel purposes. No Owner may lease less than the entire Lot. All lease agreements shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration of Restrictions and By-Laws, and that any failure by the lessee to comply with the terms of such documents shall constitute a default under the lease. Other than the foregoing, there are

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no restrictions on the right of an Owner to lease his Lot.

Section 18. No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind, shall be permitted upon or in any Lot or Common Area nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any Lot or Common Area or within five hundred (500) feet below the surface thereof. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any Lot or Common Area.

Section 19. All Lots and the residential structures located thereon shall at all times be maintained in a neat, clean, orderly, safe, sanitary and attractive manner so as to prevent their becoming unsightly. In the event any such Lot or structure is not so maintained, the Association shall have the right, but not the obligation, through its agents and employees, to enter thereon for the purpose of maintaining, restoring or repairing same, the cost of which shall be added to and become a part of the annual assessment to which such Lot is subject.

Section 20. Declarant will undertake to develop and improve all of the Lots within the Project. The completion of said improvements and the sale, rental or other conveyance of improved Lots is essential to the establishment and welfare of the Project as a residential community. In order that the Project be completed and established as a fully occupied residential community, nothing in this Declaration shall be understood or construed to:

- (a) Prevent Declarant from taking any action

which it alone shall determine to be reasonable, necessary or advisable to complete the Project;

(b) Prevent Declarant from erecting, constructing and maintaining on any part or parts of the Project owned or controlled by Declarant, such structures as may be reasonably necessary to conduct the construction of the Project and to sell, lease or otherwise convey the Lots;

(c) Prevent Declarant from developing or improving any part or parts of the Project or from selling, leasing or otherwise conveying the Lots in the Project; or

(d) Prevent Declarant from maintaining such sign or signs on any of the Lots in the Project owned or controlled by Declarant for a period of time not to exceed three (3) years, as may be necessary to promote the sale, lease or other conveyance of said Lots.

Section 21. Without limiting the generality of the preceding section, nothing in this Article or elsewhere in this Declaration shall limit the right of Declarant to complete construction of the Project, to alter same, or to construct such additional improvements as Declarant deems advisable prior to completion and sale of the entire Project. The Declarant may assign any or all of its rights under this Declaration to any successor to all or any part of Declarant's interest in the Project, as developer, by an express assignment incorporated in a recorded deed transferring such interest to such successor.

ARTICLE VIII

ARCHITECTURAL CONTROL

Section 1. Architectural Approval. No building, fence, wall or other structure, or any exterior addition to or alteration thereof, including but not limited to painting, fences or patio covers, shall be commenced, erected or maintained upon the Project until all conditions which may be imposed by the County have been satisfied and until the plans and specifications showing the nature, kind, color, shape, dimensions, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Control Committee provided for in Section 3 hereof. In the event said Committee, or its designated representatives, fails to approve or disapprove such design and location in writing within thirty (30) days after said plans and specifications have been submitted to it, approval by said Committee will not be required.

Section 2. Powers. Approval of said plans and specifications may be withheld because of noncompliance with any of the specific conditions, covenants and restrictions contained in this Declaration; because of the reasonable dissatisfaction of the Committee with the plan, color scheme, finish, design, proportions, architecture, shape, dimensions, style and appropriateness of the proposed structures and altered structures, materials to be used therein, pitch or type of roof proposed to be placed thereon, size or location of trees or other plants

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to be planted on the Lot; or because of the reasonable dissatisfaction of the Committee with all or other matters or things which, in the reasonable judgment of the Committee, will render the proposed improvement inharmonious or out of keeping with the general plan of improvement for the Project or with the improvements erected on neighboring Lots. The approval of any such work shall be deemed conditional upon the commencement of such work within ninety (90) days after such approval has been specified by the Committee at the time of its approval. Thereafter, work thereon must be prosecuted diligently to completion within a reasonable time and in any event before the expiration of any such period as may be specified by the Committee.

Section 3. Architectural Control Committee. The Architectural Control Committee is hereby authorized with the rights and powers set forth in this Article. Said Committee shall consist of three (3) members, and in the event of the failure or inability to act of any member of the Committee, the remaining members shall designate a successor who shall serve for the remainder of the term of the member he replaces. [The Declarant shall appoint all of the original members of the Committee and all replacements thereto until the first anniversary of the issuance of the public report for the Project, and further, Declarant reserves the power to appoint a majority of the members of the Committee until ninety percent (90%) of all Lots in the Project have been sold or until the fifth (5th) anniversary of the issuance of the final public report for the Project, whichever first occurs. After one year from the date

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of the close of escrow for the sale of the first Lot in the Project, the Board of Directors shall have the power to appoint one (1) member to the Architectural Control Committee until ninety percent (90%) of all Lots in the Project have been sold or until the fifth (5th) anniversary date of the issuance of the final public report for the Project, whichever first occurs. Thereafter the Board of Directors shall have the power to appoint all of the members of the Architectural Control Committee. All members appointed to the Architectural Control Committee by the Board of Directors shall be from the membership of the Association. Members appointed to the Committee by the Declarant, however, need not be members of the Association. No member of the Committee shall be liable to any person for his decisions or failure to act in making decisions as a member of the Committee. Declarant may in its discretion and at any time assign to the Association by written assignment its powers of removal and appointment with respect to the Committee, subject to such terms and conditions regarding the exercise thereof as Declarant may impose.

Section 4. Inspection of Work.

(a) Upon the completion of any construction or reconstruction of any improvements, or completion of any alteration or refinishing of the exterior of any improvement, or upon the completion of any other work for which approved plans are required under this Article, the Owner shall give written notice thereof to the Committee. Within sixty (60) days after receipt

of such notice, the Committee, or its duly authorized representative, may inspect such completed work to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with the approved plans. If the Committee finds that such construction, reconstruction, alteration or refinishing was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such sixty (60) day period, specifying particulars of noncompliance, and shall require the Owner to remedy such noncompliance.

(b) If upon the expiration of thirty (30) days from the date the Owner is notified of such noncompliance, the Owner shall have failed to remedy such noncompliance, the Committee shall then report such failure to the Board of Directors who shall be authorized to take such action against said Owner as is deemed appropriate, including the filing of a suit declaring said noncomplying structure to be a nuisance and for abatement thereof.

Section 5. Approval Not Waiver. The approval by the Committee of any plans or specifications respecting any given Lot shall not be deemed to constitute a waiver by the Committee of its right to object to any features of elements embodied in such plans and specifications in the event said features or elements are embodied in subsequent plans and specifications submitted to the Committee for approval for use on other Lots.

Section 6. Presumed Approval. If, after plans and specifications have been approved, the improvements are altered, erected or maintained upon the Lot otherwise than as approved by the Committee, such alteration, erection and maintenance shall be deemed to have been undertaken without the approval of the Committee. Notwithstanding any other provision in this Article, should any Owner fail to notify the Committee of the completion of work as provided in Section 4 from and after the one (1) year anniversary of the completion of said work, all construction, reconstruction, alteration, refinishing or other work shall, in favor of bona fide purchasers and encumbrancers for value, be deemed to comply with all of the provisions hereof, unless a notice of such noncompliance or noncompletion, executed by the Committee, was of public record in the office of the County Recorder, or legal proceedings had been commenced to enforce compliance with these provisions prior to said sale or encumbrance.

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ARTICLE IX

OBLIGATION TO MAINTAIN, REPAIR AND REBUILD

Section 1. Maintenance by Owner. Subject to the provisions of this Declaration regarding exterior maintenance and Architectural Control Committee approval, each Owner shall, at his sole cost and expense, maintain his Lot and all residential structures located thereon, keeping the same in neat, clean, safe, attractive, sanitary and orderly condition and making all structural repairs as they may be required.

Section 2. Damage and Destruction Affecting Residences; Duty to Rebuild. If all or any portion of a residential structure is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of said Lot to rebuild, repair or reconstruct said structure in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty.

Section 3. Variance in Exterior Appearance and Design. In the event any residential structure in the Project shall be destroyed or damaged by fire or other casualty, the Owner thereof may apply for approval to the Architectural Control Committee for reconstruction, rebuilding or repair of same in a manner which will provide for an exterior appearance and design different from that which existed prior to the date of the casualty. Application for such approval shall be made in writing together with full and complete plans and specifications, working drawings and elevation showing the proposed reconstructions and the end result thereof. The Architectural Control Committee shall grant such approval only if the design proposed by the Owner would result in a finished structure in harmony of exterior design with the neighboring Lots in the Project. Failure of the Architectural Control Committee to act within thirty (30) days after receipt of such a request in writing coupled with the drawings and plot plans showing full and complete nature of the proposed change shall constitute approval thereof.

Section 4. Time Limitation. The Owner or Owners

of any damaged residential structure shall be obligated to proceed with all due diligence hereunder and commence reconstruction within three (3) months after the damage occurs and complete reconstruction within six (6) months after damage occurs, unless prevented by causes beyond their reasonable control.

ARTICLE X

DAMAGE OR DESTRUCTION TO COMMON AREA

Section 1. Damage to or destruction of all or any portion of the Common Area shall be handled in the following manner:

(a) In the event of damage or destruction to the Common Area, and the insurance proceeds are sufficient to effect total restoration, then the Association shall cause such Common Area to be repaired and reconstructed substantially as it previously existed.

(b) If the insurance proceeds are within Five Thousand Dollars (\$5,000.00) or less of being sufficient to effect total restoration to the Common Area, then the Association shall cause such Common Area to be repaired and reconstructed substantially as it previously existed and the difference between the insurance proceeds and the actual cost shall be levied as a special assessment equally against each of the Owners in the Project.

(c) If the insurance proceeds are insufficient by more than Five Thousand Dollars (\$5,000.00) to

effect total restoration to the Common Area, then by written consent or vote of a majority of the Owners, they shall determine whether (a) to rebuild and restore the Common Area in substantially the same condition as it existed prior to being damaged, and to raise the necessary funds over the insurance proceeds by levying equal assessments against all Lots; (b) to rebuild and restore the Common Area in a way which utilizes all available insurance proceeds and an additional amount not in excess of Five Thousand Dollars (\$5,000.00) and which is assessable equally to all Owners, but which is less expensive than rebuilding and restoring the Common Area to substantially the same condition as it existed prior to being damaged, or (c) to not rebuild and to distribute the available insurance proceeds equally to the Owners and mortgagees of the Lots as their interests may appear. Provided, however, that unless the County shall agree to the contrary, it shall be the obligation of the Association and each of the Owners to rebuild the private streets, utilities, parks, open spaces and trails, if any, at least to the extent said areas were accepted initially by the County in lieu of payment of fees due pursuant to the Quimby Act.

(d) If reconstruction or restoration has not actually commenced within one (1) year from the date

of any damage to which this Article is applicable, then the covenant against partition included in this Declaration shall terminate and be of no further force and effect.

ARTICLE XI

COVENANT AGAINST PARTITION

By acceptance of his deed, each Owner shall be deemed to covenant for himself and for his heirs, representatives, successors and assigns, that he will not institute legal proceedings to effect judicial partition of his interest in the Project, unless the Project (a) has been in existence in excess of fifty (50) years, and (b) it is obsolete and uneconomical, and (c) the Owners of fifty percent (50%) of the Lots join in such action for partition.

ARTICLE XII

MORTGAGE PROTECTION

Section 1. Notwithstanding any other provisions in this Declaration to the contrary, in order to induce FHLMC and FNMA/GNMA (and other lenders and investors) to participate in the financing of the sale of Lots within the Project, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control):

- (a) Each holder of a first mortgage or first deed of trust encumbering any Lot is entitled to timely written notification from the Association of

any default by the mortgagor of such Lot in the performance of such mortgagor's obligations under this Declaration, the Articles of Incorporation of the Association, or the By-Laws of the Association which is not cured within thirty (30) days.

(b) Each holder of a first mortgage or first deed of trust encumbering any Lot which comes into possession of such Lot pursuant to the remedies provided in such mortgage or deed of trust, or by foreclosure of such mortgage or deed of trust, or by deed or assignment in lieu of foreclosure, shall be exempt from any "right of first refusal" or other restriction on the sale or rental of such Lot, including, but not limited to, restrictions on the age of the occupants of such Lot and restrictions on the posting of signs pertaining to the sale or rental of such Lot.

(c) Each holder of a first mortgage or deed of trust encumbering any Lot or third party foreclosure purchaser which comes into possession of the Lot pursuant to the remedies provided in such mortgage or deed of trust, or by deed in lieu of foreclosure, shall take title to such Lot free and clear of any claims for unpaid assessments or charges against such Lot which accrued prior to the time such holder came into possession of the Lot (except for claims for a share of such assessments or charges resulting from a reallocation of such assessments or charges to all

Lots, including the mortgaged Lot). The lien assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust now or hereafter placed upon the property subject to assessment; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or trustee's sale. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

(d) Unless at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each first mortgaged owned) of Lots have given their prior written approval, the Association or the Owners shall not be entitled to:

(1) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Association for the benefit of the Lots within the Project; provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Association and the Owners shall not be deemed a transfer within the

meaning of this clause;

(2) change the method of determining the obligations, assessments, dues or other charges which may be levied against the Owners or of allocating the distributions of insurance proceeds or condemnation awards which may be paid to the Owners;

(3) by act or omission change, waive or abandon any scheme of regulations, or the enforcement thereof, pertaining to the architectural design or the exterior appearance of the residential structures, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and planting in the Project;

(4) by act of omission fail to maintain a policy or policies of fire insurance with extended coverage for the full insurance replacement value of the Common Area;

(5) use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement or reconstruction of same, except as provided by statute in case of substantial loss to the Common Area; and

(6) effectuate any decision of the Association to terminate professional management and assume self-management of the Project.

(e) First mortgagees shall have the right to

examine the books and records of the Association.

(f) An adequate reserve fund for replacement of the Common Area must be established and must be funded by regular monthly payments rather than by special assessments.

(g) All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Lot and not to the Project as a whole.

(h) In the event of substantial damage or destruction of any Lot or any part of the Common Area, the institutional holder of any first mortgage on a Lot shall be entitled to timely written notice of any such damage or destruction and further, that no provision in this Declaration shall be interpreted to entitle the Owner of the Lot or any other party to priority over such institutional holder with respect to the distribution to such Lot of any insurance proceeds.

(i) Any agreement for professional management of a Project shall provide that the management contract may be terminated for cause on thirty (30) day's written notice, and the term of any such contract does not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods.

(j) First mortgagees of Lots within the Project may pay taxes or other charges which are in de-

fault and which may or have become a charge against any 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 such property and the first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

(k) None of the provisions in this Declaration of Restrictions, the Articles of Incorporation or By-Laws of the Association, shall be interpreted to give the Owner of any Lot within the Project, or any other party, priority over any rights of first mortgagees of Lots within the Project pursuant to their mortgages in the event of a distribution to Lot Owners of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

(l) The Common Area shall be conveyed to the Association, free and clear of all encumbrances and liens, except current real property taxes, which taxes shall be prorated to date of transfer, and except for any easements granted for public utilities or for other public purposes consistent with the intended use of the Common Area.

(m) The Association shall give FHLMC, FNMA/GNMA notice (c/o Servicer at Servicer's address) in writing of any loss to, or taking of, the Common Area if such loss or taking exceeds Ten Thousand Dollars

(\$10,000.00).

(n) The Association shall, upon the request of any institutional holder of a first mortgage on a Lot in the Project, (1) give written notice of all meetings of the Association and permit the lender to designate a representative to attend all such meetings, and (2) transmit to such lender an annual audited financial statement of the Project within ninety (90) days following the end of any fiscal year of the Project.

(o) If any Lot or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage on a Lot shall be entitled to timely written notice of any such proceeding or proposed acquisition, and no provision in this Declaration shall be interpreted to entitle the Owner of a Lot or any other party to priority over such institutional holder with respect to the distribution to such Lot of the proceeds of any awards or settlement.

Section 2. No breach of any of the foregoing covenants shall cause any forfeiture of title or reversion or bestow any right of re-entry whatsoever, but in the event that any one or more of these covenants shall be violated, the Declarant, its successors and assigns, the Association, or any Owner in the

Project, may commence a legal action in any court of competent jurisdiction to enjoin or abate said violation, and/or to recover damages; provided, however, that any such violation shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value as to said property or any part thereof. Said covenants shall be binding upon and effective against any Owner of said property, or portion thereof, whose title thereto is acquired by foreclosure, trustee's sale or otherwise.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. Enforcement.

(a) The County, the Association or the Owner of any Lot in the Project, including the Declarant, shall have the right to enforce by proceedings at law or in equity all of the covenants and provisions now or hereafter imposed by this Declaration and the By-Laws, respectively, including, without limitation, the right to prosecute a proceeding at law or in equity against the person or persons who have violated or are attempting to violate any of said covenants, to enjoin or prevent them from doing so, to cause said violation to be remedied and/or to recover damages for said violation.

(b) The result of every act or omission whereby any of the covenants contained in this Declaration or

the provisions of the By-Laws are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Association, or by its successors in interest.

(c) The remedies herein provided for breach of the covenants contained in this Declaration or the provisions of the By-Laws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(d) The failure of the Association to enforce any of the covenants contained in this Declaration or the provisions of the By-Laws shall not constitute a waiver of the right to enforce the same thereafter.

(e) A breach of the covenants contained in this Declaration or of the provisions of the By-Laws shall not affect or impair the lien or charge of any bona fide mortgage or deed of trust made in good faith and for value on any Lot provided, however, that any subsequent Owner of such property shall be bound by said covenants, whether or not such Owner's title was acquired by foreclosure, a trustee's sale or otherwise.

(f) The Association shall have the right and power to assess monetary penalties against a Member and/or suspend said Member's voting rights and right to use the recreational facilities, if any, for the

period during which any assessment against his Lot remains unpaid after notice and hearing given and had, and for a period not to exceed thirty (30) days after notice and hearing given and had for any infraction of the rules and regulations published by the Association.

(g) In addition to the above general rights of enforcement, the County shall have the right, through its agents and employees, to enter upon the Project for the purpose of enforcing the California Vehicle Code and any County Ordinances, and is hereby granted an easement over the Project for that purpose.

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

Section 3. Term. The covenants set forth in this Declaration shall run with and bind the Project, and shall inure to the benefit of and be enforceable by the Association or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) 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, signed by a majority of the then Owners, has been recorded, agreeing to change said covenants and restrictions in whole or in part.

Section 4. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of the Project and for the maintenance of said Project. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 5. Singular Includes Plural. Whenever the context of this Declaration may so require, the singular shall include the plural, and the masculine shall include the feminine and neuter.

Section 6. Amendments. This Declaration of Restrictions may be amended only by an affirmative vote of not less than sixty percent (60%) of each class of Owners, and further, this amendment provision shall not be amended to allow amendments by vote of less than sixty percent (60%) of each class of Owners; provided, however, that the provisions of this Declaration shall not be amended without the written consent of either the County Director of Planning and/or County Counsel, to the extent such provisions relate to the original conditions placed on the Project by the County, or to the extent such provisions affect the County's rights herein.]

Section 7. Encroachments. None of the rights and obligations of the Owners created herein or by the deed shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so

long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful conduct of said Owner.

Section 8. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by registered or certified mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the Lot of such person if no address has been given to the Association. If such notice is so sent by regular mail, it shall be deemed to have been delivered when received. Such address may be changed from time to time by notice in writing to the Association.

Section 9. Attorney's Fees. If any Owner defaults in making a payment of assessments or in the performance or observance of any provision of this Declaration, and the Association has obtained the services of an attorney with respect to the defaults involved, the Owner covenants and agrees to pay to the Association any costs or fees incurred, including reasonable attorney's fees, regardless of whether legal proceedings are instituted. In case a suit is instituted, the Owner shall also pay the cost of the suit, in addition to the aforesaid costs and fees.

Section 10. Property Exemption. All public property within the Project shall be exempt from the provisions of this Declaration.

IN WITNESS WHEREOF, the undersigned, being the Declarant, has hereunto set its hand and seal this 16th day of August, 1977.

C S & M INCORPORATED,
a California corporation

BY: [Signature]
NORMAN E. FULLER
Chief Executive Officer

CHINO HILLS,
a Joint Venture

BY: GREENBERG, STARK & ASSOCIATES,
INC.

BY: [Signature]
MORTON S. GREENBERG,
President

BY: [Signature]
HARVEY CHARNOFSKY, dba EASTVALE
CO.

BY: NORCO CONSTRUCTION CO.

BY: [Signature]
N. H. PLUNKETT, President

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

On August 16, 1977, before me, the undersigned, a Notary Public in and for said State, personally appeared MORTON S. GREENBERG, known to me to be the President of GREENBERG, STARK & ASSOCIATES, INC. the corporation that executed the within instrument and known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be a partner of CHINO HILLS, a joint venture, that executed the within instrument, and acknowledged to me that such partner and that such joint venture executed the same.

WITNESS my hand and official seal.

Shirley L. Gatelein
Signature



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

On August 16, 1977, before me, the undersigned, a Notary Public in and for said State, personally appeared HARVEY CHARNOFSKY, dba EASTVALE CO., known to me to be a partner of CHINO HILLS, a joint venture, whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

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

7006 STATE 20000000

On August 16, 1977, before me, the undersigned,
a Notary Public in and for said State, personally appeared
NORMAN E. FULLER, known to me to be the Chief Executive Officer
of the corporation that executed the within instrument, and known
to me to be the person who executed the within instrument on
behalf of the corporation therein named, and acknowledged to me
that such corporation executed the within instrument pursuant
to its By-Laws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.

Shirley L. Gatelein
Signature



RECORDED AT THE REQUEST OF
FIRST AMERICAN TITLE INSURANCE CO.

BOOK 9415 PAGE 628

Recording requested by and
when recorded return to:

FIRST AMERICAN TITLE INSURANCE CO.
P. O. BOX 6327
SAN BERNARDINO, CALIFORNIA 92312
705.321.123

379

15.00
E

RECORDED IN OFFICIAL RECORDS
APR 20 1978 AT 8 A.M.
SAN BERNARDINO COUNTY, CALIF.

APRIL

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1978

AMENDMENT TO
DECLARATION OF RESTRICTIONS
FOR
PALISDES CANYON
A PLANNED UNIT DEVELOPMENT

379

BOOK 9415 PAGE 629

APRIL

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1978

AMENDMENT TO THE
DECLARATION OF RESTRICTIONS
FOR
PALISADES CANYON

THIS AMENDMENT TO DECLARATION OF RESTRICTIONS is made this
11 day of April, 1978 by C S & M INCORPORATED, a
California corporation, and by CHINO HILLS, a joint venture,
(hereinafter collectively referred to as "Declarant").

W I T N E S S E T H:

(a) WHEREAS, Declarant is the Owner of certain real property
located in the County of San Bernardino, State of California, which
is more particularly described as:

Lots 64 through 122, inclusive, of Tract 8437
as shown on a Map recorded in Book 121, Pages
29 to 33, inclusive, of Maps in the Office of
the County Recorder of said County, (herein-
after referred to as the "Property"); and recorded in Book 139,
pages 31 to 35, inclusive.

(b) WHEREAS, Declarant has previously caused a Declaration
of Restrictions affecting the Property to be recorded on September
14, 1977, in Book 9261, Pages 1604 et seq. of Official Records
in the Office of the County Recorder for San Bernardino County,
California, (hereinafter referred to as the "Declaration");

(c) WHEREAS, Declarant desires to amend the Declaration as
set forth herein;

APRIL 20 1978

BOOK 9415 PAGE 630

NOW, THEREFORE, Declarant hereby amends the Declaration as follows:

1. Declarant hereby adds the following section as Section 10 to Article II of the Declaration:

"Section 10. Easements for Restricted Common Area. Those certain portions of fenced patio spaces which extend beyond the Lot lines of their respective Lots and encroach into the Common Area as more particularly shown and described in Exhibit A attached hereto are hereby designated as Restricted Common Areas. The physical boundaries of said Restricted Common Areas shall be the lot lines of the adjoining Lots (indicated on Exhibit A by a solid line), the perimeter fences (indicated on Exhibit A by a broken line) and, where applicable, the top or toe of a slope (indicated on Exhibit A by a broken and dotted line). Each of said Restricted Common Areas constitutes an exclusive easement appurtenant to its respective Lot as shown in said Exhibit A and shall be subject to the exclusive uses and purposes set forth herein and in the Declaration. It shall be the obligation of each Owner to maintain his respective Restricted Common Area (including the perimeter fence) in a neat, clean, safe and attractive condition at all times; provided however, that no Owner shall alter the exterior appearance of the perimeter fence for his Restricted Common Area (including, but not limited to, painting) nor construct, erect or maintain any structure or other improvement (including but not limited to patio

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BOOK 9415 PAGE 631

covers, gazebos or decks) upon his Restricted Common Area except in strict accordance with the architectural control provisions set forth in Article VIII of the Declaration."

2. Any and all references in the Declaration to Restricted Common Area and to Exhibit A to the Declaration, (including, but not limited to, Section 5 of Article I of the Declaration) shall mean and refer to and be synonymous with the Restricted Common Area and the Exhibit A referred to in paragraph 1 hereinabove.

3. Except as amended hereby, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned set their hands and seals on the day and year first above written

C S & M INCORPORATED,
a California corporation
BY: Robert Maxwell
ROBERT MAXWELL
Executive Vice President

CHINO HILLS,
a Joint Venture
BY: GREENBERG, STARK & ASSOCIATES,
INC.

BY: William S. Greenberg
Its: PRESIDENT

BY: Harvey Charnofsky
HARVEY CHARNOFSKY, d/b/a PASIVALE
CO.

BY: NORCO CONSTRUCTION CO.
BY: N. H. Plunkett
N. H. PLUNKETT,
Its President

APRIL

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1978

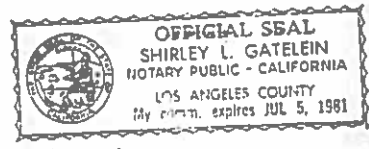
Wm. 9415 DE 632

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

On April 13, 1978, before me, the undersigned, a Notary Public in and for said State, personally appeared Morton S. Greenberg, known to me to be the President of GREENBERG, STARK & ASSOCIATES, INC. the corporation that executed the within instrument and known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be a joint venturer of CHINO HILLS, a joint venture, that executed the within instrument, and acknowledged to me that such joint venturer and that such joint venture executed the same.

WITNESS my hand and official seal.

Shirley L. Gatelein
Signature



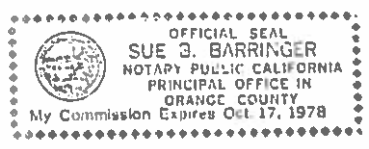
(SEAL)

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

On April 14, 1978, 1978, before me, the undersigned, a Notary Public in and for said State, personally appeared HARVEY CHARNOFSKY, dba EASTVALE CO., known to me to be a joint venturer of CHINO HILLS, a joint venture, whose name is subscribed to the within instrument and acknowledged to me that he executed the same and that such joint venture executed the same.

WITNESS my hand and official sea.

Sue B. Barringer
Signature



(SEAL)

379

STATE OF CALIFORNIA)
)
COUNTY OF Orange) ss.

On April 11, 1978, before me, the undersigned, a Notary Public in and for said State, personally appeared N. H. PLUNKETT, known to me to be the President of NORCO CONSTRUCTION CO. the corporation that executed the within instrument and known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be a joint venturer of CHINO HILLS, a joint venture, that executed the within instrument, and acknowledged to me that such joint venture and that such joint venture executed the same.

WITNESS my hand and official seal

Clara A. McElroy
Signature

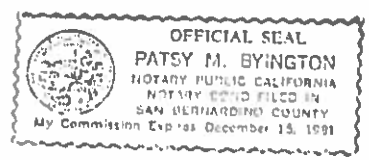
(SEAL)

STATE OF CALIFORNIA)
)
COUNTY OF San Bernardino) ss.

ON April 13, _____, 1978, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT MAXWELL, known to me to be the Executive Vice President of C S & M INCORPORATED, the corporation that executed the within instrument, and known to me to be the person who executed the within instrument on behalf of said corporation, and acknowledged to me that such corporation executed the within instrument.

WITNESS my hand and official seal.

Patsy M. Byington
SIGNATURE



(SEAL)

APRIL

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1978

BOOK 9415 PAGE 634



379

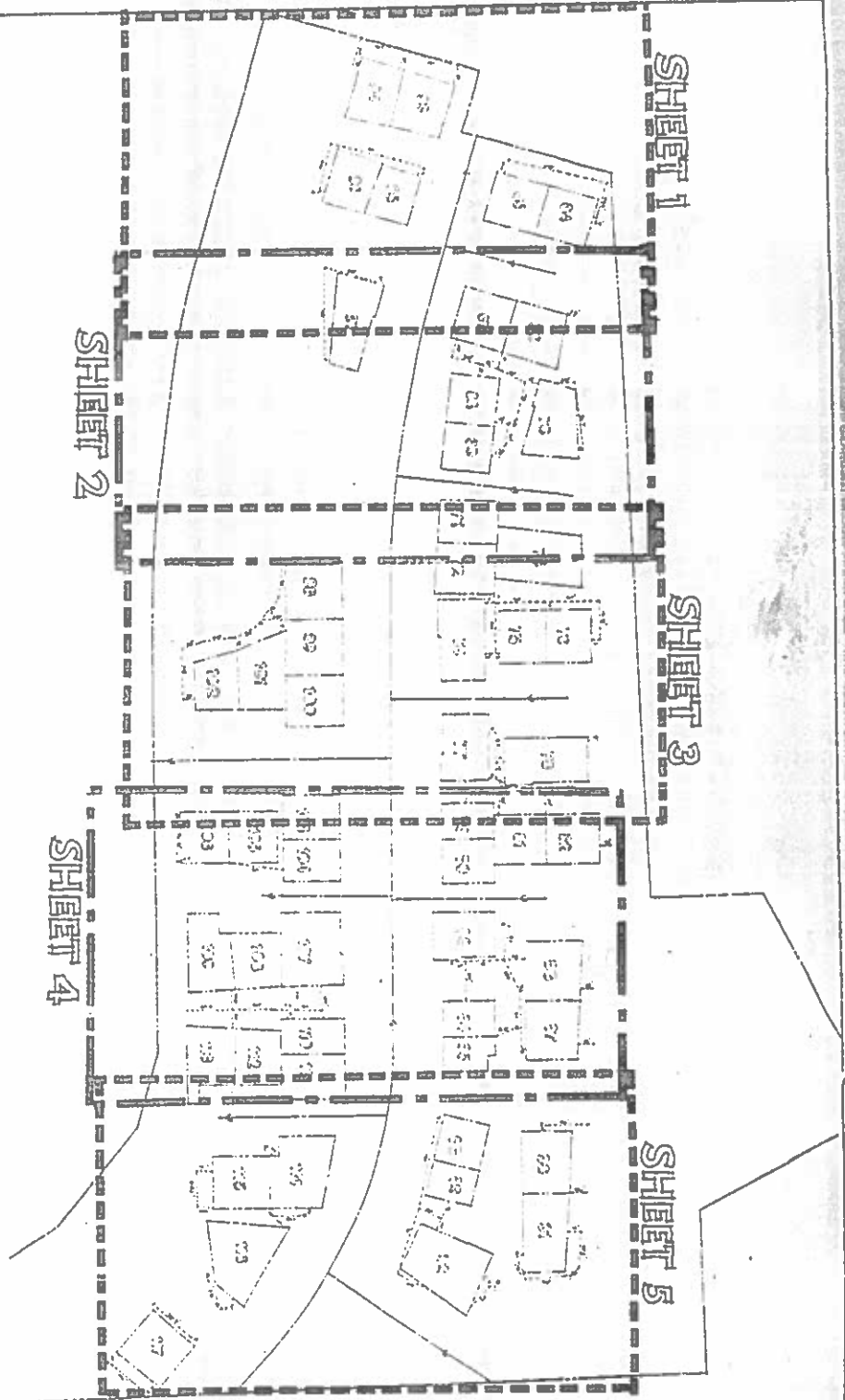
RECREATION PLAY
AREA

TRACT 8437

APRIL

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1978



DIAGRAMMATIC PLAN
WITH FENCED PATIO SPACES

TRACT 8437

APRIL 20 1978

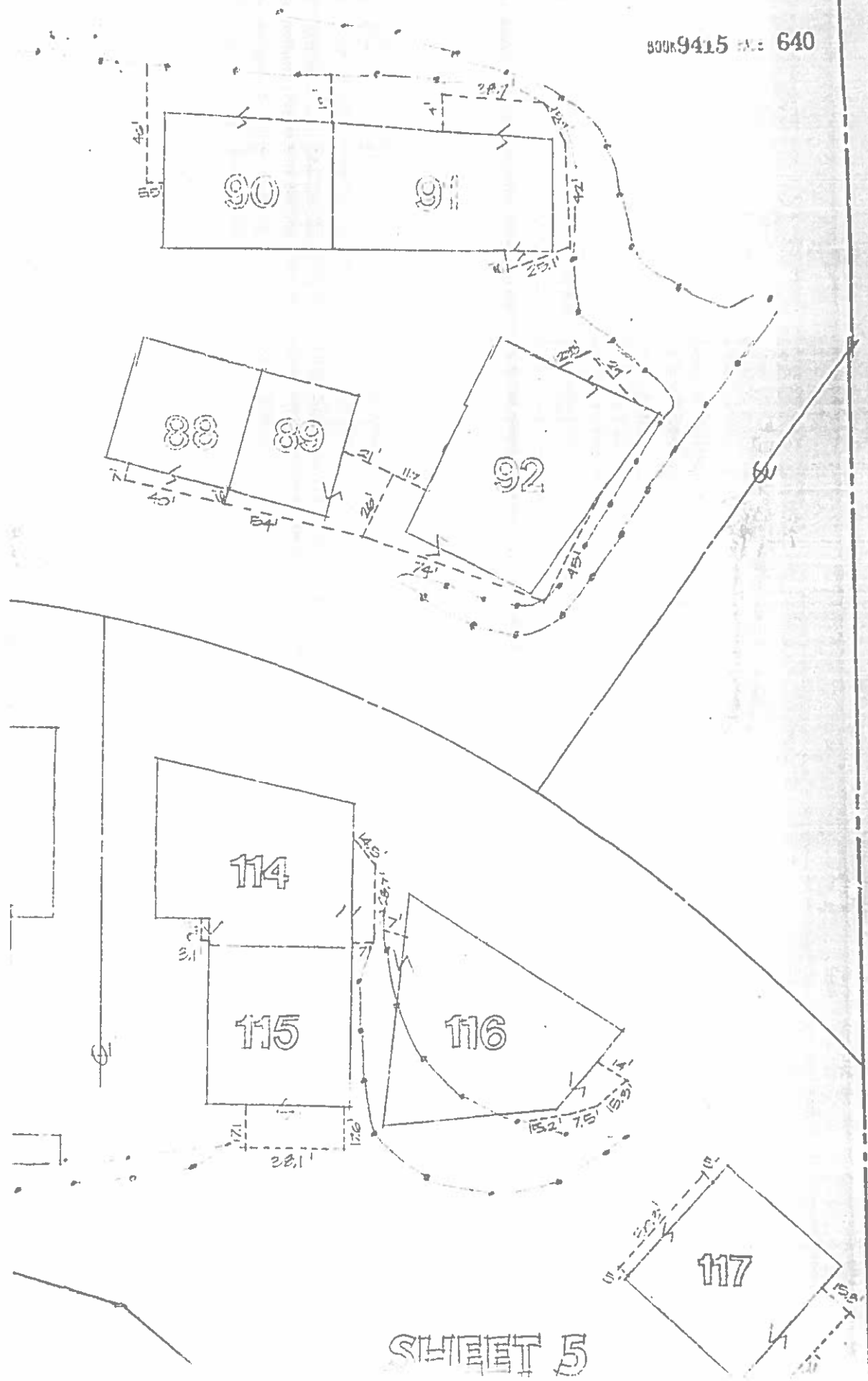


APRIL 30 1978



SHEET 2

1" = 40'



559/9469 410

7 1971

SECOND AMENDMENT TO
DECLARATION OF RESTRICTIONS
FOR
PALISADES CANYON

THIS SECOND AMENDMENT TO THE DECLARATION OF RESTRICTIONS is made and entered into this 14th day of June, 1978, by the undersigned, (hereinafter collectively referred to as the "Declarants").

W I T N E S S E T H:

(a) WHEREAS, The Declarants individually own certain Lots located in the County of San Bernardino, State of California, as more particularly described in Exhibit "A" which is attached hereto and incorporated herein by this reference.

(b) WHEREAS, a Declaration of Restrictions effecting said Lots was recorded on September 13, 1977, in Book 9261, Pages 1604 et seq. of the Official Records of San Bernardino County, California, (hereinafter referred to as the "Declaration").

(c) WHEREAS, the Declaration may be amended by the affirmative vote of not less than sixty percent (60%) of each class of Owners as said classes are described in Article 11 of the Declaration.

(d) WHEREAS, the Declarants represent more than sixty percent (60%) of each class of Owners.

5/22/78

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JULY 7 1978

449469 418

NOW, THEREFORE, the undersigned do hereby amend the Declaration as follows:

1. Section 6 of Article VII of the Declaration is hereby deleted in its entirety and the following new Section 6 of Article VII is hereby substituted in place thereof:

"Section 6. No animals of any kind shall be raised, bred or kept in or upon any Lot or Common Area, except that an Owner may keep two dogs, or two cats, or one dog and one cat, or two other common household pets on his Lot and Restricted Common Area, if any; provided however, that no animal whatsoever shall be kept, bred or maintained for any commercial purpose".

2. Except as amended hereby, the Declaration shall remain in full force and effect.

C S & M INCORPORATED,
a California corporation
BY: [Signature]
Robert Maxwell
Executive Vice President

CHINO HILLS, a
joint venture
BY: Greenberg, Stark & Associates,
Inc., A joint venture
BY: [Signature]
Its: Secretary

PALISADES CANYON HOMEOWNERS
ASSOCIATION
BY: [Signature]
Its: [Signature]

BY: NORCO CONSTRUCTION CO.
A joint venture
BY: [Signature]
Its: [Signature]

[Signature]
Stephen Winston

BY: [Signature]
Harvey Chafnofsky, dba
EASTVALE COMPANY, a joint
venture

Susan Winston
[Signature]
Matt Jackson

245

ATOP
1971

WJW 9469 REC 420

Russell Hegg
Russell Hegg

Gail Hegg
Gail Hegg

James McDowell Virginia L McDowell
James McDowell

William Kline, Jr.
William Kline, Jr.

Eva Kline
Eva Kline

Robert Berlin
Robert Berlin

Barbara Berlin
Barbara Berlin

George Puskar
George Puskar

Mary Puskar
Mary Puskar

Robert Ochs
Robert Ochs

Moleen Ochs
Moleen Ochs

Frank Ferraz
Frank Ferraz

Yolanda Ferraz
Yolanda Ferraz

Emily Ochs
Emily Ochs

Patricia Ochs
Patricia Ochs

Angela Sampson
Angela Sampson

215

JULY 7 1974

879-8469 481

EXHIBIT "A"

The following are the current Owners of Lots 64-122, inclusive, of Tract 8437 as shown on a Map recorded in Book 121, Pages 29 to 33, inclusive, of Maps in the Office of the County Recorder for San Bernardino County.

Chino Hills as to Lots 64-69, 71-77, 79-85, 87-109, 111-116, inclusive.
CS&M Incorporated as to Lots 119 and 121.

Palisades Canyon Homeowners Association as to Lot 122

Winston	116
Jackson	86
Atkinson	70
Hegg	117
McDowell	7E
W. Kline	12G
Eva Kline	118
Farrar	87
Ohs	97
Puekar	98
Berlin	107

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Corporation Acknowledgment-Joint Venture

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)

9469 422

On this 6th day of July, 1978, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Claire A. McElwee, of Harco Construction Co., the corporation that executed the within instrument, said person being known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be one of the joint venturers of Chino Hills, the joint venture that executed the within instrument and acknowledged to me that such corporation executed the same both individually and as joint venturer of said joint venture and that such joint venture also executed the same.

WITNESS my hand and official seal.



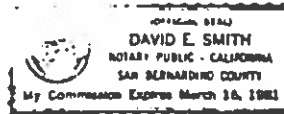
David E. Smith
Notary Public in and for said County and State
David E. Smith

Corporation Acknowledgment-Joint Venture

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)

On this 6th day of July, 1978, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Daryl A. Stark, of Greenberg, Stark & Associates, Inc., the corporation that executed the within instrument, said person being known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be one of the joint venturers of Chino Hills, the joint venture that executed the within instrument and acknowledged to me that such corporation executed the same both individually and as joint venturer of said joint venture and that such joint venture also executed the same.

WITNESS my hand and official seal.



David E. Smith
Notary Public in and for said County and State
David E. Smith

JUL 7 1978

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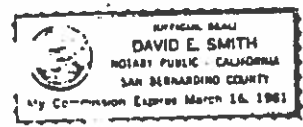
9469 423

Individual Acknowledgment - Joint Venture

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Bernardino

On July 6, 1978, before me, the undersigned, a Notary Public in and for said State, personally appeared Harvey Charnofsky dba Festival Company known to me to be one of the joint venturers of the joint venture that executed the within instrument and acknowledged to me that he executed the same, both individually and as joint venturer of said joint venture and that said joint venturer also executed the same.

WITNESS my hand and official seal.
Signature David E. Smith
David E. Smith



(This area for official notarial seal)

STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO--ss.

On July 6, 1978 before me, the undersigned, a Notary Public in and for said State, personally appeared Cherry L. Harrison, personally known to me to be the person whose name is subscribed to the within instrument, as a witness thereto, who being by me duly sworn, deposed and said: That he resides in Ontario, California, that he was present and saw David A. Stark, known to her to be the Director of the Corporation that executed the within instrument pursuant to its by-laws or a resolution of its board of directors, and that said David A. Stark

duly acknowledged in the presence of said affiant that he executed the same, and she the said affiant, thereupon at his request, subscribed her name as a witness thereto.

WITNESS my hand and official seal.
Signature David E. Smith
David E. Smith
Name (Typed or Printed)



(This area for official notarial seal)

JULY

7

1978

State of California)
County of San Bernardino) ss.

900-9469 424

On July 6, 1978, before me, the undersigned, a Notary Public in and for said State, personally appeared Cheryl L. Thompson, personally known to me to be the person whose name is subscribed to the within instrument, as a witness thereto, who being by me duly sworn, deposed and said: That she resides in Ontario, California, that she was present and saw Stephen Winston, Susan Winston, Mark Jackson, N. K. Jackson, Pussell Herr, Gail Herr, James McDowell, Virginia L. McDowell, William Kline, Jr., Carol E. Kline, Eve Kline, Robert Berlin, Barbara Berlin, George Puskar, Mary Puskar, Robert Ohs, Moreen Ohs, Frank Porraz, Yolanda Porraz, Tommy Orsat and Patricia Orsat, personally known to her to be the same persons described in and who executed the said within instrument, as the parties thereto, sign, seal and deliver the same and that the said parties above referred to duly acknowledged in the presence of said affiant that they executed same, and that she, the said affiant, thereupon at their request, subscribed her name as a witness thereto.

WITNESS my hand and official seal.

Signature David E. Smith
David E. Smith



STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO--ss.

On July 6 1978 before me, the undersigned, a Notary Public in and for said State, personally appeared Cheryl L. Thompson, personally known to me to be the person whose name is subscribed to the within instrument, as a witness thereto, who being by me duly sworn, deposed and said: That she resides in Ontario, California, that she was present and saw Robert Maxwell, known to her to be the Executive Vice-President of the Corporation that executed the within instrument pursuant to its by-laws or a resolution of its board of directors, and that said Robert Maxwell

duly acknowledged in the presence of said affiant that he executed the same, and the said affiant, thereupon at his request, subscribed her name as a witness thereto.

WITNESS my hand and official seal.

Signature David E. Smith
David E. Smith
Name (Typed or Printed)



(This area for official notarial seal)

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