

RECORDING REQUESTED BY:
WHEN RECORDED RETURN TO:

Robert O. Smylie, Esquire
Smylie & Selman
1875 Century Park East
Suite 1610, North Tower
Los Angeles, California 90067

XX
XX

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS AND RESERVATION OF EASEMENTS
FOR
FAIRWAY VILLAS

RECEIVED
MAY 25 1983

This is to certify that this is a full,
true and correct copy of the original
recorded in the office of the County
Recorder of Los Angeles County on

November 16 1981
Book _____ Page _____
as instrument No. 81-1126624

CHICAGO TITLE INSURANCE COMPANY

By [Signature]
True Officer

TABLE OF CONTENTS

ARTICLE I	DEFINITIONS	
Section 1.01	Annexable Territory	2
Section 1.02	Architectural Control Committee	2
Section 1.03	Articles	2
Section 1.04	Common Assessment	2
Section 1.05	Capital Improvement Assessment	2
Section 1.06	Reconstruction Assessment	2
Section 1.07	Reimbursement Assessment	2
Section 1.08	Association	2
Section 1.09	Association Funds	2
Section 1.10	Board of Directors	2
Section 1.11	Dy-Laws	2
Section 1.12	Common Area	2
Section 1.13	Common Expenses	3
Section 1.14	Condominium	3
Section 1.15	Condominium Plan	3
Section 1.16	County	3
Section 1.17	Declaration	3
Section 1.18	Department	3
Section 1.19	Exclusive Use Area	3
Section 1.20	Family	3
Section 1.21	FHMC	3
Section 1.22	FNMA	3
Section 1.23	First Mortgage	4
Section 1.24	First Mortgagee	4
Section 1.25	First Mortgagor	4
Section 1.26	Garage	4
Section 1.27	GMA	4
Section 1.28	Grantor	4
Section 1.29	Improvement	4
Section 1.30	Manager	4
Section 1.31	Member	4
Section 1.32	Mortgage	4
Section 1.33	Mortgagee	4
Section 1.34	Mortgagor	4
Section 1.35	Notice and Hearing	4
Section 1.36	Notice of Addition of Territory	5
Section 1.37	Owner	5
Section 1.38	Ownership	5
Section 1.39	Owner's Property	5
Section 1.40	Person	5
Section 1.41	Phase 1	5
Section 1.42	Phase of Development	5
Section 1.43	Properties	5
Section 1.44	Supplemental Declaration	5
Section 1.45	Unit	5
ARTICLE II	OWNERS' PROPERTY RIGHTS	5
Section 2.01	Owners' Easements of Enjoyment	5
Section 2.02	Waiver of Use	6
Section 2.03	Taxes	6
ARTICLE III	MEMBERSHIP IN ASSOCIATION	7
Section 3.01	Membership	7
Section 3.02	Transfer	7

ARTICLE IV	VOTING RIGHTS	
Section 4.01	Classes of Voting Membership	7
Section 4.02	Vote Distribution	8
ARTICLE V	POWERS AND DUTIES OF THE ASSOCIATION	8
Section 5.01	Enforcement of Governing Instruments	8
Section 5.02	Payment of Taxes and Assessments	8
Section 5.03	Association Insurance	8
Section 5.04	Contracts for Goods and Services	8
Section 5.05	Delegation of Powers	9
Section 5.06	Preparation of Budgets and Financial Statements.	9
Section 5.07	Rules and Regulations	10
Section 5.08	Disciplinary Proceedings	10
Section 5.09	Entrance Upon Condominiums	10
Section 5.10	Officers, Agents and Employees	10
Section 5.11	Vacancies in the Board of Directors	10
Section 5.12	Management of Association	10
Section 5.13	Indebtedness	10
Section 5.14	Levy of Assessments	11
Section 5.15	Sale of Property of Association	11
Section 5.16	Management of Common Area	11
Section 5.17	Maintenance of Sewer Systems and Storm Drains	12
Section 5.18	Common Utilities and Services	12
Section 5.19	Entrance onto and Maintenance and Repair of Units	12
ARTICLE VI	COVENANT FOR MAINTENANCE ASSESSMENTS	12
Section 6.01	Creation of the Lien and Personal Obligation of Assessments	12
Section 6.02	Establishment of Common Assessment	13
Section 6.03	Establishment of Capital Improvement Assessments	14
Section 6.04	Establishment of Reconstruction Assessments	14
Section 6.05	Establishment of Reimbursement Assessments	15
Section 6.06	Limitation on Capital Improvement Assessments and Reconstruction Assessments	15
Section 6.07	Uniform Rate of Assessment	15
Section 6.08	Date of Commencement of Common Assessments	15
Section 6.09	Exempt Property	16
ARTICLE VII	EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION	16
Section 7.01	Effect of Nonpayment of Assessments: Remedies of the Association	16
Section 7.02	Notice of Assessment	17
Section 7.03	Foreclosure Sale	17
Section 7.04	Curing of Default	17
Section 7.05	Cumulative Remedies	17

ARTICLE VIII	ARCHITECTURAL CONTROL	18
Section 8.01	Establishment of Architectural Control Committee	18
Section 8.02	Review of Plans and Specifications	18
Section 8.03	Meetings of the Architectural Control Committee	19
Section 8.04	No Waiver of Future Approvals	19
Section 8.05	Compensation of Members	19
Section 8.06	Inspection	19
Section 8.07	Nonliability of Architectural Control Committee Members	20
Section 8.08	Variance	20
ARTICLE IX	MAINTENANCE AND REPAIR OBLIGATIONS	21
Section 9.01	Maintenance Obligations of Owners	21
Section 9.02	Maintenance Obligations of Association	21
Section 9.03	Damage to Common Area by Owners	21
ARTICLE X	USE RESTRICTIONS	21
Section 10.01	Single Family Residence	22
Section 10.02	Business or Commercial Activity	22
Section 10.03	Nuisances	22
Section 10.04	Signs	22
Section 10.05	Parking and Vehicular Restrictions	22
Section 10.06	Animal Restrictions	23
Section 10.07	Trash	23
Section 10.08	Fires	23
Section 10.09	Infected Plants	23
Section 10.10	View Obstructions	23
Section 10.11	Temporary Buildings	23
Section 10.12	Common Area Facilities	24
Section 10.13	Outside Installations	24
Section 10.14	Insurance Premiums	24
Section 10.15	Drilling and Mining	24
Section 10.16	Severance of Owner's Interests; Prohibition of Partition	24
Section 10.17	Drainage	24
Section 10.18	Water Supply Systems	24
Section 10.19	Violation of Governing Instruments	25
Section 10.20	Violation of Law	25
ARTICLE XI	DAMAGE, DESTRUCTION OR CONDEMNATION OF COMMON AREA	25
Section 11.01	Sufficient Insurance Proceeds	25
Section 11.02	Insufficient Insurance Proceeds Within Ten Thousand Dollars of Sufficiency	25
Section 11.03	Insufficient Insurance Proceeds Not Within Ten Thousand Dollars of Sufficiency	25
Section 11.04	Owner's Liability for Damage to the Properties	26
Section 11.05	Distribution in the Case of Condemnation or Destruction	26

ARTICLE XIII	INSURANCE	26
Section 12.01	Casualty Insurance on Insurable Common Area	26
Section 12.02	Replacement or Repair of Property	26
Section 12.03	Waiver of Subrogations	26
Section 12.04	Liability and Other Insurance	27
ARTICLE XIII	MORTGAGEE PROTECTIONS	27
Section 13.01	First Mortgagee's Notice of Mortgagor's Default	27
Section 13.02	Exemption from Right of First Refusal	28
Section 13.03	Extinguishment of Lien of Prior Assessments Upon Foreclosure of First Mortgage	28
Section 13.04	Required Approval of First Mortgagees	28
Section 13.05	Right of Inspection of First Mortgagees	29
Section 13.06	Notice to First Mortgagees of Certain Occurrences	29
Section 13.07	Right of First Mortgagees to Pay Certain Charges	29
Section 13.08	Funding of Common Area Reserve Fund	29
Section 13.09	Maintenance of Fidelity Bonds	29
Section 13.10	The Guidelines of the FHLMC, the FNMA and the GNMA	29
ARTICLE XIV	GRANTOR EXEMPTION	30
Section 14.01	Completion of Development	30
Section 14.02	Course of Completion of Development	30
Section 14.03	Business of Development	30
Section 14.04	Signs Within Properties	30
Section 14.05	Additional Licenses, Reservations and Rights of Way	30
ARTICLE XV	POWER OF ATTORNEY	30
ARTICLE XVI	ANNEXATION OF ADDITIONAL TERRITORY	31
Section 16.01	Additions by Grantor	31
Section 16.02	Other Additions	31
ARTICLE XVII	EXCLUSIVE USE AREAS	31
Section 17.01	Creation of Exclusive Use Area Easements	32
Section 17.02	Rules Governing Exclusive Use Area use	32

ARTICLE XIII	GENERAL PROVISIONS	32
Section 18.01	Enforcement	32
Section 18.02	Severability	33
Section 18.03	Term	33
Section 18.04	Interpretation	33
Section 18.05	Amendments	33
Section 18.06	No Public Right or Dedication	34
Section 18.07	Constructive Notice and Acceptance	34
Section 18.08	Encroachment Easements	34
Section 18.09	Notices	34
Section 18.10	No Representation or Warranties	34
Section 18.11	Special Provision for Enforcement of Certain Bonded Obligations	34
Section 18.12	Conflicting Provisions	35

Exhibit "A"

Exhibit "B"

Exhibit "C"

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS AND RESERVATION OF EASEMENTS
FOR

FAIRWAY VILLAS

THIS DECLARATION is made this 6th day of November,
1981, by the Rosemead Venture, a California joint venture.

P R E A M B L E

A. Grantor (as hereinafter defined) is the owner of the
Properties (as hereinafter defined).

B. Grantor has deemed it desirable, for the efficient
preservation of the values and amenities in the Properties, to create
a corporation under the Nonprofit Mutual Benefit Corporation Law of
the State of California to which shall be delegated and assigned the
powers of maintaining and administering the Common Area (as herein-
after defined) and administering and enforcing the covenants and re-
strictions, and collecting and disbursing the assessments and charges,
created in this Declaration (as hereinafter defined).

C. Grantor will or has caused such corporation, the
Members (as hereinafter defined) of which shall be the respective
Owners (as hereinafter defined) of Owner's Properties (as hereinafter
defined) in Condominiums (as hereinafter defined) in the Properties,
to be formed for the purpose of exercising such functions.

D. Grantor intends to develop and convey all of the
Properties pursuant to a general plan for all of the Properties and
subject to certain protective covenants, conditions, restrictions,
reservations, easements, equitable servitudes, liens and charges,
all running with the Properties as hereinafter set forth. Grantor
may execute, acknowledge and record one or more Supplemental Declara-
tions (as hereinafter defined) affecting solely a Phase of Development,
so long as Grantor owns all of the real property to be affected by
such Supplemental Declaration. Any such Supplemental Declaration
shall not conflict with the provisions of this Declaration, but may
impose further covenants, conditions and restrictions and reserve
further easements for the operation, protection and maintenance of
that Phase of Development.

E. Grantor hereby declares that all of the Properties
shall be held, sold, conveyed, encumbered, hypothecated, leased, used,
occupied and improved subject to the following covenants, conditions,
restrictions, reservations, easements, equitable servitudes, liens and
charges, all of which are for the purpose of uniformly enhancing and
protecting the value, attractiveness and desirability of the Properties
in furtherance of a general plan for the protection, maintenance, sub-
division, improvement and sale of the Properties or any portion thereof.
The covenants, conditions, restrictions, reservations, easements, equi-
table servitudes, liens and charges set forth in this Declaration shall
run with the Properties and shall be binding upon all persons having
any right, title or interest in the Properties, or any part thereof,
their heirs, successors and assigns; shall inure to the benefit of
every portion of the Properties and any interest therein; shall inure
to the benefit of and be binding upon Grantor and each Owner and their
respective heirs, executors and administrators; and may be enforced
by Grantor, by any Owner or by the Association (as hereinafter defined).

ARTICLE 1

DEFINITIONS

Unless otherwise expressly provided, the following words and phrases when used herein shall have the meanings hereinafter specified.

Section 1.01. Annexable Territory shall mean that certain real property located in the County (as hereinafter defined), described more particularly as lots 2 and 3, of Tract No. 37061, as shown on the map recorded in Book 934, Page 53, 54 and 55 of Miscellaneous Maps, Official Records of the County.

Section 1.02. Architectural Control Committee shall mean the Architectural Control Committee established pursuant to Article VIII of this Declaration.

Section 1.03. Articles shall mean the Articles of Incorporation of the Association, initially as filed or to be filed in the office of the Secretary of State of the State of California, and as such Articles of Incorporation may be amended from time to time.

Section 1.04. Common Assessment shall mean the annual charge against each Owner and his Owner's Property, representing a portion of the total, ordinary costs of maintaining, improving, repairing, replacing, managing and operating the Common Area, which is to be paid to the Association for each Owner's Property, by the Owners thereof, as provided herein.

Section 1.05. Capital Improvement Assessment shall mean a charge against each Owner and his Owner's Property, representing a portion of the costs to the Association for installation or construction of any Improvements (as hereinafter defined) on any portion of the Common Area which the Association may from time to time authorize, pursuant to the provisions of this Declaration.

Section 1.06. Reconstruction Assessment shall mean a charge against each Owner and his Owner's Property, representing a portion of the cost to the Association for reconstruction of any portion of the Improvements on the Common Area pursuant to the provisions of this Declaration.

Section 1.07. Reimbursement Assessment shall mean a charge against a particular Owner and his Owner's Property, directly attributable to that Owner, equal to the cost incurred by the Association for corrective action, pursuant to the provisions of this Declaration.

Section 1.08. Association shall mean Rosemead Fairway Villas Homeowners Association, a corporation formed under the Nonprofit Mutual Benefit Corporation Law of the State of California, and its successors and assigns.

Section 1.09. Association Funds shall mean the accounts created by receipts and disbursements of the Association, pursuant to Article VI of this Declaration.

Section 1.10. Board of Directors shall mean the Board of Directors of the Association, elected in accordance with the By-Laws (as hereinafter defined).

Section 1.11. By-Laws shall mean the By-Laws of the Association, as adopted by the Board of Directors, and as such By-Laws may be amended from time to time.

Section 1.12. Common Area shall mean all portions of the Properties not included within any Unit (as hereinafter defined).

Section 1.13. Common Expenses shall mean the actual and estimated costs of: maintenance, management, operation, repair and replacement of, and capital improvements to the Common Area (including unpaid Common Assessments, Capital Improvement Assessments, Reconstruction Assessments and Reimbursement Assessments), including those costs not paid by the Owner responsible for payment; the costs of any commonly metered utilities and other commonly metered charges for the Properties; costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all utilities, gardening and other services benefiting the Common Area; the costs of fire, casualty and liability insurance, workmen's compensation insurance and other insurance all covering the Properties; the costs of bonding the members of the Board of Directors and the officers of the Association; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Properties, or portions thereof; and the costs of any other item or items designated by the Association for any reason whatsoever in connection with the Properties, for the benefit of all of the Owners.

Section 1.14. Condominium shall mean an estate in the Properties as defined by California Civil Code Section 783, which shall consist of a separate fee interest in a Unit, and an undivided fee interest as a tenant in common in all or a portion of the Common Area, as set forth in the Condominium Plan (as hereinafter defined) covering and including such Unit.

Section 1.15. Condominium Plan shall mean that certain condominium plan recorded pursuant to California Civil Code Section 1351, recorded concurrently herewith, and including such amendments thereto as may from time to time be duly executed and recorded; and each other Condominium Plan covering a Phase of Development (as hereinafter defined).

Section 1.16. County shall mean the County of Los Angeles, State of California.

Section 1.17. Declaration shall mean this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Fairway Villas, as it may be amended or supplemented from time to time.

Section 1.18. Department shall mean the Department of Real Estate of the State of California.

Section 1.19. Exclusive Use Area shall mean any of those certain areas within the Common Area set forth and described on the Condominium Plan for a Phase of Development, if any.

Section 1.20. Family shall mean (1) a group of natural persons related to each other by blood or legally related to each other by marriage or adoption, or (2) a group of not more than five (5) natural persons not all so related, inclusive of their domestic servants, who maintain a common household in a Unit.

Section 1.21. FHLMC shall mean the Federal Home Loan Mortgage Corporation.

Section 1.22. FNMA shall mean the Federal National Mortgage Association.

SUBORDINATION AGREEMENT

The undersigned, SECURITY PACIFIC NATIONAL BANK, a National Banking Association, Beneficiary under that certain Deed of Trust recorded on November 11, 1982, as Instrument No. 82-1153769 of the Official Records of Los Angeles County, California, does hereby consent to each and all of the provisions contained in the within instrument, the Amendment and Modification of Covenants, Conditions and Restrictions and Reservation of Easements for Fairway Villas and does hereby agree that the lien and charge of said Deed of Trust shall be, and is hereby made, subordinate to, junior to and subject to said within instrument and the entire effect thereof.

Date: 12/15/82

BENEFICIARY:

SECURITY PACIFIC NATIONAL BANK
a National Banking Association

By M. E. Boland, U.P.

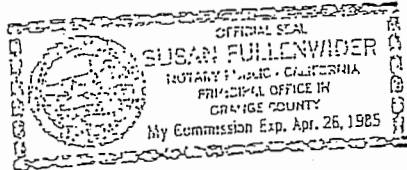
By Barbara J. Musti, Real Estate Office

(Notary Acknowledgement Attached)

STATE OF CALIFORNIA)
COUNTY OF Orange) SS.

On December 15, 19 82, before me, the undersigned, a Notary Public for the State of California, personally appeared M.E. Boland and Barbara J. Musti, known to me to be the Vice President of SECURITY PACIFIC NATIONAL BANK, the association that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the association therein named, and acknowledged to me that such association executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.
Susan Fullenwider
Notary Public.
Susan Fullenwider



Section 1.36. Notice of Addition of Territory shall mean any instrument to be recorded pursuant to Article XV of this Declaration adding a Phase of Development to the Properties.

Section 1.37. Owner shall mean the Person or Persons, including Grantor, holding (i) either fee simple interest of record to or a leasehold estate for a term of years in a Unit and in the undivided interest appurtenant to such Unit in Common Area, excepting all Common Area Improvements, and (ii) fee simple title to the undivided interest appurtenant to such Unit in Common Area Improvements, including sellers under executory contracts of sale, but excluding those having such interest merely as security for the performance of an obligation. For purposes of Article X of this Declaration, unless the context otherwise requires, references to an Owner shall also include his Family, guests, lessees, tenants, invitees and licensees.

Section 1.38. Ownership shall mean the status of being an Owner.

Section 1.39. Owner's Property shall mean the totality of an Owner's leasehold and/or fee interests in or appurtenant to a Condominium.

Section 1.40. Person shall mean a natural individual or any other entity with the legal right to hold title to real property.

Section 1.41. Phase 1 shall mean that certain real property located in the County, described more particularly as lot 1 of Tract No. 37061, as shown on the map recorded in Book 964, Pages 53, 54 and 55 of Maps, Official Records of the County.

Section 1.42. Phase of Development shall mean Phase 1 or any real property as to which a Notice of Addition of Territory has been recorded pursuant to Article XV of this Declaration.

Section 1.43. Properties shall mean, collectively, all the Phases of Development, as each Phase of Development may from time to time be annexed or deannexed pursuant to Article XV of this Declaration, and shall initially include Phase 1.

Section 1.44. Supplemental Declaration shall mean any instrument to be recorded pursuant to Article XV of this Declaration subjecting a Phase of Development to additional covenants, conditions, restrictions, reservations and easements.

Section 1.45. Unit shall mean each Unit, as that term is defined by the Condominium Plan covering and including such Unit.

ARTICLE II

OWNERS' PROPERTY RIGHTS

Section 2.01. Owners' Easements of Enjoyment. Every Owner shall enjoy a right and easement of ingress and egress and of enjoyment in, to and over the Common Area which shall be appurtenant to and shall pass with title to every Owner's Property, subject to the following rights:

(a) The right of the Association reasonably to limit the number of guests of Owners using the Common Area facilities, if any.

(b) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area.

(c) The right of Grantor to grant to each Owner of a Condominium in such Phases of Development as are annexed from the Annexable Territory to the Properties a right and easement of ingress and egress and of enjoyment in, to and over the Common Area which shall be appurtenant to and shall pass with title to every Owner's Property, upon the terms, subject to the rights and reservations, and in every respect co-extensive with the Owners' easements of enjoyment over the Properties set forth in this Article II.

(d) The right of the Association, in accordance with this Declaration, the Articles and the By-Laws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof, and, subject to Article XIII of this Declaration, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of the holder of any such security shall be subordinated to the rights of the Owners.

(e) The right of Grantor and its sales agents, representatives and prospective purchasers to the non exclusive use of the Common Area and any facilities thereof, without cost, for access, ingress, egress, use and enjoyment in order to dispose of the Properties as provided herein, while Grantor owns any one or more Owners' Properties; provided, however, that such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein.

(f) The rights and reservations of Grantor as set forth in Article XIV of this Declaration.

(g) The right of the Association (by action of the Board of Directors) to reconstruct, replace or refinish any Improvement or portion thereof upon the Common Area, in accordance with the original design, finish or standard or construction of such Improvement, or of the general Improvements within the Properties, as the case may be; and not in accordance with such original design, finish or standard of construction only with the vote or written assent of seventy-five percent (75%) of the voting power of each class of membership of the Association, during the time that there are two outstanding classes of membership, and seventy-five percent (75%) of the voting power of the membership of the Association thereafter.

(h) The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Common Area.

(i) The right of the Association, acting through the Board of Directors, reasonably to restrict access to areas of the Common Area, including, without limitation, all slope areas.

Section 2.02. Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Association, nor release the Owner's Property of which he is the Owner from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area and any facilities thereon or by abandonment of his Owner's Property or any other property in the Properties.

Section 2.03. Taxes. Each Owner shall execute such instruments and take such action as may reasonably be specified by the Association to obtain separate real estate tax assessment of each Condominium. If any taxes or assessments may, in the opinion of the Association, nevertheless be a lien on the Properties or any part thereof (except an individual Condominium), they may be paid by the Association and each Owner shall be obligated to pay or to reimburse the Association for, as the case may be, the taxes and assessments assessed by the County Assessor or other taxing authority against the Properties and attributable to his Condominium.

ARTICLE III

MEMBERSHIP IN ASSOCIATION

Section 3.01. Membership. Every Owner shall be a Member of the Association, and no Owner shall have more than one membership in the Association. Memberships in the Association shall not be assignable, except to the Person to whom Ownership in the Condominium has been transferred, and every membership in the Association shall be appurtenant to and may not be separated from Ownership in such Condominium. Ownership in such Condominium shall be the sole qualification for membership in the Association.

Section 3.02. Transfer. The Association membership held by any Owner of a Condominium shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Owner's Owner's Property in such Condominium and then only to the new Owner or Mortgagee of such Condominium. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. A Class-A Member who has sold his Owner's Property to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his membership rights in the Association. Such delegation shall be in writing and shall be delivered to the Board of Directors before such contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments attributable to his Owner's Property until Ownership of the Condominium is transferred. In the event the former Owner of any Condominium should fail or refuse to transfer the membership registered in his name to the new Owner of such Condominium upon transfer from the former Owner to the new Owner of the Owner's Property therein, the Board of Directors shall have the right to record the transfer upon the books of the Association.

ARTICLE IV

VOTING RIGHTS

Section 4.01. Classes of Voting Membership. The Association shall have two (2) classes of voting membership, as follows:

(a) Class A. Class-A Members shall originally be all Owners, with the exception of Grantor for so long as there exists a Class-B membership. Each Class-A Member shall be entitled to one (1) vote for each Owner's Property against which assessments have been levied by the Association and of which such Member is the Owner. Grantor shall become a Class-A member for so long as Grantor is an Owner upon conversion of Grantor's Class-B membership as provided below. When more than one Person holds an interest in any Owner's Property, all such Persons shall be Members. The vote for such Owner's Property shall be exercised in accordance with this Article IV, and in no event shall more than one (1) Class-A vote be cast with respect to any Owner's Property.

(b) Class B. The Class-B Member shall be Grantor and Grantor shall be entitled to three (3) votes for each Owner's Property against which assessments have been levied by the Association and of which Grantor is the Owner. The Class-B membership shall be converted to Class-A membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

(1) Equality of the total number of votes outstanding in the Class-A membership with the total number of votes outstanding in the Class-B membership; or

(2) The second anniversary of the original issuance of the most recently issued Final Subdivision Public Report for a Phase of Development;
or

(3) The fourth anniversary of the original issuance of the Final Subdivision Public Report for Phase 1.

Section 4.02. Vote Distribution. Class-A Members shall be entitled to one (1) vote for each Owner's Property of which they are the Owner. When more than one Person is an Owner of any one Owner's Property, all such co-Owners shall be Members and may attend any meetings of the Association, but only one such co-Owner shall be entitled to exercise the vote to which the Owner's Property is entitled. Such co-Owners may from time to time all designate in writing one of their number to vote. Fractional votes shall not be allowed, and the Class-A vote for each Owner's Property shall be exercised, if at all, as a unit. Where no voting co-Owner is designated or if such designation has been revoked, the vote for such Owner's Property shall be exercised as the majority of the co-Owners of the Owner's Property mutually agree. Unless the Board of Directors receives a written objection from a co-Owner, it shall be presumed that a voting co-Owner is acting with the consent of his co-Owners. No vote shall be cast for any Owner's Property where the majority of the co-Owners present in person or by proxy and representing such Owner's Property cannot agree to said vote or other action. The non-voting co-Owner or co-Owners shall be jointly and severally responsible for all of the obligations imposed upon the Owner's Property of which they are co-Owners and shall be entitled to all other benefits of Ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or in the By-Laws, shall be deemed to be binding on all Owners and their successors and assigns. Said voting rights shall be subject to the restrictions and limitations provided in this Declaration, the Articles and the By-Laws.

ARTICLE V

POWERS AND DUTIES OF THE ASSOCIATION

The Association, acting through the Board of Directors, shall have:

Section 5.01. Enforcement of Governing Instruments. The power and duty to enforce the provisions of this Declaration, the Articles, the By-Laws and all other instruments for the ownership, management and control of the Properties.

Section 5.02. Payment of Taxes and Assessments. The power and duty to pay all taxes and assessments which are, or could become, a lien on the Common Area or any portion thereof (except an individual Condominium).

Section 5.03. Association Insurance. The power and duty to contract for any pay for fire, casualty, errors and omissions, blanket liability, malicious mischief, vandalism, liquor liability and other insurance, insuring the Members, the Association, the Board of Directors and other interested parties, in accordance with the provisions of this Declaration, covering and protecting against such damages or injuries as the Board of Directors deems advisable (which may include, without limitation, medical expenses of persons injured on the Common Area). The Board of Directors shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board of Directors on behalf of the Association.

Section 5.04. Contracts for Goods and Services. The power but not the duty to enter into contracts for the furnishing of goods or services for the Properties, and common facilities and interests, and the Association, including any contract with a professional Manager to perform all or any part of the duties and responsibilities of the Association, provided that any such contract, or any other contract providing for services of Grantor, may not exceed three (3) years

and must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days written notice, and further including any contract for the construction and acquisition of Improvements on or within the Common Area, subject to this Article V, provided that any contract into which the Association enters pursuant to this Section 5.14 shall be for a term not in excess of one (1) year, with the exception of (a) a contract with a Manager, the terms of which have been approved by the Federal Housing Administration or the 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 years' duration, provided that the policy permits short rate cancellation by the insured. Notwithstanding any of the limitations set forth in this Section 5.04, excepting those upon contracts with a professional Manager or Grantor, the Association shall have the power but not the duty to enter into any contract for the furnishing of goods or services for the Properties or the Association, without any limitation as to the duration of terms and provisions thereof, provided that such contract shall be approved by vote or written assent of a majority of the voting power of each class of membership of the Association, during the time that there are two outstanding classes of membership, and vote or written assent of a majority of the voting power of the membership of the Association thereafter, provided that, after the conversion of the Class-B membership and for such time, if any, as Grantor holds or directly controls twenty-five percent (25%) or more of the voting power of the Association, such contract shall further be approved by vote or written assent of a majority of the voting power of the Association, excluding the voting power of Grantor.

Section 5.05. Delegation of Powers. The power but not the duty to delegate the powers of the Association to committees, officers or employees of the Association, as expressly authorized by this Declaration, the Articles and the By-Laws.

Section 5.06. Preparation of Budgets and Financial Statements. The power and duty to cause financial statements for the Association to be prepared and copies to be distributed to Owners (and to any First Mortgagee upon such First Mortgagee's written request) as follows:

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

(b) 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 the first transfer of the Owner's Property in any Condominium to an Owner or Owners other than Grantor, and an operating statement for the period from the date of such first transfer to such accounting date, including a schedule of assessments received and receivable identified by Owner's Property and name of Person or Persons assessed, shall be distributed within sixty (60) days after such accounting date.

(c) An annual report, consisting of a balance sheet as of the last day of each fiscal year, an operating (income) statement for such fiscal year, a statement of changes in financial position for such fiscal year, and any information required to be reported under California Corporations Code Section 8322, shall be distributed within one hundred twenty (120) days after the end of such fiscal year. For any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00), the information required by this subsection (c) shall be prepared by an independent accountant. In all other cases, such information shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

Section 5.07. Rules and Regulations. The power and duty to adopt such rules and regulations as the Board of Directors may deem necessary for the management of the Properties, including operation of the Common Area and facilities owned or controlled by the Association, which rules and regulations shall become effective and binding after (1) they are adopted by a majority of the Board of Directors at a meeting called for that purpose, and (2) they are posted in a conspicuous place in the Common Area. Such rules and regulations may concern, without limitation, use of the Common Area; signs; minimum standards of property maintenance consistent with this Declaration and the procedures of the Architectural Control Committee; and any other matter within the powers or duties of the Association as provided in this Declaration; provided, however, that such rules and regulations shall be enforceable only to the extent that they are consistent with this Declaration, the Articles and the By-Laws.

Section 5.08. Disciplinary Proceedings. The power and duty to initiate and execute disciplinary proceedings against Members, pursuant to Notice and Hearing, for violations of this Declaration, the Articles or the By-Laws, in accordance with the procedures set forth therefor in the By-Laws.

Section 5.09. Entrance Upon Condominiums. The power and duty to enter upon any Condominium as necessary in connection with construction, maintenance or emergency repair for the benefit of the Common Area or all the Owners in common.

Section 5.10. Officers, Agents and Employees. The power and duty to select, appoint and remove all officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with law and with this Declaration, the Articles and the By-Laws; to fix their compensation, subject to this Declaration and the By-Laws; and to require from them security for faithful service when deemed advisable by the Board of Directors.

Section 5.11. Vacancies in the Board of Directors. The power and duty to fill vacancies occurring in the Board of Directors, except that any vacancy created by the removal of a member of the Board of Directors by vote of the membership of the Association shall be filled only upon vote or written assent of a majority of the voting power of each class of membership of the Association, during the time that there are two outstanding classes of membership, and vote or written assent of a majority of the voting power of the membership of the Association thereafter, and, after the conversion of the Class-B membership and for such time, if any, as Grantor holds or directly controls twenty-five (25%) or more of the voting power of the Association, vote or written assent of a majority of the voting power of the Association, excluding the voting power of Grantor.

Section 5.12. Management of Association. The power and duty to conduct, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations therefor consistent with law, this Declaration, the Articles and the By-Laws as the Board of Directors may deem necessary or advisable.

Section 5.13. Indebtedness. With the approval of Members representing at least two-thirds (2/3) of the voting power of each class of membership of the Association, during the time that there are two outstanding classes of membership, and two-thirds (2/3) of the voting power of the membership of the Association thereafter, the power but not the duty to borrow money and to incur indebtedness for the purposes of the Association, and, subject to Article XIII of this Declaration, to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

Section 5.14. Levy of Assessments. The power and duty to fix and levy from time to time Common Assessments, Capital Improvement Assessments, Reconstruction Assessments and Reimbursement Assessments upon the Owners and their Owners' Properties, as provided in this Declaration, and to determine and fix the due date for the payment of such assessments, and the date upon which the same shall become delinquent; provided, however, that such assessments shall be fixed and levied only to provide for the payment of Common Expenses and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Association, or for the payment of expenses for labor rendered or materials or supplies used and consumed of equipment and appliances furnished for the maintenance, improvement or development of such property, or for the payment of any and all obligations in relation thereto, or for the performing or causing to be performed of any of the purposes of the Association for the general benefit and welfare of its Members, in accordance with the provisions of this Declaration. Subject to any limitations imposed by this Declaration, the Articles and the By-Laws, the Association, acting through the Board of Directors, shall have the power and duty to incur any and all such expenditures for any of the foregoing purposes and to provide, or cause to be provided, adequate reserves for replacements, in such amounts as it shall deem to be necessary or advisable in the interest of the Association or welfare of its Members. The funds collected by the Association, acting through the Board of Directors, from the Members, attributable for replacement reserves, for maintenance recurring less frequently than annually, and for capital improvements, shall at all times be held in trust for the Members and shall not be commingled with other assessments collected from the Members. Disbursements from such trust reserve fund shall be made only in accordance with the provisions of this Declaration. Such Common Assessments, Capital Improvement Assessments, Reconstruction Assessments and Reimbursement Assessments shall be fixed in accordance with the provisions of this Declaration. Should any Member fail to pay any of such assessments before delinquency, the Association, acting through the Board of Directors, is authorized to enforce the payment of such delinquent assessments as provided in this Declaration.

Section 5.15. Sale of Property of Association. The power but not the duty to sell property of the Association, provided, however, that the prior vote or written assent of a majority of the voting power of each class of membership of the Association, during the time that there are two outstanding classes of membership, and vote or written assent of a majority of the voting power of the membership of the Association thereafter, and, after the conversion of the Class-B membership and for such time, if any, as Grantor holds or directly controls twenty-five (25%) or more of the voting power of the Association, vote or written assent of a majority of the voting power of the Association, excluding the voting power of Grantor, must be obtained to sell during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 5.16. Management of Common Area. The power and duty to maintain, repair and otherwise manage the Common Area and all facilities, improvements and landscaping thereon or therein in accordance with the provisions of Article VI and Article IX of this Declaration, and the power but not the duty to construct improvements on or within the Common Area, or contract for the construction of improvements on the Common Area, subject to the provisions of this Article V governing the power of the Association to enter into contracts, provided that the Association shall not incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, unless any such expenditures so in excess are first approved by vote or written assent of a majority of the voting power of each class of membership of the Association,

during the time that there are two outstanding classes of membership, and vote or written assent of a majority of the voting power of the membership of the Association thereafter, provided that, after the conversion of the Class-B membership and for such time, if any, as Grantor holds or directly controls twenty-five percent (25%) or more of the voting power of the Association, any such expenditures so in excess shall further be subject to approval by vote or written assent of a majority of the voting power of the membership of the Association, excluding the voting power of Grantor.

Section 5.17. Maintenance of Sewer Systems and Storm Drains. The power and duty to maintain any private sewer systems within the Common Area and any private storm drains or drainage facilities without the Common Area.

Section 5.18. Common Utilities and Services. The power and duty, subject to the provisions of this Article V governing the power of the Association to enter into contracts, to obtain, for the benefit of the Properties, all commonly metered water, gas and electric services and refuse collection, and the power but not the duty to provide for cable or master television service, if any.

Section 5.19. Entrance onto and Maintenance and Repair of Units. The power but not the duty, after Notice and Hearing, without being liable to any Owner, to enter upon any Unit, for the purpose of maintaining or repairing any such Unit if for any reason whatsoever the Owner thereof fails to maintain or repair such Unit as required by this Declaration. The cost of such entrance and maintenance or repair shall be assessed against such Owner and his Owner's Property as a Reimbursement Assessment. The Owner shall pay promptly all amounts due for such maintenance or repair, and the costs and expenses of collection may be added, at the option of the Board of Directors, to the amounts so assessed against such Owner.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 6.01. Creation of the Lien and Personal Obligation of Assessments. Grantor, for each Owner's Property of which Grantor is the Owner, hereby covenants and agrees, and each Owner by acceptance of his Owner's Property or of any interest in such Owner's Property, whether or not it shall be so expressed in the deed or other instrument of conveyance by which such Owner's Property or interest therein is transferred, is deemed to covenant and agree to pay to the Association (1) annual Common Assessments for Common Expenses, (2) Capital Improvement Assessments, (3) Reconstruction Assessments and (4) Reimbursement Assessments, such assessments to be established and collected as in this Declaration provided. Such assessments, together with interest, costs and reasonable attorneys' fees for the collection thereof, shall be a charge on each Owner's Property against which such assessment is made and shall be a continuing lien upon such Owner's Property. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal joint and several obligation of the Person who was or Persons who were the Owner or Owners of the Owner's Property at the time the assessment fell due. Subject to Article XIII of this Declaration, the successors to the interests of such Owner in such Owner's Property shall be personally liable jointly and severally, both with each other and with the Person who was or Persons who were the Owner or Owners of the Owner's Property at the time when such assessment fell due, for such assessment. The Board of Directors shall establish no fewer than two (2) separate Association Funds into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under the provisions of this Declaration. The Association Funds shall include: (1) an operating fund for

current expenses of the Association, and (2) a common area reserve fund for replacements, painting and repairs (which would not reasonably be expected to recur on an annual or more frequent basis) of the Common Area Improvements to the extent necessary under the provisions of this Declaration. The Board of Directors shall not commingle any amounts deposited into any of the Association Funds with any other funds, including, without limitation, any other of the Association Funds.

Section 6.02. Establishment of Common Assessments.

(a) The Common Assessments levied by the Association shall be used exclusively to promote the common health, safety, benefit, recreation and welfare of the Owners and for the ownership, operation, furnishing, improvement and maintenance of the Common Area, as provided herein. However, disbursements from the common area reserve fund shall be made by the Board of Directors only for the specific purposes specified in this Article XI. Disbursements from the operating fund shall be made by the Board of Directors for such purposes as are necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners, other than those purposes for which disbursements from the common area reserve fund are to be used. Nothing in this Declaration shall be construed in such a way as to permit the Association to use any assessments to abate any nuisance or annoyance emanating from outside the boundaries of the Properties. Nothing in this Declaration shall limit, preclude or impair the establishment of additional Association Funds by the Association, so long as the amounts deposited into any such Association Fund are designated for specified purposes authorized by this Declaration. Common Assessments shall include, and the Association shall acquire, and pay for the same from the applicable funds derived from said Common Assessments, the following, which shall be shared equally by all Owners:

(i) Water, electrical, lighting and other necessary utility services for the Common Area.

(ii) Landscape planting and maintenance by the Association of all landscaping and planted areas within the Common Area, including irrigation and lighting.

(iii) Fire and casualty insurance with extended coverage as provided herein, covering the full insurable replacement cost of the Common Area Improvements.

(iv) Liability insurance, as provided herein, insuring the Association against any liability to the public or to any Owner or his invitees or tenants incident to his or their occupation and use of the Common Area, with limits of liability to be set by the Board of Directors, such limits and coverage to be reviewed at least annually by the Association and increased or decreased in the discretion of the Board of Directors, and such other insurance as may in the discretion of the Board of Directors pursuant to Article XII of this Declaration be obtained.

(v) Worker's compensation insurance to the extent necessary to comply with any applicable laws, medical payments insurance, and any other insurance deemed necessary by the Board of Directors.

(vi) Standard fidelity bonds covering all members of the Board of Directors and other employees of the Association as and in an amount as determined by the Board of Directors, but not less than two times the sum of the annual Common Assessments of the Association.

(vii) Painting, maintenance, repair and replacement of any buildings, equipment and landscaping in, on and of the Common Area, as the Board of Directors shall determine necessary and proper.

(viii) Any other material, supplies, furniture, labor services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Association is required to secure or pay pursuant to the terms of this Declaration or by law or which is denominated by this Declaration to be a Common Expense or which in the opinion of the Board of Directors shall be necessary or proper for the operation and maintenance of the Common Area or for the enforcement of this Declaration.

(b) Until the first day of the fiscal year first following the first transfer of the Owner's Property in any Condominium to an Owner or Owners other than Grantor, the Common Assessment under this Article VI for any Condominium shall be the amount set forth in the Final Subdivision Public Report issued by the Department applicable, at the time of Grantor's first transfer of the Owner's Property in such Condominium, to the Phase of Development in which such Condominium is situated.

(c) From and after the first day of the fiscal year first following the first transfer of the Owner's Property in any Condominium to an Owner or Owners other than Grantor, the Common Assessment for any fiscal year may be increased by the Board of Directors not in excess of twenty percent (20%) above the Common Assessment for the previous fiscal year, without a vote of the membership and effective not before the first day of such fiscal year.

(d) From and after the first day of the fiscal year first following the first transfer of the Owner's Property in any Condominium to an Owner or Owners other than Grantor, the Common Assessment may be increased above the amount set forth in part (c) of this Section 6.02 if approved by vote or written assent of a majority of the voting power of each class of membership of the Association, during the time that there are two outstanding classes of membership, and vote or written assent of a majority of the voting power of the membership of the Association thereafter, provided that, after the conversion of the Class-B membership and for such time, if any, as Grantor holds or directly controls twenty-five percent (25%) or more of the voting power of the Association, such increase shall further be subject to approval by vote or written assent of a majority of the voting power of the Association, excluding the voting power of Grantor.

Section 6.03. Establishment of Capital Improvement Assessments. In addition to the Common Assessments authorized and established in this Article VI, the Board of Directors may levy, in any fiscal year, subject to the provisions of this Article VI, a Capital Improvement Assessment for such fiscal year for the purpose of defraying, in whole or in part, the cost of any construction of an Improvement or other such addition upon the Common Area, including fixtures and personal property related thereto.

Section 6.04. Establishment of Reconstruction Assessments. In addition to the Common Assessments and Capital Improvement Assessments authorized and established in this Article VI, the Board of Directors may levy, in any fiscal year, subject to the provisions of this Article VI, a Reconstruction Assessment for such fiscal year for the purpose of defraying, in whole or in part, the cost of any reconstruction, repair or replacement of any Improvement or other asset the construction or acquisition of which would under this Article VI be appropriate object of a Capital Improvement Assessment.

Section 6.05. Establishment of Reimbursement Assessments. In addition to the Common Assessments, Capital Improvement Assessments and Reconstruction Assessments authorized and established in this Article VI, the Board of Directors may levy Reimbursement Assessments against individual Owners' Properties, as set forth in this Declaration, to reimburse the Association for costs incurred in bringing the Condominiums including any such Owners' Properties into compliance with this Declaration, the Articles and the By-Laws.

Section 6.06. Limitation on Capital Improvement Assessments and Reconstruction Assessments. In any fiscal year, the Board of Directors may not, without vote or written assent of a majority of the voting power of each class of membership of the Association, during the time that there are two outstanding classes of membership, and vote or written assent of a majority of the voting power of the membership of the Association thereafter, and, after the conversion of the Class-B membership and for such time, if any, as Grantor holds or directly controls twenty-five percent (25%) or more of the voting power of the Association, vote or written assent of a majority of the voting power of the Association, excluding the voting power of Grantor, levy Capital Improvement Assessments and Reconstruction Assessments or Capital Improvement Assessments or Reconstruction Assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for such fiscal year.

Section 6.07. Rate of Assessment. With the exception of insurance, water, roof and painting reserves both regular and special assessments, shall be fixed at a uniform rate. The expenses attributable to the above referenced variable assessment values shall be prorated to each Unit in accordance with the percentages depicted in Exhibits "A", "B" and "C" attached hereto. The Board of Directors may levy Reimbursement Assessments against individual Owners' Properties, as set forth in this Declaration. All installments of Common Assessments shall be collected in advance on a regular basis by the Board of Directors, at such frequency as the Board of Directors shall determine from time to time. Reconstruction Assessments shall be fixed for the Owner's Property in each Condominium upon the basis of the ratio of the square footage of the floor area of the Unit comprising a part of such Condominium to the total square footage of the floor area of all Units.

Section 6.08. Date of Commencement of Common Assessments. The annual Common Assessments provided for herein shall commence as to each Phase of Development on the first day of the month first following the first transfer of Owner's Property in any Condominium in such Phase of Development to an Owner or Owners other than Grantor. The first annual Common Assessment shall be adjusted according to the number of months remaining in the fiscal year at the time of commencement of such Common Assessment. The Board of Directors shall fix the amount of the annual Common Assessment against each Owner's Property for each fiscal year at least thirty (30) days in advance of such fiscal year. Written notice of any change in the amount of any annual Common Assessment shall be sent to every Owner subject thereto, not less than thirty (30) days prior to the effective date of such change. The due dates of installments of Common Assessments 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 Owner's Property have been paid. A properly executed certificate of the Association as to the status of assessments against an Owner's Property is binding upon the Association as of the date of its issuance.

Each annual Common Assessment shall constitute an aggregate of separate assessments for each of the Association Funds, reflecting an itemization of the amounts assessed and attributable to prospective deposits in the common area reserve fund, the operating fund and any other Association Funds established by

the Association. If the estimated sums prove inadequate for any reason, including nonpayment of any Owner's annual Common Assessment, the Board of Directors may, at any time, levy supplemental Common Assessments, subject to the provisions of this Article VI, for any of the Association Funds.

Each annual Common Assessment may be paid by the Owner to the Association in one check or payment or in separate checks, as payments attributable to deposits into specified Association Funds. In the event that any installment of a Common Assessment payment is less than the amount assessed and the payment does not specify the Association Fund or Funds into which it should be deposited, the receipt by the Association from that Owner shall be credited in order of priority first to the operating fund, until that portion of the Common Assessment has been satisfied, second to the common area reserve fund, until that portion of the Common Assessment has been satisfied, and third allocated among all other of the Association Funds to which annual Common Assessments are attributable according to such order of priority as the Board of Directors shall determine.

At the end of any fiscal year of the Association, the Owners may determine that all excess funds remaining in the operating fund, over and above the amounts used for the operation of the Properties, may be returned to the Members proportionately, or may be retained by the Association and used to reduce the following year's Common Assessments. Upon dissolution of the Association incident to the abandonment or termination of this Declaration, any amounts remaining in any of the funds shall be distributed proportionately to or for the benefit of the Members, as provided in the Articles.

Section 6.09. Exempt Property. The following portions of the Properties shall be exempt from the assessments established in this Article VI:

- (a) All portions of the Properties dedicated to and accepted by a local public authority.
- (b) The Common Area.

ARTICLE VII

EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION

Section 7.01. Effect of Nonpayment of Assessments: Remedies of the Association. Any installment of a Common Assessment, Capital Improvement Assessment, Reconstruction Assessment or Reimbursement Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. If any such installment of an assessment is not paid within thirty (30) days after it is due, the Owner responsible therefor may be required further by the Board of Directors to pay a late charge of Five Dollars (\$5.00) or five percent (5%) of the amount of the delinquent installment, whichever is greater. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien of such assessment against the Owner's Property subject to such lien. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Owner's Property. If any installment of a Common Assessment is not paid within thirty (30) days after its due date, the Board of Directors may mail a delinquency notice to the Owner or Owners liable therefor, to the First Mortgagee of such Owner's Property, if any, if such First Mortgagee has filed a written request with the Secretary of the Association for a copy of the notice, and, in the case of an Owner whose Owner's Property includes a leasehold estate, to such Owner's ground lessor. The notice shall specify (1) the fact that the installment is delinquent, (2) the action required to cure the default, (3) a date, not less than thirty (30)

days from the date the notice is mailed to the Owner, by which such default must be cured, and (4) that failure to cure the default on or before the date specified in the notice may result in foreclosure of the assessment lien against such Owner's Property and sale of the same. The notice shall further inform the Owner of his right to cure after the bringing of such action and to bring a court action to assert the absence of any default or any other defense of the Owner to foreclosure and sale. If the delinquent installments of Common Assessments and any charges thereon are not paid in full on or before the date specified in the notice, the Board of Directors at its option may enforce the collection of any delinquent installments of Common Assessment and all charges thereon in any manner authorized by law and this Declaration.

Section 7.02. Notice of Assessment. No action shall be brought to enforce any assessment lien herein, unless at least thirty (30) days has expired following the date a notice of assessment is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of the Owner's Property, and a copy thereof has been recorded by the Association in the Official Records of the County; such notice of assessment must recite a good and sufficient legal description of any such Owner's Property, the record Owner or reputed Owner thereof, the amount claimed (which may at the Association's option include interest on the unpaid assessment at ten percent (10%), plus the late charge provided for in this Article VII, if applicable, plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by such lien), and the name and address of the Association. Such notice of assessment shall be signed and acknowledged by an officer of the Association, and such lien shall be prior to any declaration of homestead recorded after the date on which this Declaration is recorded. The lien shall continue until fully paid or otherwise satisfied.

Section 7.03. Foreclosure Sale. Sale upon any foreclosure provided for above may be conducted by the Board of Directors, its attorneys or other persons authorized by the Board of Directors in accordance with the provisions of California Civil Code Sections 2924, 2924a, 2924b, 2924c, 2924f, 2924g and 2924h, or in accordance with any similar statute hereafter enacted 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 its duly authorized agents, shall have the power to bid on the Owner's Property at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

Section 7.04. Curing of Default. Upon the timely curing of any default for which a notice of assessment was filed by the Association, the Association shall record an appropriate release of lien, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed Fifty Dollars (\$50.00), to cover the cost of preparing and recording such release. A certificate executed and acknowledged by any two (2) members of the Board of Directors stating the indebtedness secured by the liens upon any Owner's Property created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request at a reasonable fee, to be determined by the Board of Directors.

Section 7.05. Cumulative Remedies. The assessment liens and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

ARTICLE VIII

ARCHITECTURAL CONTROL

Section 8.01. Establishment of Architectural Control Committee.

There is hereby established an Architectural Control Committee, for the control of structural and landscaping architecture and design within the Properties, which shall consist of three (3) members. Grantor shall appoint all of the original members of the Architectural Control Committee prior to the first transfer of the Owner's Property in any Condominium. Grantor shall have the authority to remove or appoint any member of the Architectural Control Committee until the first anniversary of the issuance of the original Final Subdivision Public Report for Phase 1. Thereafter, Grantor shall have the authority to appoint or remove members of the Architectural Control Committee to or from two of the positions on the Architectural Control Committee until the Owners' Properties in ninety percent (90%) of the Condominiums have been transferred or until the fifth anniversary of the original issuance of the Final Subdivision Public Report for Phase 1, whichever shall first occur. Appointees of Grantor may but need not be Members. After the first anniversary of the issuance of the original Final Subdivision Public Report for Phase 1, the Board of Directors shall have the authority to appoint or remove a member of the Architectural Control Committee to or from one of the positions on the Architectural Control Committee until the Owners' Properties in ninety percent (90%) of the Condominiums have been transferred or until the fifth anniversary of the issuance of the original Final Subdivision Public Report for Phase 1, whichever shall first occur. Thereafter, the Board of Directors shall have the authority to appoint or remove any or all members of the Architectural Control Committee. Appointees of the Board of Directors shall be required to be Members.

Section 8.02. Review of Plans and Specifications.

The Architectural Control Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration and perform such other duties as from time to time shall be assigned to it by the Board of Directors, including the inspection of construction in progress to assure its conformance with plans approved by the Architectural Control Committee. No construction, alteration, addition, installation, modification, decoration, redecoration or reconstruction of any Improvement, including landscaping, in the Properties shall be commenced or maintained until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to the Architectural Control Committee. The address for submission of such plans and specifications shall be the address of the principal place of business of the Association. The Architectural Control Committee shall approve plans and specifications submitted for its approval only if it deems that the construction, alteration, addition, installation, modification, decoration, redecoration or reconstruction contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Properties as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction, alteration, addition, installation, modification, decoration, redecoration or reconstruction so contemplated will not detract from the beauty, wholesomeness and attractiveness of the Common Area or the enjoyment thereof by the Members, and that the upkeep and maintenance thereof will not become a burden on the Association. The Architectural Control Committee may condition its approval of proposals or plans and specifications for any Improvement (1) upon such changes therein as it deems appropriate, (2) upon the agreement by the Person who is the applicant submitting such proposal or plans and specifications to grant appropriate easements to the Association for maintenance of the Improvement affected, (3) upon the agreement of such applicant to reimburse the Association for the cost of such maintenance, or upon any combination of these

three conditions, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Architectural Control Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee payable to the Association to accompany each application for approval, or establishing additional factors which it will take into consideration in reviewing submissions. The Architectural Control Committee may provide that the amount of such fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alteration, addition, installation, modification, decoration, redecoration or reconstruction contemplated. The Architectural Control Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, landscape plans, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Decisions of the Architectural Control Committee and the reasons therefor shall be transmitted by the Architectural Control Committee to the applicant at the address set forth in his application for approval, within thirty (30) days after receipt by the Architectural Control Committee. Any application submitted pursuant to this Section 8.02 shall be deemed approved, unless written disapproval or a request for additional information or materials by the Architectural Control Committee shall have been transmitted to the applicant within thirty (30) days after the date of receipt by the Architectural Control Committee of such application or additional information therefor.

Section 8.03. Meetings of the Architectural Control Committee. The Architectural Control Committee shall meet from time to time as necessary to perform its duties hereunder. The Architectural Control Committee may from time to time, by resolution unanimously adopted in writing, designate its representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Architectural Control Committee, except the granting of variances pursuant to Section 8.08 of this Declaration. In the absence of such designation, the vote of any two (2) members of the Architectural Control Committee taken without a meeting shall constitute an act of the Architectural Control Committee.

Section 8.04. No Waiver of Future Approvals. The approval of the Architectural Control Committee of any proposals or plans and specifications or drawings or in connection with any other matter requiring the approval and consent of the Architectural Control Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for the approval of the Architectural Control Committee.

Section 8.05. Compensation of Members. The members of the Architectural Control Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

Section 8.06. Inspection. Inspection of construction, alteration, addition, installation, modification, decoration, redecoration or reconstruction and correction of defects therein shall proceed as follows:

(a) Upon the completion of any construction, alteration, addition, installation, modification, decoration, redecoration or reconstruction for which approval is required under this Article VIII, the Owner thereof shall give written notice of completion to the Architectural Control Committee.

(b) Within sixty (60) days thereafter, the Architectural Control Committee or its representative may inspect such construction, alteration, addition, installation, modification, decoration, redecoration or reconstruction.

If the Architectural Control Committee finds the same was not done in substantial compliance with the application for approval thereof it shall notify the Owner in writing of such noncompliance within such sixty (60) days, specifying the particulars of noncompliance, and shall require the Owner to remedy such noncompliance.

(c) If upon the expiration of thirty (30) days from the date of such notification the Owner shall have failed to remedy such noncompliance, the Architectural Control Committee shall notify the Board of Directors in writing of such failure. After affording such Owner Notice and Hearing, the Board of Directors shall determine whether there is any noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing such noncompliance. If the Board of Directors rules that a noncompliance exists, the Owner shall remedy or remove such noncompliance within forty-five (45) days from the date of announcement of the ruling of the Board of Directors. If the Owner does not comply with the ruling of the Board of Directors within such period, the Board of Directors, at its option, may record a notice of noncompliance in the Official Records of the County and may peacefully remove the noncomplying Improvement or otherwise peacefully remedy the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board of Directors shall levy a Reimbursement Assessment against such Owner for such expenses.

(d) If for any reason the Architectural Control Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt from the Owner of written notice of completion of any construction, alteration, addition, installation, modification, decoration, redecoration or reconstruction approved by the Architectural Control Committee, such Improvement shall be deemed to be in compliance with the previously issued approval of the Architectural Control Committee.

Section 8.07. Nonliability of Architectural Control Committee Members.

None of Grantor, the Architectural Control Committee, any member or representative of the Architectural Control Committee, the Board of Directors or any duly authorized representative of the Board of Directors shall be liable to the Association, or to any Owner, for any loss, damage or injury arising out of or in any way connected with the performance of the Architectural Control Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Architectural Control Committee. The Architectural Control Committee shall review and approve, conditionally approve or disapprove all plans submitted to it for any proposed Improvement solely on the basis of aesthetic consideration and the overall benefit or detriment which would result to the immediate vicinity and the Properties generally. The Architectural Control Committee shall take into consideration the aesthetic aspects of the architectural designs, placement, landscaping, color schemes, exterior finishes and materials and similar features. The Architectural Control Committee shall not be responsible for reviewing, nor shall its approval of any plan or design by deemed approval of any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 8.08. Variance. The Architectural Control Committee may authorize variance from compliance with any of the architectural provisions of this Declaration, including, without limitation, restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship or aesthetic or environmental consideration may require such variance. Such variance must be evidenced in writing, must be signed by at least two (2) members of the Architectural Control Committee, and shall become effective upon recordation in the

Official Records of the County. If such variance is granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his use of his Owner's Property, including but not limited to zoning ordinances or requirements imposed by the County or any other governmental authority:

ARTICLE IX

MAINTENANCE AND REPAIR OBLIGATIONS

Section 9.01. Maintenance Obligations of Owners. It shall be the duty of each Owner, at his sole cost and expense, subject to the provisions of this Declaration regarding Architectural Control Committee approval, to maintain, repair, replace and restore all Improvements within his Condominium, including the glass doors and windows enclosing his Unit, the interior of his Unit, all appliances, whether "built-in" or freestanding within his Unit, and the interior surfaces of his Unit, in a neat, sanitary and attractive condition. Each owner shall have the right, at his sole cost and expense, to maintain, repair, paint, paper, panel, plaster, tile and finish the interior surfaces of the ceilings, floors, window frames, door frames, trim and perimeter walls of his Unit, and the surfaces of the bearing walls and partitions located within his Unit. Each Owner shall have the right to substitute new finished surfaces in place of those existing on the ceilings, floors, walls and doors of his Unit. In the event that any Owner shall permit any Improvement the maintenance of which is the responsibility of such Owner to fall into disrepair or not to be properly maintained, so as to create a dangerous, obstructed, unsafe, unsightly or unattractive condition, or otherwise to violate this Declaration, the Board of Directors shall have the right but not the duty to seek any remedies, at law or in equity which it may have, and, after Notice and Hearing, to enter upon such Owner's Unit to make such repairs or to perform such maintenance, and the cost thereof shall be charged to the Owner as a Reimbursement Assessment.

Section 9.02. Maintenance Obligations of Association. No improvement, excavation or work which in any way alters the Common Area shall be made or done by any Person other than the Association or its authorized agents. Subject to the provisions of Article VI of this Declaration and this Article IX, the Association shall maintain, or provide for the maintenance of, all of the Common Area and all Improvements thereon, including all landscaping and private irrigation systems, sewers and storm drains, in good order and repair, and shall likewise provide for commonly metered utilities and the Common Area facilities and Improvements. All of the foregoing obligations of the Association shall be discharged at such time or times and in such manner as the Board of Directors shall deem appropriate.

Section 9.03. Damage to Common Area by Owners. The foregoing maintenance, repairs or replacements within the Common Area arising out of or caused by the willful or negligent act of any Owner or his Family, guests, lessees, tenants, licensees or invitees shall be done at such Owner's expense or after Notice and Hearing, a Reimbursement Assessment therefor shall be levied by the Board of Directors against such Owner's Owner's Property.

ARTICLE X

USE RESTRICTIONS

All real property within the Properties shall be held, used and enjoyed subject to the following limitations and restrictions, subject as to Grantor to Article XIV of this Declaration:

Section 10.01. Single Family Residence. Each Unit shall be used as a residence for a single Family and for no other purpose.

Section 10.02. Business or Commercial Activity. No part of the Properties shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, vending or other such nonresidential purposes, except that Grantor and its successors or assigns may use any portion of the Properties for a model home site and display and sales office during the construction and sales period in accordance with Article II of this Declaration. The provisions of this Section 10.02 shall not preclude the pursuit of professional and administrative occupations without external evidence thereof, for so long as such occupations are in conformance with all applicable governmental laws, regulations and ordinances and are merely incidental to the use by an Owner of such Owner's Unit as a residential home.

Section 10.03. Nuisances. No noxious or offensive activity (including but not limited to the repair of motor vehicles) shall be conducted on, in or upon any Unit or the Common Area, nor shall anything be done thereon or therein which may be or become an unreasonable annoyance or a nuisance to any Owner. Without limiting the generality of the foregoing provisions, no loud noises or noxious odors, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), no noisy or smoky vehicles, no large power equipment or large power tools, no unlicensed off-road motor vehicles and no items which may unreasonably interfere with the television or radio reception of any Owner shall be located, used or placed on any portion of the Properties, or exposed to the view of other Owners without the prior written approval of the Architectural Control Committee. The Board of Directors shall have the right to determine in accordance with the By-Laws if any noise, odor or interference or any activity producing such noise, odor or interference constitutes a nuisance.

Section 10.04. Signs. No sign, poster, display, billboard or other advertising service of any kind shall be displayed to public view on any portion of the Properties, without the prior written consent of the Architectural Control Committee, except (a) one sign for each Condominium of not larger than eighteen (18) inches by thirty (30) inches, advertising such Condominium for sale or rent, or (b) signs, regardless of size, used by Grantor to advertise the Properties during any construction or sale period. All signs or billboards and the conditions promulgated for the regulation thereof shall conform to the requirements of all applicable governmental laws, regulations and ordinances.

Section 10.05. Parking and Vehicular Restrictions. No Owner shall park, store or keep on or within the Properties any large commercial-type vehicle (including but not limited to any dump truck, cement mixer truck, oil or gas truck or delivery truck), any recreational vehicle (including but not limited to any camper unit, house car or motor home), any bus; trailer, trailer coach camp trailer, boat, aircraft, mobile home or inoperable vehicle, or any other similar vehicle or any vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board of Directors. No Owner shall conduct repairs or restorations of any motor vehicle, boat, trailer, aircraft or other vehicle upon any portion of the Properties except wholly within such Owner's Garage, and then only when the door to the Garage is closed; provided, however, that such activity shall at no time be permitted if it is determined by the Board of Directors or its agents to be a nuisance. The door to each Garage shall remain closed except for reasonable periods while the Garage is actually being used. Garages shall be used for garage purposes only and shall not be converted to other uses. Vehicles owned, operated or within the control of any Owner shall be parked in the Garage of such Owner, to the extent of the space available therein, and each Owner, to the extent necessary, shall ensure that his Garage

WHITTIER GREENS
TRACT 37061
PROJECTED SALES PRICES

PHASE 3

<u>UNIT</u>	<u>PLAN</u>	<u>BASE SALES PRICE</u>	<u>LOT PREMIUM</u>	<u>TOTAL SALES PRICE</u>
71	3	104,990	15,000	\$ 119,990
72	4	111,990	20,000	131,990
73	4	111,990	10,000	121,990
74	2	98,990	3,000	101,990
75	4	111,990		111,990
76	4	111,990	1,000	112,990
77	3	104,990	3,000	107,990
78	4	111,990		111,990
79	4	111,990		111,990
80	2	98,990		98,990
81	3	104,990		104,990
82	4	111,990		111,990
83	4	111,990		111,990
84	2	98,990	3,000	101,990
85	4	111,990		111,990
86	4	111,990		111,990
87	2	98,990		98,990
88	3	104,990	15,000	119,990
89	4	111,990	20,000	131,990
90	4	111,990	20,000	131,990
91	2	98,990	15,000	113,990
92	3	104,990	15,000	119,990
93	2	98,990	15,000	113,990
94	3	104,990	15,000	119,990
95	4	111,990	20,000	131,990
96	4	111,990	20,000	131,990
97	2	98,990	15,000	113,990

is maintained so as to be capable of accommodating at least two (2) full-size automobiles. Notwithstanding the foregoing, these restrictions shall not be interpreted in such a manner as to permit any activity which would be contrary to any ordinance of the County or other local governmental agency exercising jurisdiction over the Properties.

Section 10.06. Animal Restrictions. No insects, reptiles, poultry or animals of any kind shall be raised, bred or kept on or within any Unit or the Common Area, except that usual and ordinary dogs, cats, fish, birds and other household pets (excluding, without limitation, equine, bovine, sheep, swine, goats and other such animals) may be kept on or within any Unit, provided that they are not kept, bred or maintained for commercial purposes or in unreasonable numbers, nor in violation of any rules and regulations adopted by the Association as provided in the By-Laws. For the purposes of this section 10.06, more than two (2) pets per Unit shall ordinarily be considered an unreasonable number, provided, however, that the Association (or the Architectural Control Committee or such other Person as the Association may from time to time designate) may determine that a reasonable number in any instance may be more or less than two (2) pets per Unit. The Board of Directors shall have the right to prohibit maintenance within the Properties by any Owner of any animal which constitutes, in the opinion of the Board of Directors, a nuisance to any other Owner. Animals belonging to any Owner or his Family, guests, lessees, tenants, licensees or invitees within the Properties must be kept within such Owner's Unit or either, an enclosure or an enclosed yard, or on a leash being held by an individual capable of controlling the animal. Furthermore, an Owner shall be absolutely liable for every other of the Owners, and his Family, guests, lessees, tenants, licensees and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Properties by an Owner or by members of such Owner's Family, guests, lessees, tenants, licensees or invitees; and it shall be the absolute duty and responsibility of each such Owner to clean up after any animal kept by such Owner has used any portion of the Common Area.

Section 10.07. Trash. No rubbish, trash, garbage or other waste material shall be kept or permitted upon any portion of the Properties, except in such trash enclosures as are designated by the Board of Directors and as are screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Properties, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property or individuals in the vicinity thereof. No clothing household fabrics shall be hung, dried or aired in such a way on or within any Unit as to be visible to any other Unit or any portion of the Common Area, and no lumber or grass, shrub or treeclippings or plant waste or metals or bulk material or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Properties except within an enclosed structure or appropriately screened from view.

Section 10.08. Fires. There shall be no exterior fires whatsoever except barbecue fires contained within receptacles therefor designed in such manner that they do not create a fire hazard.

Section 10.09. Infected Plants. No plants or seeds infected with noxious insects or plant diseases shall be brought upon, grown or maintained upon the Properties.

Section 10.10. View Obstructions. Each Owner by accepting the Owner's Property in a Condominium hereby acknowledges that any construction or installation by Grantor may impair the view of such Owner and hereby consents to such impairments.

Section 10.11. Temporary Buildings. No outbuilding, basement, tent, shack, shed or other temporary building or improvement of any kind shall be placed upon any portion of the Properties either temporarily or permanently.

No Garage, trailer, camper, motor home or recreational vehicle shall be used as a residence in the Properties, either temporarily or permanently.

Section 10.12. Common Area Facilities. Nothing shall be altered or constructed in or upon or removed from the Common Area except upon the written consent of the Association.

Section 10.13. Outside Installations. No radio station or short-wave operators of any kind shall operate from any Unit or the Common Area unless approved by the Architectural Control Committee. No exterior radio antenna, "C.B." antenna, television antenna, or other antenna of any type shall be erected or maintained on or within the Properties unless approved by the Architectural Control Committee. A master antenna or antennae or cable television antenna or antennae may, but need not, be provided for the use of all Owners, and Grantor may grant easements for such purposes. No projections of any type shall be placed or permitted to remain above the roof of any building within the Properties, except one or more chimneys and vent stacks. No basketball backboard or other fixed sports apparatus shall be constructed or maintained in the Properties without the prior approval of the Architectural Control Committee. No fence or wall shall be erected, altered or maintained on or within the Properties, except with the prior approval of the Architectural Control Committee. The installation of solar heating systems for the Properties shall be permitted, subject to applicable zoning district regulations, all applicable building codes and associated ordinances, and review by the Architectural Control Committee.

Section 10.14. Insurance Premiums. Nothing shall be done or kept or kept on or within the Properties which will increase the premiums on any policy or policies of insurance, of whatever kind or nature, owned or maintained by the Association, without the approval of the Board of Directors, nor shall anything be done or kept in the Properties which would result in the cancellation of any such policy or policies of insurance.

Section 10.15. Drilling and Mining. No oil drilling, oil development operations or oil refining and no quarrying or mining operations of any tanks, tunnels or mineral excavations or shafts shall be permitted upon the surface or within five hundred feet (500') below the surface of the Properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted on or within the Properties.

Section 10.16. Severance of Owner's Interests: Prohibition of Partition. No Owner shall sell, assign, lease or convey all or any part of his interests in the Common Area or his Unit separate and apart from any other of his such interests or any part thereof, and any attempted such sale, assignment, lease or conveyance shall be void ab initio, all to the end that all the components of each Condominium shall be absolutely appurtenant and inseverable, provided, that this provision shall not be construed to limit the right of Grantor, in the first conveyance of any estate in each Condominium, to convey an Owner's Property in such Condominium consisting of (1) a leasehold estate for a term of years in a Unit and in the undivided interest appurtenant to the Unit comprising a part of such Condominium in Common Area, excepting Common Area Improvements, and (ii) fee simple title to the undivided interest appurtenant to the Unit comprising a part of such Condominium in Common Area Improvements.

Section 10.17. Drainage. There shall be no interference with the established drainage pattern over any portion of the Properties, except upon the approval of the Architectural Control Committee.

Section 10.18. Water Supply Systems. No individual water supply system, sewage disposal system, or water softener system shall be permitted within or in conjunction with any Condominium.

Section 10.19. Violation of Governing Instruments. No Owner shall violate, or permit any member of his Family, or his guest, lessee, tenant, licensee or invitee, to violate this Declaration, the Articles, the By-Laws or the rules and regulations of the Association. If any Owner or his Family, or his guest, lessee, tenant, licensee or invitee commits any such violation, the Board of Directors may take any one or more of the following actions: (1) levy a reasonable Reimbursement Assessment upon such Owner's Owner's Property for each violation, (2) suspend the rights as a Member of such Owner, or (3) record a notice of noncompliance encumbering such Owner's Owner's Property, all subject to the prior giving by the Board of Directors to such Owner of Notice and Hearing.

Section 10.20. Violation of Law. No Owner shall violate, or permit any member of his Family, or his guest, lessee, tenant, licensee or invitee, to violate, any law or regulation of the State of California or any ordinance of the County or of such other local governmental agency or agencies, including without limitation, any municipal corporation, as may from time to time include the Properties within its jurisdiction.

ARTICLE XI

DAMAGE, DESTRUCTION OR CONDEMNATION OF COMMON AREA

Damage to or destruction or condemnation of all or any portion of the Properties shall be repaired and reconstructed pursuant to the provisions of this Article XI.

Section 11.01. Sufficient Insurance Proceeds. In the event of damage or destruction to the Properties, if the insurance proceeds are sufficient to effect total repair and reconstruction to the Properties, then the Association shall cause such Properties to be repaired and reconstructed substantially as they previously existed.

Section 11.02. Insufficient Insurance Proceeds Within Ten Thousand Dollars of Sufficiency. In the event of damage or destruction to the Properties, if the insurance proceeds are within Ten Thousand Dollars (\$10,000.00) or less of being sufficient to effect total repair and reconstruction of the Properties, then the Association shall cause such Properties to be repaired and reconstructed substantially as they previously existed, and the difference between the insurance proceeds and the actual cost shall be levied as a Reconstruction Assessment, in accordance with and subject to the provisions of Article VI of this Declaration.

Section 11.03. Insufficient Insurance Proceeds Not Within Ten Thousand Dollars of Sufficiency. In the event of damage or destruction to the Properties, if the insurance proceeds are not within Ten Thousand Dollars (\$10,000.00) of being sufficient to effect total repair and reconstruction of the Properties, then by the vote or written assent of a majority of the voting power of each class of membership of the Association, during the time that there are two outstanding classes of membership, and a majority of the voting power of the membership of the Association thereafter, the Members shall determine whether (1) to repair and reconstruct the Properties substantially as the Properties previously existed and to raise the necessary funds over the insurance proceeds by levying a Reconstruction Assessment, (2) to repair and reconstruct the Properties in a way which utilizes all available insurance proceeds, or all available insurance proceeds and an additional amount, to be raised by levying a Reconstruction Assessment, but which is less expensive than to repair and reconstruct the Properties substantially as the Properties previously existed or (3) subject to the provisions of Article VIII of this Declaration, to distribute all available insurance proceeds among the Condominiums to the lessor, if any, Owners and Mortgagees of each Condominium as their respective interests appear, in proportion as to the distribution respecting each Condominium to

the respective fair market value thereof, as of the date of destruction, as determined by independent appraisal by an MAI appraiser to be selected by the Board of Directors.

Section 11.04. Owner's Liability for Damage to the Properties. Each Owner shall be liable to the Association for any damage to the Properties not fully reimbursed to the Association by insurance proceeds which may be sustained by reason of negligence or willful misconduct of such Owner or of any member of his Family, or his guest, lessee, tenant, licensee or invitee, whether minor or adult. The Association reserves the right, acting through the Board of Directors after Notice and Hearing, to (1) determine whether any claim shall be made upon any insurance policy or policies owned or maintained by the Association and (2) charge such Owner a Reimbursement Assessment equal to the increase, if any, in any insurance premium directly attributable to the damage caused by such Owner or the Persons for whom such Owner may be liable as described herein. In the case of joint Ownership of a Condominium, the liability of the Owners of such Condominium under this Section 11.04 shall be joint and several, except to the extent that the Association has previously contracted in writing with such joint Owners to the contrary. After Notice and Hearing, the cost of correcting such damage, to the extent not reimbursed to the Association by insurance, shall be a Reimbursement Assessment against such Owner's Owner's Property.

Section 11.05. Distribution in the Case of Condemnation or Destruction. A condemnation award affecting all or part of the structural portion of the Common Area which is not apportioned among the Owners by court judgment or by agreement between the condemning authority and each of the affected Owners shall be distributed among the affected Owners and their respective Mortgagees and ground lessors according to the relative fair market values of the Condominiums affected by the condemnation as determined by independent appraisal by an MAI appraiser to be selected by the Board of Directors.

ARTICLE XIII

INSURANCE

Section 12.01. Casualty Insurance on Insurable Common Area. The Association shall keep all insurable improvements and fixtures on, within or constituting a part of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association shall deem desirable. The Association may also insure any other property, whether real or personal, owned by the Association, against loss or damage by fire and such other hazards and casualties as the Association shall deem desirable, with the Association as the owner and beneficiary or such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be payable to, the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried, subject to the provisions of Article XI of this Declaration, if applicable. Premiums for all insurance carried by the Association shall be Common Expenses and shall be included in the Common Assessments levied by the Association.

Section 12.02. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area Improvements, the Association shall repair or replace the same from the available insurance proceeds, or distribute such insurance proceeds, all pursuant to the provisions of Article XI of this Declaration.

Section 12.03. Waiver of Subrogations. All policies of physical damage insurance maintained by the Association shall provide, if reasonably possible, for waiver of: (1) any defense based on coinsurance; (2) any right

of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association; (3) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any member of his Family, or his guest, lessee, tenant, licensee, or invitee, or arising from any act, neglect or omission of any named insured or the respective agents, contractors and employees of any such named insured; (4) any rights of the insurer to repair, rebuild or replace and, in the event any Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvement insured or fair market value thereof and (5) notice of the assignment of any Owner of its interest in any such policy of insurance by virtue of a transfer of the Owner's Property in any Condominium. As to each policy of insurance maintained by the Association which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board of Directors, the Owners, the Manager, Grantor, and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by such Persons, but only to the extent that insurance proceeds are received in compensation for such loss.

Section 12.04. Liability and Other Insurance. The Association shall have the power and duty to and shall obtain comprehensive public liability insurance, including coverage for medical expenses and malicious mischief, in such limits as it shall deem desirable, insuring against liability for bodily injury, death and property damage arising from the activities of the Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The Association may also obtain, through the Board of Directors, worker's compensation insurance and such other liability insurance as it may deem desirable, insuring each Owner and the Association, Board of Directors and Manager from liability in connection with the Common Area, the premiums for which shall be a Common Expense. All insurance policies shall be reviewed at least annually by the Board of Directors and the limits increased in its discretion. The Board of Directors may also obtain such errors and omissions insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the members of the Board of Directors, the officers of the Association and the Manager against any liability for any act or omission in carrying out their respective obligations hereunder, or resulting from their membership on the Board of Directors or on any committee thereof. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bonds as are specified in the requirements for condominium developments established by the FFLMC, the FNMA and the GMA, so long as any of them is a Mortgagee or an Owner, except to the extent such coverage is not available or has been waived in writing by the FFLMC, the FNMA and the GMA, as applicable.

ARTICLE XIII

MORTGAGEE PROTECTIONS

Notwithstanding any and all provisions of this Declaration to the contrary, in order to induce the FFLMC, the FNMA, the GMA and private financial institutions to participate in the financing and the sale of Owner's Properties, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of this Declaration, these added provisions shall control):

Section 13.01. First Mortgagee's Notice of Mortgagor's Default
Each first Mortgagee, upon filing its written request with the Secretary of the Association, shall be entitled to written notice from the Association of any default by its Mortgagor in the performance of such Mortgagor's obligations under the Declaration, the Articles or the By-Laws, which default is not cured within thirty (30) days after the Association learns of such default.

Section 13.02. Exemption from Right of First Refusal. Each Owner, including every First Mortgagee which obtains title to the Owner's Property subject to such First Mortgagee's First Mortgage pursuant to the remedies provided in such First Mortgage, or by foreclosure of such First Mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal."

Section 13.03. Extinguishment of Lien of Prior Assessments Upon Foreclosure of First Mortgage. The transfer of an Owner's Property as the result of the exercise of a power of sale or a judicial foreclosure involving a default under the First Mortgage upon such Owner's Property shall extinguish the lien of all assessments which were due and payable prior to such transfer. No transfer of any Owner's Property as the result of a foreclosure or exercise of a power of sale shall relieve the new Owner, whether such new Owner be the former First Mortgagee or another Person, from liability for any assessments thereafter becoming due or from the lien thereof.

Section 13.04. Required Approval of First Mortgagees. Unless at least seventy-five (75%) of all First Mortgagees (based upon one vote for each First Mortgage owned) have given their prior written assent, neither the Association nor the Owners shall:

(a) by act or omission, seek to abandon or terminate the Properties as a condominium project.

(b) change the pro rata interest or obligations of any individual Owner's Property for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share appurtenant to each Condominium in the Common Area;

(c) partition or subdivide any Owner's Property;

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

(e) use hazard insurance proceeds for losses to any portion of the Properties (whether to Units or to Common Area) for other than the repair, replacement or reconstruction of such portion of the Properties; or

(f) amend any provision of this Declaration, the Articles or the By-Laws governing any of the following subjects:

- (i) The fundamental purpose for which this Declaration provides (such as a change from residential use to a different use).
- (ii) Voting.
- (iii) Assessments, assessment liens, and subordination thereof.
- (iv) The reserve for repair and replacement of Common Area.
- (v) Property maintenance obligations.
- (vi) Casualty and liability insurance.
- (vii) Reconstruction in the event of damage or destruction.

- (viii) Rights to use the Common Area.
- (ix) Annexation.
- (x) Any provision, which by its terms is specifically for the benefit of First Mortgagees, or specifically confers rights on First Mortgagees.

Section 13.05. Right of Inspection of First Mortgagees. Any First Mortgagee, upon filing its written request with the Secretary of the Association, shall have the right to (1) examine the books and records of the Association during normal business hours, (2) require from the Association the submission of any audited annual financial reports required by this Declaration to be prepared and other financial data, (3) receive written notice of all meetings of the Members, and (4) designate in writing a representative to attend all such meetings.

Section 13.06. Notice to First Mortgagees of Certain Occurrences. All First Mortgagees who have filed a written request for such notice with the Board of Directors shall be given (1) thirty (30) days' written notice prior to the effective date of any proposed material amendment to this Declaration or the Articles or the By-Laws and prior to the effective date of any termination of any agreement for professional management of the Properties following a decision of the Owners to assume self-management of the Properties; and (2) immediate notice following any damage to the Properties whenever the cost of reconstruction exceeds Ten Thousand Dollars (\$10,000.00), and as soon as the Board of Directors learns of any threatened condemnation proceeding or proposed acquisition of any portion of the Properties.

Section 13.07. Right of First Mortgagees To Pay Certain Charges. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against all or any part of the Properties (except an individual Owner's Property or Condominium) and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Area and Common Area Improvements, and First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

Section 13.08. Funding of Common Area Reserve Fund. The common area reserve fund established in Article VI of this Declaration must be funded by regularly scheduled monthly, quarterly, semi-annual or annual payments rather than by large or irregular assessments.

Section 13.09. Maintenance of Fidelity Bonds. The Board of Directors shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to employees of any professional Manager.

Section 13.10. The Guidelines of the FHLMC, the FNMA and the GNMA. In addition to the other provisions of this Declaration, the Board of Directors may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the FHLMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of First Mortgages. Each Owner hereby agrees that it will benefit the Association and the Members, as a class of potential Mortgage borrowers and potential sellers of their Owner's Properties, if such agencies approve the Properties as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. First Mortgagees are hereby authorized to furnish information to the Board of Directors concerning the status of any First Mortgage.

ARTICLE XIV

GRANTOR EXEMPTION

Grantor will undertake the construction and development of the Properties. The completion of that construction and development, and the sale, lease or other disposal of Owner's Properties, are essential to the establishment and welfare of the Properties as a first-class residential community. In order that such construction and development and sale, lease or other disposal may be completed and the Properties be established as a fully occupied residential community as rapidly as possible, neither any Owner nor the Association shall do anything to, and nothing in this Declaration shall be construed or held to:

Section 14.01. Completion of Development. Prevent Grantor or its contractors or subcontractors from doing on or within any Unit owned by Grantor, whatever they determine to be necessary or advisable in connection with the completion of the development of the Properties, including, without limitation, the alteration of construction plans and designs as Grantor deems advisable in the course of development; or

Section 14.02. Course of Completion of Development. Prevent Grantor or its representatives from erecting, constructing and maintaining on or within the Common Area or any Unit or portion thereof owned or controlled by Grantor or its contractors or subcontractors such structures as may be reasonably necessary for the conduct of its or their business of completing the development of the Properties and establishing the Properties as a residential community and transferring Owners' Properties; or

Section 14.03. Business of Development. Prevent Grantor or its contractors or subcontractors from conducting on or within any Unit, or any portion thereof, owned or controlled by Grantor its or their business of developing, subdividing, grading and constructing Improvements in the Properties as a residential community and of transferring Owners' Properties; or

Section 14.04. Signs Within Properties. Prevent Grantor or its representatives, contractors or subcontractors from maintaining such sign or signs on or within the Common Area or any Unit owned or controlled by any of them as may be necessary in connection with transfer of Owners' Properties; or

Section 14.05. Additional Licenses, Reservations and Rights of Way. Prevent Grantor, at any time prior to Grantor's transfer of each Owner's Property, from establishing on the Condominium that includes such Owner's Property such additional licenses, reservations and rights of way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Properties.

ARTICLE XV

POWER OF ATTORNEY

The Association is hereby granted an irrevocable power of attorney to sell the Properties for the benefit of all the Owners when partition of the Owners' interests in the Properties may be had pursuant to Article X of this Declaration. The power of attorney herein granted may be exercised upon the vote or written assent of two-thirds (2/3) of the voting power of the Association, by any three (3) members of the Board of Directors, who are hereby authorized to record a certificate of exercise in the Official Records of the County, which certificate shall be conclusive evidence thereof in favor of any Person relying thereon in good faith.

ARTICLE XVI

ANNEXATION OF ADDITIONAL TERRITORY

Additional real property may be annexed to the Properties, and thereupon become subject to this Declaration, by any of the following methods:

Section 16.01. Additions by Grantor. If Grantor shall develop or cause to be developed additional real property within the Annexable Territory, Grantor shall have the right from time to time to add such real property or any portion or portions thereof to the Properties and to bring such real property within the general plan and scheme of this Declaration without the approval of the Association, the Board of Directors, or the Members; provided, that such addition shall be in substantial conformance with a detailed plan of phased development submitted to the Department with the application for a Final Subdivision Public Report for Phase 1; and provided further, that such right of Grantor shall terminate on the third anniversary of the original issuance of the most recently issued Final Subdivision Public Report for a Phase of Development; and provided further, that Grantor grant to each Owner of a Condominium in the Properties a right and easement of ingress and egress and of enjoyment in, to and over the Common Area within such additional real property which shall be appurtenant to and shall pass with title to every Owner's Property, upon the terms, subject to the rights and reservations, and in every respect co-extensive with the Owner's easements of enjoyment over the Properties set forth in Article II of this Declaration. As each Phase of Development is developed, Grantor may, with respect thereto, record a Supplemental Declaration which may supplement this Declaration with such additional covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges as Grantor shall deem appropriate for that Phase of Development.

Section 16.02. Other Additions. In addition to the provision for annexation by Grantor set forth in this Article XV, additional real property may be annexed to the Properties and brought within the general plan and scheme of this Declaration upon the approval by vote or written assent of two-thirds (2/3) of the voting power of each class of membership of the Association, during the time that there are two outstanding classes of membership, and vote or written assent of two-thirds (2/3) of the voting power of the membership of the Association thereafter, and after the conversion of the Class-B membership and for such time, if any, as Grantor holds or directly controls twenty-five percent (25%) or more of the voting power of the Association, vote or written assent of two-thirds (2/3) of the voting power of the membership of the Association, excluding the voting power of Grantor.

Section 16.03. Notice of Addition of Territory. Each annexation of additional real property authorized under this Article XV shall be made by recording in the Official Records of the County a Notice of Addition of Territory, or other similar instrument (which Notice of Addition of Territory or similar instrument may contain a Supplemental Declaration, if any, affecting such addition of real property) with respect to such addition of real property, which Notice of Addition of Territory or similar instrument shall be executed by Grantor or the owner of such additional real property, if different from Grantor and, in the case of additions made pursuant to approval by the membership of the Association, two officers of the Association certifying that the requisite vote or written assent of each class of membership of the Association, or of the membership of the Association, as the case may be, has been obtained. Recording of such Notice of Addition of Territory shall extend the general plan and scheme of this Declaration to such additional real property, and shall constitute and effectuate the annexation of such additional real property, and thereupon such additional real property shall become and constitute a part of the Properties, become subject to this Declaration and encompassed within the

general plan and scheme of covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges contained in this Declaration and become subject to the functions, powers and jurisdiction of the Association and the Owners in such additional real property shall automatically become Members of the Association. Such Notice of Addition of Territory or similar instrument may contain such additions and modifications of the covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges contained in this Declaration as may be necessary to reflect the different character, if any, of such additional real property, or as Grantor may deem appropriate in the development of such additional real property, and as are not inconsistent with the general plan and scheme of this Declaration. In no event, however, shall such Notice of Addition of Territory or similar instrument revoke, modify or add to the covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens or charges established by this Declaration as the same shall pertain to the real property covered by this Declaration at the time such Notice of Addition of Territory or similar instrument is recorded. No addition of real property shall be made if such addition will substantially increase assessments or substantially increase the burden upon the Common Area facilities.

ARTICLE XVII

EXCLUSIVE USE AREAS

Section 17.01. Creation of Exclusive Use Area Easements. Grantor hereby reserves an exclusive easement of use and enjoyment over each Exclusive Use Area for the benefit of the Condominium respecting which the Exclusive Use Area is defined in the Condominium Plan that covers the Phases of development in which the Exclusive Use Area is situated

Section 17.02. Rules Governing Exclusive Use Area Use. The use of each Exclusive Use Area shall be subject to the rules and regulations of the Association.

ARTICLE XVIII

GENERAL PROVISIONS

Section 18.01. Enforcement. This Declaration, the Articles and the By-Laws may be enforced by the Association as follows:

(a) Breach of any of the covenants, conditions, restrictions or provisions contained in this Declaration, the Articles or the By-Laws, or any other instrument for the ownership, management and control of the Properties, and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal proceedings by any Owner or by the Association acting through the Board of Directors. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorneys' fees in such amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs.

(b) The result of every act or omission whereby any of the covenants, conditions, restrictions or provisions contained in this Declaration, the Articles or the By-Laws are violated in whole or in part is hereby declared to be and constitute 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 or by the Association.

(c) The remedies herein provided for breach of the covenants, conditions, restrictions and provisions contained in this Declaration, the Articles and the By-Laws shall be construed and held to be cumulative, and none of such remedies shall be exclusive of any other.

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

(e) A breach of the covenants, conditions, restrictions or provisions contained in this Declaration, the Articles or the By-Laws shall not affect or impair the lien or charge of any First Mortgage made in good faith and for value, provided, however, that any subsequent Owner of the Owner's Property subject to such First Mortgage shall be bound by said covenants, conditions, restrictions and provisions, whether such Owner's Property was acquired by foreclosure, in a trustee's sale or otherwise.

Section 18.02 Severability. If a court of competent jurisdiction shall hold invalid or unenforceable any part or all of any provision contained in this Declaration, such holding shall not impair, invalidate or otherwise affect the remainder of this Declaration, and such remainder shall remain in full force and effect.

Section 18.03. Term. The covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges of this Declaration shall run with and bind the Properties and every part of the Properties, including each Unit and the Common Area, and shall inure to the benefit of and be enforceable by the Association and each Owner and their respective legal representatives, heirs, successive owners and assigns, for a term of eighty (80) years from the date this Declaration is recorded, after which time said covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by the then Owners of a majority of the Condominiums, has been recorded, pursuant to which this Declaration is terminated.

Section 18.04. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of the Common Area. 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. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include all of the masculine, feminine and neuter.

Section 18.05. Amendments. This Declaration may be amended only by vote or written assent of seventy-five percent (75%) of the voting power of each class of membership of the Association, during the time that there are two outstanding classes of membership, and, thereafter, by vote or written assent of seventy-five percent (75%) of the voting power of the membership of the Association, and vote or written assent of a majority of the voting power of the membership of the Association, excluding the voting power of Grantor; provided, that the prior written approval of at least seventy-five percent (75%) of all First Mortgagees must also be obtained before Article XIII may be amended; provided, further, that the prior written approval of Grantor must be obtained before Article XIV may be amended; and provided, further, that the vote required to amend any provision of this Declaration shall in no event be less than the prescribed affirmative vote required for action to be taken under such provision. Until the first transfer of the Owner's Property in any Condominium, Grantor shall have the right to terminate or modify this Declaration by recording of a supplement hereto setting forth such termination or modification. For purposes of this Declaration, such first transfer shall be deemed to be the date upon which any instrument granting an Owner's Property from Grantor to any other Person or Persons is recorded in the Official Records of the County. Any supplement or amendment to this Declaration after the first transfer of the Owner's

Property in any Condominium must be signed by at least two (2) officers of the Association, indicating that the requisite approvals have been obtained, and such amendment or supplement must be recorded in the Official Records of the County.

Section 18.06. No Public Right or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Properties to the public, or for any public use.

Section 18.07. Constructive Notice and Acceptance. Every Person who owns, occupies or acquires any right, title, estate or interest in or to an Owner's Property or other portion of the Properties does thereafter consent and agree and shall be conclusively deemed to have consented and agreed to every covenant, condition, restriction, reservation, easement, equitable servitude, lien and charge contained in this Declaration, whether or not any reference thereto is contained in the instrument by which Person acquired an interest in the Properties, any Owner's Property or any other portion of the Properties.

Section 18.08. Encroachment Easements. Each Owner is hereby granted an easement over all adjoining Units and the Common Area for the purpose of accommodating encroachments due to engineering errors, errors in original construction, settlement or shifting of any building, or any other cause. There shall be easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachments, settlement or shifting; provided, however, that in no event shall an easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful misconduct of any owner. In the event any portion of an Improvement on or within the Properties is partially or totally destroyed and then repaired or rebuilt, each Owner agrees that minor encroachments over adjoining Units or Common Area shall be covered by easements for the maintenance of said encroachments so long as they shall exist.

Section 18.09. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be served either personally or by mail. If any notice is served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. The address given by any Person to the Association for the purpose of service of notices may be changed from time to time by notice in writing to the Association.

Section 18.10. No Representations or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Grantor or its agents or employees in connection with the Properties or any portion of the Properties, or any Improvement thereon or therein, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes, or regulation thereof as a condominium project, except as specifically and expressly set forth in this Declaration and except as may be filed by Grantor from time to time with the Department or with any other governmental authority.

Section 18.11. Special Provision for Enforcement of Certain Bonded Obligations. In the event that (1) the Common Area Improvements located on or within a Phase of Development are not completed prior to the issuance of a Final Subdivision Public Report for that Phase of Development, and (2) the Association is obligee under a bond or other arrangement to secure performance of the commitment of Grantor to complete such Improvements, the following provisions will be applicable:

(a) The Board of Directors shall consider and vote on the question of action by the Association to enforce the obligations under any such bond or other arrangement, with respect to any such Improvement for which a notice of completion has not been filed within sixty (60) days after the completion date specified for that Improvement in the planned construction statement appended to such bond or other arrangement. If the Association has given an extension in writing for the completion of any such Improvement, the Board of Directors shall be directed to consider and vote on the aforesaid question if a notice of completion has not been filed within thirty (30) days after the expiration of the extension.

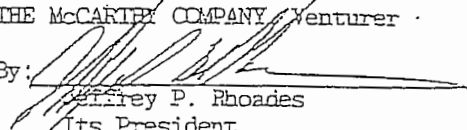
(b) A special meeting of the Members, for the purpose of voting to override a decision by the Board of Directors not to initiate action to enforce the obligations under such bond or other arrangement or on the failure of the Board of Directors to consider and vote on the question, shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of Directors of a petition for such a meeting signed by Members representing five percent (5%) or more of the total voting power of the membership of the Association. A vote by Members of the Association other than Grantor shall be taken at such special meeting. A vote of a majority of the voting power of the membership of the Association residing in Members other than Grantor to take action to enforce the obligations under such bond or other arrangement shall be deemed to be the decision of the Association, and the Board of Directors shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

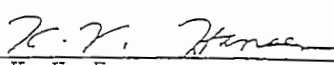
Section 18.12. Conflicting Provisions. In case any of the covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens or charges of this Declaration conflict with any provisions of the laws of the State of California, upon final court determination to such effect, such portion of this Declaration as is so determined shall be null and void, but all other portions of this Declaration shall remain in full force and effect; and with any provisions of the Articles or By-Laws, this Declaration shall control.

IN WITNESS WHEREOF, Grantor has executed this Declaration on the date first above written.

THE ROSEMEAD VENTURE

By: THE McCARTHY COMPANY, Venturer

By: 
Jeffrey P. Rhoades
Its President

By: 
K. V. Hansen
Its Vice President/Controller
and Chief Financial Officer

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On November 10, 1981, before me, the undersigned, a Notary Public in and for said State, personally appeared Jeffrey P. Rhoades, known to me to be the President, and K. V. Hansen, known to me to be the Vice President/Controller and Chief Financial Officer, of The McCarthy Company, the corporation that executed the within Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Fairway Villas and known to me to be the persons who executed the aforementioned Declaration on behalf of said corporation, said corporation being known to me to be one of the ventures of the Rosemead Venture, the venture that executed the aforementioned Declaration, and acknowledged to me that such corporation executed the same as such venturer and that such venture executed the same.

WITNESS my hand and official seal.

SEAL

Ethel L. Henley

NOTARY PUBLIC

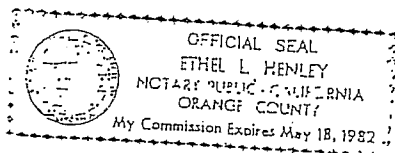


EXHIBIT "A"

PERCENTAGE PRORATIONS

FOR

INSURANCE, WATER, ROOF AND PAINTING RESERVES

- FOR

PHASE I

<u>UNIT</u>	<u>DECIMAL</u>	<u>UNIT</u>	<u>DECIMAL</u>	<u>UNIT</u>	<u>DECIMAL</u>
1	.03026	12	.03678	23	.03678
2	.02021	13	.03037	24	.02021
3	.03678	14	.02021	25	.02021
4	.03678	15	.02021	26	.03037
5	.03037	16	.03678	27	.03678
6	.03026	17	.03678	28	.03678
7	.03678	18	.02021	29	.03026
8	.03678	19	.02021	30	.03037
9	.03037	20	.02021	31	.03678
10	.03026	21	.02021	32	.03678
11	.03678	22	.03678	33	.03026

THE WILLIAM LYON COMPANY

WHITTIER GREENS - TRACT 37061

PHASE 2

UNIT	PLAN	BASE SALES PRICE	LOT PREMIUM	TOTAL SALES PRICE
34	3	\$ 101,990	\$ 15,000	\$ 116,990
35	4	111,990	10,000	121,990
36	4	111,990	10,000	121,990
37	2	96,990	15,000	111,990
38	3	101,990	15,000	116,990
39	4	111,990	10,000	121,990
40	4	111,990	5,000	116,990
41	2	96,990	10,000	106,990
42	1B	71,990	2,000	73,990
43	1A	73,990	3,000	76,990
44	1B	71,990	2,000	73,990
45	1A	73,990	3,000	76,990
46	1B	71,990	2,000	73,990
47	1A	73,990	3,000	76,990
48	2	96,990		96,990
49	4	111,990		111,990
50	4	111,990	1,000	112,990
51	3	101,990	1,000	102,990
52	2	96,990		96,990
53	4	111,990	1,000	112,990
54	4	111,990	1,000	112,990
55	3	101,990		101,990
56	3	101,990		101,990
57	4	111,990		111,990
58	4	111,990	1,000	112,990
59	2	96,990	15,000	111,990
60	4	111,990	20,000	131,990
61	4	111,990	20,000	131,990
62	3	101,990	15,000	116,990
63	2	96,990	15,000	111,990
64	4	111,990	20,000	131,990
65	4	111,990	20,000	131,990
66	3	101,990	15,000	116,990
67	2	96,990	15,000	111,990
68	4	111,990	20,000	131,990
69	4	111,990	20,000	131,990
70	3	101,990	15,000	116,990

EXHIBIT "C"

PERCENTAGE PRORATIONS

FOR

INSURANCE, WATER, ROOF AND PAINTING RESERVES

FOR

PHASE III

<u>UNIT</u>	<u>DECIMAL</u>	<u>UNIT</u>	<u>DECIMAL</u>	<u>UNIT</u>	<u>DECIMAL</u>
71	.03607	80	.02595	89	.04369
72	.04369	81	.03607	90	.04369
73	.04369	82	.04369	91	.02595
74	.02595	83	.04369	92	.03607
75	.04369	84	.02595	93	.02595
76	.04369	85	.04369	94	.03607
77	.03607	86	.04369	95	.04369
78	.04369	87	.02595	96	.04369
				97	.02595

SUBORDINATION

The undersigned, Security Pacific National Bank, a National Banking Association, Beneficiary under that certain Deed of Trust recorded December 31, 1980, as Instrument Number 80-1314113, Official Records, Los Angeles County, California, does hereby consent to each and all of the provisions contained in the Declaration of Covenants, Conditions and Reservation of Easements for Fairway Villas, Tract Number 37061, and does hereby agree that the lien and charge of said Deed of Trust shall be, and is hereby made, subordinate to, junior to and subject to said document and the entire effect thereof.

Date: 11/6/81

Beneficiary:

Security Pacific National Bank,
a National Banking Association

By: R. Thomas Hay

By: [Signature]

Notary Jurat attached

STATE OF CALIFORNIA }
COUNTY OF Orange } ss.

On November 6, 1981, before me, the undersigned, a Notary Public in and for said State, personally appeared R. Thomas Hay known to me to be the Vice President, and R.L. Keagy known to me to be the Vice Pres. & Manager of the SECURITY PACIFIC NATIONAL BANK, the association that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the association therein named, and acknowledged to me that such association executed the same, and acknowledged to me that such association executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Seal)

(Notary Public's Signature)

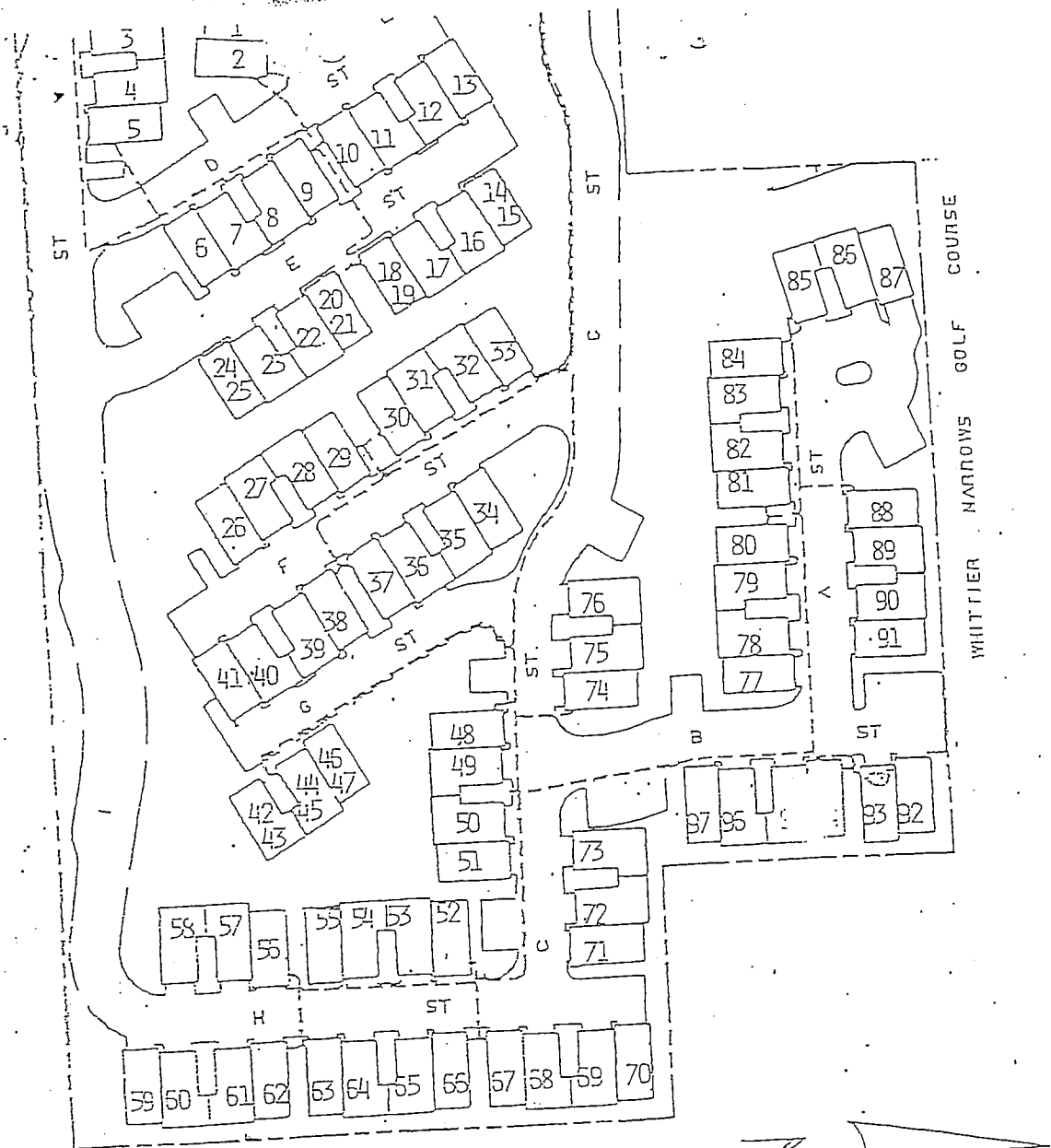


The WILLIAM LYON Company

PRICE LIST
WHITTIER GREENS
PHASE I

Effective 3/7/81

<u>UNIT</u>	<u>PLAN</u>	<u>BASE SALES PRICE</u>	<u>LOT PREMIUM</u>	<u>TOTAL SALES PRICE</u>
6	2	94,990	5,000	99,990
7	4	109,990		109,990
8	4	109,990		109,990
9	3	99,990	2,000	101,990
10	2	94,990		94,990
11	4	109,990		109,990
12	4	109,990		109,990
13	3	99,990	3,000	102,990
14	1B	69,990	10,000	79,990
15	1A	71,990	15,000	86,990
16	4	109,990	20,000	129,990
17	4	109,990	20,000	129,990
18	1B	69,990	10,000	79,990
19	1A	71,990	15,000	86,990
20	1B	69,990	10,000	79,990
21	1A	71,990	15,000	86,990
22	4	109,990	20,000	129,990
23	4	109,990	20,000	129,990
24	1B	69,990	10,000	79,990
25	1A	71,990	15,000	86,990
26	3	99,990	2,000	101,990
27	4	109,990	2,000	111,990
28	4	109,990	2,000	111,990
29	2	94,990	2,000	96,990
30	3	99,990	2,000	101,990
31	4	109,990	2,000	111,990
32	4	109,990	10,000	119,990
33	2	94,990	3,000	97,990



WHITTIER NARROWS GOLF COURSE

0 25 50 100
SCALE IN FEET

LEGEND

----- CENTERLINE OF 6' EASEMENT TO SOUTHERN CALIFORNIA EDISON COMPANY

EXHIBIT A

MONTEBELLO DISTRICT
W.O. NO. 6522-1869: 0-1836
TRACT NO. 37061, BOOK 964
PAGES 53, 54 AND 55 OF MAPS
OF LOS ANGELES COUNTY

EXHIBIT "B"

PERCENTAGE PRORATIONS

FOR

INSURANCE, WATER, ROOF AND PAINTING RESERVES

FOR

PHASE II

<u>UNIT</u>	<u>DECIMAL</u>	<u>UNIT</u>	<u>DECIMAL</u>	<u>UNIT</u>	<u>DECIMAL</u>
34	.02742	46	.01825	58	.03321
35	.03321	47	.01825	59	.02732
36	.03321	48	.02732	60	.03321
37	.02732	49	.03321	61	.03321
38	.02742	50	.03321	62	.02742
39	.03321	51	.02742	63	.02732
40	.03321	52	.02732	64	.03321
41	.02732	53	.03321	65	.03321
42	.01825	54	.03321	66	.02742
43	.01825	55	.02742	67	.02732
44	.01825	56	.02742	68	.03321
				69	.03321
				70	.02742