

JUL 12 2002

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Presley of Southern Ca.
17991 Mitchell South
Irvine, Ca. 92713-9672

Attention: Beth Amestoy

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FIRST AMERICAN TITLE COMPANY
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DECLARATION OF RESTRICTIONS

FOR

SUN CITY HOMES

A Residential Planned Development

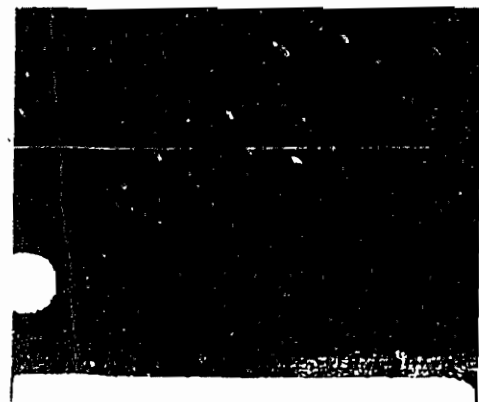


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DECLARATION OF RESTRICTIONS

FOR

SUN CITY HOMES

THIS DECLARATION OF RESTRICTIONS is made this 7th
 day of March, 19 85, by
PRESLEY OF SOUTHERN CALIFORNIA, a California corporation (herein-
after referred to as the "Declarant").

W I T N E S S E T H:

A. Declarant is the owner of that certain real property
located in the unincorporated territory, County of Riverside, State
of California, more particularly described as:

Lots 1-19, 41 - 56 and 76 of Tract No.
19457-1, as shown on a Map recorded in
Book 146 Pages 97 to
99 inclusive, of Maps, in the
Office of the County Recorder of
Riverside County.

B. Declarant desires to create and develop upon said
real property, and any additional real property which is annexed
thereto pursuant to this Declaration (hereinafter referred to as
the "Annexable Property"), a planned development consisting of
single-family detached residential structures (hereinafter re-
ferred to as the "Project" and more particularly defined and
described below).

C. Declarant deems it desirable to impose a general plan for the development, maintenance, improvement, protection, use, occupancy and enjoyment of the Project and to establish, adopt and impose covenants, conditions and restrictions upon the Project for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of the Project.

D. Declarant deems it desirable for the efficient enforcement, protection and preservation of the value, desirability and attractiveness of the Project to create a corporation which shall be delegated and assigned the powers of administering and enforcing said covenants, conditions and restrictions.

E. Riverside Sun City Homeowners Association, a California nonprofit mutual benefit corporation, has been or will be incorporated under the laws of the State of California for the purpose of exercising the aforesaid powers.

F. Declarant intends to convey the Project, and any and all portions thereof, subject to the covenants, conditions and restrictions set forth herein below.

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

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owners of all or any portion of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I
DEFINITIONS

Section 1. "Annexable Property" shall mean and refer to any and all real property (including all Improvements constructed thereon), which might be annexed to the Property pursuant to this Declaration.

Section 2. "Annual Assessment" shall mean and refer to the charge against each Owner, and his respective Lot, representing a portion of the Common Expenses of the Association.

Section 3. "Association" shall mean and refer to Riverside Sun City Homeowners Association, a California nonprofit, mutual benefit corporation, in which all Owners shall have a membership interest as more particularly described hereinbelow, provided that membership shall be limited to Owners.

Section 4. "County" shall mean and refer to the County of Riverside.

Section 5. "Association Property" shall mean and refer to that certain real property, together with all Improvements thereon, which shall be owned by the Association for the common use, benefit and enjoyment of the Owners in the Project. The Association Property to be so owned by the Association at the time of the conveyance of the first Lot in this First Phase of the Project is described as follows:

Lot 76 of Tract No. 19457-1, as shown on a
Map recorded in Book 146, Pages
97 to 99 inclusive, of Maps,
in the Office of the County Recorder of
Riverside County.

Said real property shall be conveyed to the Association, lien
free, except for real property taxes not yet payable.

Section 6. "Common Expenses" shall mean and refer to the
actual and estimated costs to be paid by the Association for the
following: (a) maintaining, managing, operating, repairing and
replacing the Association Property; (b) managing and administering
the Association including, but not limited to, compensation paid
by the Association to managers, accountants, attorneys and any
Association employees; (c) providing utilities and other services
to the Association Property; (d) providing insurance as provided
for herein; (e) paying that portion of any assessment attributable
to Common Expenses not paid by the Owner responsible for payment;
(f) paying taxes for the Association; and (g) paying for all other
goods and services designated by, or in accordance with, other ex-
penses incurred by the Association for the benefit of all Owners;
(h) adequate reserves for maintenance, repairs, and replacement of
those common elements that must be replaced on a periodic basis.

Section 7. "Lot" shall mean and refer to a recorded lot
shown upon the recorded subdivision map of the Project, and all
improvements constructed thereon, if any.

Section 8. "Declarant" shall mean and refer to PRESLEY
OF SOUTHERN CALIFORNIA, a California corporation, and to its
successors and assigns if such successors and assigns acquire
Declarant's rights and obligations hereunder by express written

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assignment which shall be recorded in the Office of the County Recorder for Riverside County.

Section 9. "Improvements" shall mean and refer to all structures and appurtenances thereto of every kind, including, but not limited to, residential structures, parking areas, streets, driveways, walkways, fences, walls, retaining walls, poles, signs, and related facilities, recreational facilities, trees and other landscaping.

Section 10. "Member" shall mean and refer to every person or entity who holds membership in the Association, and shall be synonymous with the term "Owner" as defined below.

Section 11. "Mortgage" shall mean and include a Deed of Trust as well as a mortgage in the conventional sense.

Section 12. "Mortgagee" shall mean a person or entity to whom a mortgage is made, and shall include the beneficiary of a Deed of Trust.

Section 13. "Mortgagor" shall mean a person or entity who mortgages his or its property to another, i.e., the maker of a mortgage, and shall include the Trustor of a Deed of Trust.

Section 14. "Owners" shall mean and refer to the record owner or owners, if more than one, or the purchaser under an installment sales contract, of the fee simple title to any lot in the Project, or purchaser of a leasehold estate in and to any Lot, but excluding those holding an interest in a Lot merely as security for the performance of an obligation.

Section 15. "Project" shall mean and refer to the Property and to any additional real property, including all Improvements constructed thereon, which is annexed to the Property in accordance with the provisions set forth hereinbelow.

Section 16. "Residential Structure" shall mean and refer to the individual dwelling and related improvements which are designed and intended for use and occupancy as a single-family residence and which occupies a separate Lot in the Project.

Section 17. "Special Assessment" shall mean and refer to the charge against an Owner and his respective Lot representing a portion of the cost of reconstructing any damaged or destroyed portion or portions of the Association Property, of constructing or installing any capital Improvements to the Association Property, or of taking any extraordinary action for the benefit of the Association Property pursuant to the provisions of this Declaration of Restrictions recorded on the Project.

Section 18. "Phase" shall mean and refer to one or more Lots within the Project for which a Final Subdivision Public Report has been issued by the California Department of Real Estate.

Section 19. The aforesaid definitions shall be applicable to this Declaration and to any supplements or amendments thereto (unless the context shall prohibit) filed or recorded pursuant to the provisions of this Declaration.

ARTICLE II

OWNERS' PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Except as set forth herein, every Owner shall have a right and easement of access, use and enjoyment in and to the Association Property, which shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Extent of Owners' Easements. The rights and easement of access, use and enjoyment set forth in Section 1 hereinabove shall be subject to the provisions of this Declaration, including but not limited to, the following:

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

(b) The right of the Association to establish and enforce reasonable rules and regulations pertaining to the use of the Association Property and the recreational facilities thereon;

(c) The right of the Association to charge reasonable admission and other fees for the use of the recreational facilities situated on the Association Property;

(d) The right of the Association, in accordance with its Articles, By-Laws and this Declaration, to borrow money with the assent of two-thirds (2/3) of the voting power of each class of Members, and/or to mortgage, pledge, deed in trust or otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) The right of the Association to dedicate or transfer all or any part of the Association Property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless (1) an instrument approving said dedication or transfer is signed by seventy-five percent (75%) of the Owners of Lots in the Project and recorded in the Office of the County Recorder, and (2) a written notice of the proposed dedication or transfer is sent to every Owner not less than fifteen (15) nor more than

thirty (30) days in advance; provided, however, that the dedication or transfer of easements for utilities or for other public purposes consistent with the intended use of the Association Property shall not require the prior approval of the Association;

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

(g) The right of Declarant (and its agents and representatives) to the nonexclusive use of the Association Property and the facilities thereon for display and exhibit purposes, and for all other purposes incident to a sales program customary for this type of development, which right Declarant hereby reserves; provided, however, that such use shall terminate five (5) years after recordation of this Declaration of Restrictions, or at such time as all lots located within the Project (including any Annexable Property) have been sold, whichever occurs earlier; provided, further, that no such use by Declarant or its sales agents or representatives shall unreasonably restrict the Owners in their use and enjoyment of the Association Property or the facilities thereon;

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

(i) Any limitations, restrictions or conditions affecting the use, enjoyment or maintenance of

Association Property imposed by Declarant or by the County or other governmental agency having jurisdiction to impose any such limitations, restrictions or conditions, including but not limited to, the rights of the County of such other governmental agency having jurisdiction to use their vehicles or appropriate equipment over those portions of the Association Property designated for vehicular movement to perform municipal functions or emergency or essential public services.

Section 3. Delegation of Use. Any Owner may delegate his right of use and enjoyment to the Association Property and recreational facilities to the Members of his family, his tenants who reside in the Project and to their guests.

Section 4. Easements for Utilities. The rights and duties of the Owners of Lots within the Project with respect to sanitary sewer, water, electricity, gas and telephone lines and other facilities shall be governed by the following:

(a) Each respective utility company shall maintain all utility facilities and connections on the Project owned by such utility company; provided, however, that if any company shall fail to do so, it shall be the obligation of the Association to maintain those facilities and connections;

(b) Whenever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project and it is necessary to gain access to said connections, cables and/or lines which lie in or upon a Lot in the Project

owned by someone other than the Owner of the Lot served by said connections, cables and/or lines, the Owner of the Lot served by said connections, cables and/or lines shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon the Lot or to have the utility companies enter upon the Lot and to repair, replace and generally maintain same whenever it shall be necessary to do so;

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

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

(e) Easements over the Project for the installation and maintenance of electric and telephone lines, water, gas, drainage and sanitary sewer connections and facilities, and television antenna cables and facilities, all as shown on the recorded map of the

Project and as may be hereafter required or needed to service the Project are hereby reserved by Declarant, together with the right to grant and transfer the same.

Section 5. Title to the Association Property. The Declarant hereby covenants for itself and its successors and assigns that it will convey title to the Association Property in the Project to the Association, free and clear of all encumbrances and liens, except assessments and other property rights therein which are of record or created in this Declaration of Restrictions and current real property taxes, which taxes shall be prorated to the date of transfer. Said conveyance shall be made to the Association prior to or concurrently with the first conveyance of a Lot in each Phase of the Project. Upon such conveyance, control of the Association Property in that Phase of the Project, shall be turned over to the Association for purposes of maintenance concurrently with the first closing of a sale of a Lot, the bond securing lien-free completion of said Association Property within that Phase shall be exonerated and released by the Association, as obligee, if a Notice of Completion, or its equivalent, has been filed for record by the Declarant.

Section 6. Easements for Drainage. There are hereby created over each Lot in the Project, easements for drainage according to the patterns for drainage created by the approved grading plans for the Project, as well as according to the actual, natural and existing patterns for drainage. Each Owner covenants and agrees that he shall not obstruct or otherwise interfere with said drainage patterns of waters from adjacent Lots in the Project over his Lot, or in the alternative, that in the event it is

necessary and essential to alter said drainage pattern for the protection and use of his lot, he will make adequate provision for proper drainage.

Section 7. Side Yard Easements. This is hereby reserved to Declarant, its successors and assigns, together with the right to grant and transfer the same, side yard easements as shown on Exhibit "A" attached hereto and incorporated herein by this reference. The lot on which the three-foot (3') wide side yard easement is located shall be referred to as the "Servient Tenement" and the adjacent lot for the benefit of which such easement exists shall be referred to as the "Dominant Tenement." Said side yard easements shall be appurtenant to the Dominant Tenement and shall burden the Servient Tenements and generally be for the purposes of landscaping, drainage, the establishment of a general recreational or garden area and purposes related thereto, subject to the following provisions:

(a) The Owner of the Servient Tenement shall have the right at all reasonable times to enter upon the easement area, including the right to cross over the Dominant Tenement for such entry, in order to perform work related to the use and maintenance of the Servient Tenement;

(b) The Servient Tenement shall have the right of drainage over, across and upon the easement area for water draining from any dwelling or structure upon the Servient Tenement so long as such drainage does not interfere with the intended use of the easement area, the right to maintain eaves and appurtenances



thereto and the portions of any Residential Structure upon the Servient Tenement as originally constructed or as constructed pursuant to the article hereof entitled "Architectural Control-Approval;"

(c) The Owner of the Dominant Tenement shall not attach any nails, screws, bolts or other object to a wall or Residential Structure belonging to the Servient Tenement, disturb the grading of the easement area, erect or maintain any structure or object which may impede or interfere with any necessary maintenance, repairs or restoration of a wall or Residential Structure belonging to the Servient Tenement or otherwise act with respect to the easement area in any manner which would damage the Servient Tenement;

(d) In exercising the right of entry upon the easement area as provided for above, the Owner of the Servient Tenement agrees to utilize reasonable care not to damage any landscaping or other items existing in the easement area; provided, however, the Owner of the Servient Tenement shall not be responsible for damage to such landscaping or other items to the extent such damage cannot be reasonably avoided in connection with each entry upon the easement area for authorized purposes;

(e) Except for roof drainage as hereinabove provided, the Owner of a Servient Tenement shall not have the right to concentrate drainage from the Servient Tenement in, under, through or across the easement area

except through drainage devices installed by Declarant in the original construction of the Residential Structures or unless the prior written approval of the Owner of the Dominant Tenement is obtained in a written instrument recorded in the Office of the County Recorder of the County. The Owner of the Servient Tenement shall have a right of entry upon the easement area for the installation (if applicable), maintenance and repair of the drainage systems permitted by the foregoing, providing that any damage caused thereby to the landscaping or other items existing in the easement area will be repaired at the sole expense of the Owner of the Servient Tenement as soon as reasonably possible following the completion of such installation, maintenance or repair; and

(f) The Owner of the Servient Tenement shall have the right, without the prior written approval of the Owner of the dominant Tenement, to utilize the easement area for the installation, repair and maintenance of underground drainage and utility systems provided that (1) such facilities and systems are limited to that which is necessary to service pools, spas, fountains, or similar improvements constructed on the Servient Tenement, (2) such facilities and systems do not unreasonably restrict the intended use and enjoyment of the easement area, and (3) any damage to landscaping or other items existing in the easement area caused thereby shall be repaired at the sole expense of the Owner at

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the Servient Tenement and shall be accomplished as soon as reasonably possible following the completion of any such installation, repair or maintenance; and

(g) In the event of any dispute arising concerning the rights and obligations created by this Section, the Owner of the Servient Tenement and the Owner of the Dominant Tenement shall choose one (1) arbitrator, and such arbitrators shall choose one (1) additional arbitrator, and the decision of a majority of all the arbitrators shall be binding upon such Owners.

(h) Some Servient Tenements contain Residential Structures that have a firebox which encroaches upon the three-foot (3') side yard easement. In addition, all Servient Tenements contain Residential Structures which have overhanging eaves which encroach upon the side yard easement. The Servient Tenement shall have the right of such encroachments and the Owner of the Servient Tenement shall have the right at all reasonable times to enter upon the easement area in order to perform work related to the maintenance of either the encroaching firebox or overhanging eave. The Owner of the Servient Tenement agrees to utilize reasonable care not to damage any landscaping or other items existing in the easement area.

ARTICLE III
USE RESTRICTIONS

The Lots and Association Property shall be occupied and used only as follows:

Section 1. Each Lot shall be used as a private single-family residence and for no other purpose except such temporary

uses as shall be permitted by Declarant while the Project is being developed and Lots are being sold by Declarant; provided, however, that Declarant reserves the right for a period of five (5) years from recordation hereof or until all Lots in the Project (including any Lots located on Annexable Property) are sold (and encumbrances closed), whichever shall first occur, to carry on normal sales activity on the Project, including the operation of models and a sales office and unassigned parking spaces. The Declarant in exercising its rights under this Article shall not unreasonably interfere with the use of the Association Property by any Owner.

Section 2. Use of the Association Property shall be subject to the provisions of this Declaration and to any additional limitations imposed by the Association.

Section 3. Nothing shall be done or kept upon any Lot or in or upon any portion of the Association Property which will increase the rate of insurance on the Association Property without the approval of the Association. No Owner shall permit anything to be done or kept on his Lot or in or upon any portion of the Association Property which will result in the cancellation of insurance on the Association Property or which would be in violation of any law. If, by reason of the occupancy or use of said premises by the Owner, the rate of insurance on the Association Property shall be increased, the Owner shall become personally liable for the additional insurance premiums.

Section 4. No sign of any kind shall be displayed to the public view on or from any Lot or any Association Property without the approval of the Association, except such signs as may be used by Declarant for a period of time not to exceed five (5) years

from recordation hereof in connection with the development of the Project and sale of Lots, and except one (1) "For Sale" or "For Lease" sign on any Lot; provided, however, that all signs permitted under this section shall conform with the County's sign ordinance. Nothing herein contained shall prohibit or restrict, in any way, Declarant's right to construct such promotional signs or other sales aids on or about the portions of the premises which it shall deem reasonably necessary in conjunction with its sales program for a period not to exceed five (5) years from the recordation hereof.

Section 5. No animals of any kind shall be raised, bred, or kept on any Lot, and/or the Association Property, except that any Owner may keep dogs, cats, or other common domesticated household pets on his Lot subject to any contrary rules and regulations which may be enacted by the Association; provided, however, that no animal shall be kept, bred or maintained for any commercial purpose. Any person taking a pet onto the Association Property shall keep his pet on a leash at all times and shall be responsible for removing any excrement or unclean condition caused by his pet.

Section 6. No Owner shall permit or suffer anything to be done or kept upon his Lot which will obstruct or interfere with the rights of quiet enjoyment of the other Owners, or annoy them by unreasonable noises or otherwise, nor will any Owner commit or permit any nuisance on the premises or commit or suffer any immoral or illegal act to be committed thereon. Each Owner shall comply with all of the requirements of the Board of Health and of all governmental authorities with respect to the said premises,

and shall remove all weeds, rubbish, trash and garbage from his Lot. All clotheslines, refuse containers, woodpiles, storage boxes, tool and equipment shall be prohibited on any lot unless obscured from view by a fence or appropriate screen approved by the Architectural Control Committee provided for hereinbelow.

Section 7. Nothing shall be done on any lot or in, on or to any building in or upon the Association Property which would structurally change any buildings, except as is otherwise provided and permitted herein.

Section 8. There shall be no construction, alteration or removal of any Improvement in the Project (other than those repairs or rebuilding permitted under the Article entitled "Damage or Destruction to the Association Property") without the approval of the Architectural Control Committee as set forth hereinbelow. No Improvement shall be constructed upon any portion of the Association Property other than such Improvements as shall be constructed by (a) by the Declarant (or a person or entity to whom Declarant assigns its rights as developer), or (b) by the Association as provided herein.

Section 9. No professional, commercial or industrial operations of any kind shall be conducted upon any Lot or the Association Property except such temporary operations as may be approved by a majority of a quorum of the Association, and such temporary uses as shall be permitted by Declarant while the Project is being constructed and lots are being sold by the Declarant.

Section 10. Except as otherwise permitted by the Association, no vehicles other than automobiles and other passenger vehicles, including bicycles, tricycles, golf carts and station

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wagons, shall be parked or stored on any portion of the Association Property. The foregoing proscription shall not include vans and camper trucks up to and including one (1) ton when used for everyday type transportation.

No Owner shall conduct major repairs or major restorations of any motor vehicle of any kind whatsoever on his lot or upon the Association Property, except for emergency repairs thereto and then only to the extent necessary to enable movement thereof to a proper repair facility. Should an Owner's vehicle become inoperative for any reason, such Owner shall not park his vehicle in a location which will impede vehicular or pedestrian traffic or block parking spaces. All vehicles shall be parked in compliance with applicable County ordinances. No Owner shall block or otherwise impede access, ingress or egress along the driveways or private streets, including, but not limited to, parking in unauthorized locations or blocking spaces or fire hydrants. The Association Property is hereby made subject to all State laws and County ordinances pertaining to the control of vehicular traffic, and the County through its authorized agents, is hereby given the authority to enter upon the Association Property and enforce such laws and ordinances.

Section 11. Without in any way limiting the obligations of the Owners as elsewhere herein described, the Association or agency representing Association, shall have the right, and shall be obligated to, enforce all parking restrictions herein set forth and to remove any vehicles in violation thereof in accordance with the provisions of Section 22658 of the California Vehicle Code, or other applicable laws, codes and statutes. If, for any reason, the

Owners shall fail to enforce said parking restrictions, the County shall have the right, but not the duty, to enforce said parking restrictions in accordance with the California Vehicle Code and all other applicable laws, codes, statutes and local ordinances.

Section 12. All Owners shall be Members of the Association and shall comply with the terms and conditions as set forth herein and in the Articles of Incorporation and the By-Laws and any rule or regulation of the Association. No Owner shall transfer any membership or interest in the Association, except upon the transfer of the Lot to which it is appurtenant.

Section 13. Lot Maintenance. All Lots and Residential Structures located thereon shall, at all times, be maintained in a neat, clean, orderly, safe, sanitary and attractive manner so as to prevent their becoming unsightly. In the event any such Lot or Structure is not so maintained, the Association shall have the right, but not the obligation, through its agents and employees, to enter thereon for the purpose of maintaining, restoring or repairing same, the cost of which shall be charged against the owner of the Lot.

Section 14. Completion of Project. Declarant will undertake to develop and improve all of the Lots within the Project. The completion of said improvements and the sale, rental or other conveyance of the Lots is essential to the establishment of the Project as a residential community. In order that the Project be completed and established as a fully occupied residential community, nothing in this Declaration shall be understood or constructed to:

(a) Prevent Declarant from taking any action which it alone shall determine to be reasonable, necessary or advisable to complete the Project;

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

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

(d) Prevent Declarant from maintaining such sign or signs on any of the Lots in the Project owned or controlled by Declarant for a period of time not to exceed ten (10) years from recordation hereof, as may be necessary to promote the sale, lease or other conveyance of said Lots.

Section 15. No Owner shall install or cause to be installed any TV or radio antenna or other similar electronic receiving or broadcasting device on any portion of any Lot, the exterior of any Improvement on the Lot, or upon the Association Property.

Section 16. No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any portion of the Project, nor shall oil

wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any portion of the Project or within five hundred (500) feet below the surface thereof. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any portion of the Project.

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

Section 18. Development Control. Without limiting the generality of the preceding Section, nothing in this Article or elsewhere in this Declaration shall limit the right of Declarant to complete construction of the Project, to alter same, or to construct such additional improvements as Declarant deems advisable prior to completion and sale of the entire Project. The Declarant may assign any or all of its rights under this Declaration to any successor to all or any part of Declarant's interest in the Project, as developer, by an express assignment incorporated in a recorded deed transferring such interest to such successor.

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Section 19. Senior Citizen Age Restrictions. This Project is a senior citizen housing development imposing an age restriction pursuant to California Civil Code Section 51.3. In accordance with provisions of Civil Code Section 51.3, at least one person not less than 55 years of age must reside in the Residential Structure and each other resident, if any, except the spouse or cohabitant of, or a person who resides with and provides primary physical or economic support to the senior citizen (i.e., the person(s) 55 years of age or older), shall be at least 45 years of age. A person other than the spouse, cohabitant, or primary provider of the senior citizen, who is less than 45 years of age, may temporarily reside in the Residential Structure for no more than sixty (60) days in any calendar year. This Section is intended to reflect herein and fully comply with California Civil Code Section 51.3 and this Declaration is subject to the limitations imposed by California Civil Code Section 51.3.

ARTICLE IV
OWNERS' ASSOCIATION

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Section 1. Membership. Every person or entity who or which is an Owner as defined in Article I hereof, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a lot in the Project merely as security for the performance of an obligation.

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

Class A. Class A Members shall be all Owners with the exception of the Declarant, and shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be Members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any lot.

Class B. The Class B Member shall be the Declarant, and shall be entitled to three (3) votes for each lot owned in the Project upon which Declarant is then paying the appropriate monthly assessments provided for hereinbelow. The Class B Membership shall cease and be converted to Class A Membership upon the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B Membership;

(b) The second anniversary of the original issuance of the most recently issued Public Report for a phase of the Project; or

(c) On the fourth anniversary of the original issuance of the Final Subdivision Public Report for the first Phase of the Project.

Section 3. Vesting of Voting Rights. The voting rights attributed to any given Lot in the Project as provided for herein shall not vest until the assessments provided for hereinbelow have been levied by the Association as against said Lots.

Section 4. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way except as incidental to the sale of such Lot. In the event of such sale, the Association membership may only be transferred, pledged or alienated to a bona fide purchaser of the Lot or to the mortgagee (or third-party purchaser) of such Lot upon a foreclosure sale. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association.

ARTICLE V

POWERS AND DUTIES OF ASSOCIATION

Section 1. The Association is hereby designated as the management body of the Project. The Members of the Association

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

Section 2. The Association shall have the right and power to do all things necessary for the management and operation of the Project. Subject to the provisions of the Articles of Incorporation, the By-Laws of the Association and this Declaration, the powers of the Association shall include, but shall not necessarily be limited to, the specific acts enumerated in Section 3 below.

Section 3. The Association shall possess, perform and execute the following powers and duties:

(a) Provide water, sewer, gas, electricity, garbage and trash collection, and other necessary utility services for the Association Property and for the lots if such services are not separately metered or offered.

(b) Provide policies of insurance as more particularly set forth in the Article hereinbelow entitled "Insurance."

(c) Paint and repair all portions of the Association Property and maintain in a neat, clean, safe, attractive, sanitary and orderly condition all of the Association Property. In the event any Lot Owner fails to maintain his respective lot in a neat, clean,

safe, attractive, sanitary and orderly condition, the Association shall have the right, but not the duty, to maintain same, and if the Association shall maintain same it shall levy a Special Assessment for the cost of such maintenance against the Lot Owner. In the event any maintenance or repairs to the Association Property are required due to the willful or negligent acts or omissions of an Owner or Owners, the Association shall levy the cost of such repair and painting as a Special Assessment against the responsible Owner(s).

(d) In addition to all other provisions set forth herein respecting the maintenance of the Association Property, maintain all storm drains, sanitary sewers, drains, walkways, exterior lighting facilities, utilities, recreational areas and open spaces within or serving the Association Property in a condition comparable to the condition initially approved by the County.

(a) Pay all real and personal property taxes and assessments which the Association is required to pay for pursuant to the terms and provisions of this Declaration or By-Law, unless separately assessed to Owners; provided, however, that it shall be the obligation of each Owner to pay his respective share of the tax assessment levied on the Project prior to separate assessments by the Tax Assessor pursuant to the California Revenue and Taxation Code Section 2188.6.

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

(g) Cause financial information for the Association to be regularly prepared and distributed to all Members regardless of the number of Members or the amount of assets of the Association:

(1) A budget for each fiscal year consisting of at least the following information shall be distributed not less than forty-five (45) days before the beginning of the fiscal year.

(A) Estimated revenue and expenses on an accrual basis.

(B) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.

(C) An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the Association Property and facilities for which the Association is responsible.

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(D) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Association Property and facilities for which the Association is responsible.

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

(3) A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(A) A balance sheet as of the of the Association's fiscal year;

(B) An operating (income) statement for the fiscal year;

(C) A statement of changes in financial position for the fiscal year;

(D) For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy.

(h) If the report referred to in (g) (3) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

(i) In addition to financial statements, the governing body shall annually distribute within 60 days prior to the beginning of the fiscal year a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Annual and Special Assessments including the recording and foreclosing of liens against Members' subdivisions interests.

(j) Assume and pay out of the assessments provided for hereinbelow all costs and expenses incurred

by the Association in connection with the performance and execution of all of the aforesaid powers and duties, and any other powers and duties which the Association may assume as provided for in Section 4 hereinbelow.

(k) Formulate rules and regulations for the operation of the Association Property and enforce all applicable provisions of this Declaration, the Articles of Incorporation, By-Laws and such rules and regulations of the Association and of all other documents pertaining to the ownership, use, management and control of the Project.

Section 4. The Association, acting at its option and by and through its Board of Directors, may assume, perform and execute the following powers and duties:

(a) Retain the services of a manager for the Project and provide such other personnel as the Association deems necessary and proper to assist in the operation of the Association and/or management of the Association Property regardless of whether such other personnel are employed directly by the Association or otherwise;

(b) Remove or replace any Improvement that extends into the Association Property under authority of an easement when access to a utility line underneath such Improvement is requested by any utility company; provided, however, that the cost shall be assessed against the Owner of the lot involved as a Special Assessment if said Owner caused the Improvement to be so

placed in the Association Property without legal right to do so;

(c) Incur any liability or pay any costs or expenses for a single Lot or Owner thereof; provided, however, that in the event the Association does incur any such liability or pay any such costs or expenses, the amount thereof shall be levied as a Special Assessment to the Owner of such Lot; provided further, however, that nothing herein shall permit the Association to assess the Owners for any new Improvements to the Association Property except as otherwise provided in this Declaration; and

(d) Subject to the limitations set forth in this Article contract for any other material, supplies, furniture, labor, services, maintenance, repairs, structural alterations or insurance, or pay any taxes or assessments which in the opinion of the Board of Directors shall be necessary or proper for the operation of the Association Property for the benefit of the Owners or for the enforcement of this Declaration.

Section 5. Notwithstanding the Association's duty to maintain the Association Property, in the event any maintenance, repairs or replacements of any elements of the Association Property becomes necessary due to the willful or negligent acts or omissions of any Owner, his family, guests or invitees, after prior notice and hearing, the Board shall assess the cost of such maintenance, repairs or replacement as a Special Assessment against such Owner.

Section 6. Subject to the provisions set forth in Section 10 hereof, no contract entered into by the Association or the Board of Directors acting for and on behalf of the Association may run for a term longer than one (1) year, except with the vote or written assent as set forth below:

(a) The vote or written assent of a bare majority of the Class B voting power as well as the vote or written assent of a prescribed majority of the Class A voting power.

(b) After the conversion of Class B to Class A shares, the vote or written assent of a bare majority of the total voting power of the Association as well as the vote or written assent of a prescribed majority of the total voting power of the Owners other than the Declarant.

Section 7. In the event that the Association shall delegate any or all of its duties, powers or functions to any person, corporation or firm to act as Manager, neither the Association nor the members of its Board of Directors shall be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

Section 8. The Association, any person authorized by the Association, or any Owner may enter upon any Lot in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owner as is practicable, and in the event that any damage shall be proximately caused by result from said entry, the Association shall repair the same at its expense.

Section 9. The Association, or any person authorized by the Association, shall have the right to enter, upon reasonable notice, any Lot to effect necessary repairs which the Owner has failed to perform or which are necessary in connection with the repairs or maintenance to the Association Property or on an adjoining Lot.

Section 10. The Board of Directors of the Association shall be prohibited from taking any of the following actions except with (i) the vote or written assent of a bare majority of the Class B voting power as well as the vote or written assent of a prescribed majority of the Class A voting power; (ii) after the conversion of Class B to Class A shares, the vote or written assent of a bare majority of the total voting power of the Association as well as the vote or written assent of a prescribed majority of the total voting power of Owners other than the Declarant:

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

(1) 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

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

(b) Incurring aggregate expenditures for capital improvements to the Association Property in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(c) Selling 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;

(d) Paying compensation to Directors or to officers of the Association's business, provided, however, that the Board of Directors may cause a Member or Officer to be reimbursed for expenses incurred in carrying on the business of the Association; or

(e) Filling of a vacancy on the Board of Directors by the removal of a Director.

Section 11. The Association is authorized and empowered to grant such licenses, easements and rights-of-way for sewer lines, water lines, underground conduits, storm drains and other public utility purposes over those portions of the Association Property upon which no Improvement has been erected as may be necessary for the orderly maintenance, preservation and enjoyment of the Association Property or for the preservation of the health,

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

Section 12. Except as otherwise provided in this Declaration, the Association may construct new Improvements or additions to the Association Property of the Project or demolish existing Improvements, provided that in the case of any Improvement, addition, or demolition involving a total expenditure in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, the maximum total cost therefore must be approved by the following vote: (i) the vote or written assent of a bare majority of the Class B voting power as well as the vote or written assent of a prescribed majority of the Class A voting power; (ii) after the conversion of Class B to Class A shares, the vote or written assent of a bare majority of the total voting power of the Association as well as the vote or written assent of a prescribed majority of the total voting power of Owners other than the Declarant. Provided that no Lot or Residential Structure thereon shall be altered or damaged by any such demolition or construction without the consent of the Owner thereof. The Association shall levy a Special Assessment on all Owners in the Project for the cost of such work.

ARTICLE VI
ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessment. The Declarant, for each Lot owned within the Project, hereby covenants, and each Owner of any Lot by acceptance of deed therefor, whether or not it shall be so expressed in such deed, is deemed to consent and agree to pay to the Association: (1) regular Annual Assessments or charges, and (2) Special Assessments for any action or undertaking on behalf of the Association, including but not limited to capital improvements, such assessments to be established and collected as hereinbelow provided. The Annual and Special Assessments, together with interest, costs and reasonable attorney's fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. All delinquent assessments shall be collected by the Association in accordance with the provisions set forth in the Article herein entitled "Effect of Nonpayment of Assessments: Remedies of the Association." The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Annual Assessments: Levy and Collection. The Annual Assessments levied by the Association shall

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be used exclusively to promote the health, safety and welfare of the residents in the Project and to maintain and improve the Association Property. The Association, by and through its Board of Directors, shall levy and collect assessments from the Owner of each lot in the Project in an amount sufficient to cover all of the Common Expenses incurred by the Association in connection with the performance and execution of its powers and duties set forth in this Declaration, the By-Laws and the Articles of Incorporation. Annual Assessments shall be collected on a monthly installment basis.

Section 3. Annual Assessments - Basis. Each Lot shall share in the Common Expenses of the Association Property on an equal basis. The Annual Assessments shall be adjusted upon the annexation of additional property to the Project, as shown in the Declaration of Annexation to be recorded pursuant to the Article herein entitled "Annexation of Additional Property." Until January 1 of the year immediately following the conveyance of the first Lot in the Project to an Owner, the maximum monthly assessment under this Article shall be that amount shown on the Association budget.

From and after January 1, of the year immediately following the conveyance of the first Lot in the first Phase of the Project to an Owner, the maximum Annual Assessment may not be increased by more than ten percent (10%) above the maximum assessment for the previous year without the following vote: (i) the vote or written assent of a bare majority of the Class B voting power as well as the vote or written assent of a prescribed majority of the Class A voting power; (ii) after the conversion of

Class B to Class A shares, the vote or written assent of a bare majority of the total voting power of the Association as well as the vote or written assent of a prescribed majority of the total voting power of Owners other than the Declarant.

Section 4. Special Assessments for Capital Improvements.

(a) In any fiscal year, the Board of Directors may not levy Special Assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year without the following votes: (i) the vote or written assent of a bare majority of the Class B voting power as well as the vote or written assent of a prescribed majority of the Class A voting power; (ii) after the conversion of Class B to Class A shares, the vote or written assent of a bare majority of the total voting power of the Association as well as the vote or written assent of a prescribed majority of the total voting power of Owners other than the Declarant. Except as provided in subsections (b) and (c) below, every Special Assessment shall be levied upon the same basis as that prescribed for the levying of regular Annual Assessments.

(b) The provisions of this Section shall not be applicable in the case where the Special Assessment against an Owner is utilized by the Board of Directors to reimburse the Association for costs incurred in bringing the Owner and/or his Lot into compliance with

the Articles of Incorporation, By-Laws, Declaration of Restrictions or the rules and regulations of the Association.

Section 5. Date of Commencement of Annual Assessments:

Due Dates. The Annual Assessments provided for herein shall commence as to all lots within the first Phase of the Project on the first day of the month following the first closing of escrow of a sale of a lot to a bona fide purchaser. The Assessments as to lots in subsequent phases of the Project shall commence with respect to all lots within a particular Phase on the first day of the month following the conveyance of the first lot in said Phase to a bona fide purchaser. The first Annual Assessments shall be adjusted according to the number of months remaining in the fiscal year as set forth in the By-Laws. The Board of Directors shall fix the amount of the Annual Assessment against each lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto at least thirty (30) days in advance of each assessment period. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the assessments on a specified lot have been paid, such certificate shall be conclusive evidence of such payment.

Section 6. Waiver Prohibited. No Owner may waive or otherwise avoid liability for the assessments provided for herein for any reason whatsoever, including, but not limited to non-use of the Association Property or abandonment of his lot.

Section 7. Offsets. All assessments shall be payable in the amount specified in the assessment levied by the Association or the Declarant and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties of maintenance or enforcement.

Section 8. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments herein:

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

(b) All property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of California;

(c) All property owned by any public authority; and

(d) All Association Property.

Notwithstanding any provision in this Section, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VII

EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION

Section 1. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall be deemed delinquent and shall

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bear interest from the due date at ten percent (10%) per annum. The Association may commence legal action against the Owner personally obligated to pay the same, or foreclose the lien described hereinbelow by a power of sale or other nonjudicial procedure provided for by the laws of the State of California, except that an Assessment levied by the Association as a monetary penalty may not be characterized not treated as an assessment which may become a lien against the Owner's lot enforceable by a power of sale or other nonjudicial procedure provided for by the laws of the State of California.

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

Section 3. Foreclosure Sale. Any foreclosure sale provided for above is to be conducted by the Board of Directors, its attorney or other persons authorized by the Board in accordance with the provisions of Sections 2924 et seq., of the California

Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on the lot at a foreclosure sale, and to acquire, hold, lease, mortgage and convey the same.

Section 4. Curing of Default. Upon the timely curing of any default for which a notice of claim or lien was filed by the Association, the officers thereof are hereby authorized to file or record, as the case may be, an appropriate release of such notice upon payment of the defaulting Twenty-Five and NO/100 Dollars (\$25.00), to cover the costs of preparing and filing or recording such release.

Section 5. Cumulative Remedies. The Association's remedies for nonpayment of assessments, including, but not limited to, an action to recover a money judgment, late charges, assessment lien and right of foreclosure and sale, are cumulative and in addition to and not in substitution of any other rights and remedies which the Association and its assigns may have hereunder or at law.

Section 6. Nonpayment of Special Assessments. The Association cannot be empowered to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his lot on account of the failure by the Owner to comply with provisions herein, or the provisions of the By-Laws, or of duly-enacted rules of operation for Association Property and facilities except by judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay assessments duly levied by the Association.

Section 7. Special Assessment as Monetary Penalty. A monetary penalty imposed by the Association as a disciplinary measure for failure of an Owner to comply with the governing instruments of the Association or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Association Property and Improvements for which the Owner was allegedly responsible or in bringing the Owner and his Lot into compliance with said governing instruments of the Association may not be characterized nor treated as a Special Assessment which may become a lien against the Owner's Lot enforceable by a power of sale or other nonjudicial procedure provided for by the laws of the State of California.

Section 8. The provisions of Section 7 above, do not apply to charges imposed against an Owner consisting of reasonable late payment penalties for delinquent assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorney's fees) in its efforts to collect delinquent assessments.

Section 9. Capital Contributions to the Association. Upon acquisition of record title to a Lot from Declarant, each Owner of a Lot in Phase I shall contribute to the capital of the Association an amount equal to two (2) monthly payments of the then Annual Assessment for that Lot as determined by the Board. This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed therefrom to the Association.

ARTICLE VIII

ARCHITECTURAL CONTROL - APPROVAL

Article 1. Architectural Control. Except for the purposes of proper maintenance and repair and except as provided in Section 3 hereinafter, no person, persons, entity or entities shall install, erect,



attach, apply, paste, hinge, screw, nail, build or construct any Improvement, including, without limitation, solar heating panels, lighting shades, screens, awnings, balcony covers, or other enclosures, decorations, fences, aerals, antennas, radio or television broadcasting or receiving devices, air conditioning units or changes or other alterations to the exterior of any Residential Structure, including the roof of said Residential Structure. For the purposes of this provision, the term "exterior" shall mean any outside wall, outside surface, roof, outside door, patio, or garage, or other outside structure of said Residential Structure which is visible to others in the Project and/or to the public.

Section 2. Present Construction Exempt. Notwithstanding the provisions of Section 1, Declarant need not seek approval for, and the Architectural Control Committee shall have no authority over, Declarant's development and construction activities until the close of escrow for the sale of the last Lot (including Lots located on any Annexable Property) in the Project by Declarant pursuant to a final Subdivision Public Report(s) as issued by the California Department of Real Estate.

Section 3. Architectural Approval. No action described in Section 1 above may be taken by Owner or caused by an Owner to be taken until all requirements which may be imposed by the City have been satisfied and the plans and specifications showing the nature, kind, color, shape, dimensions, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and to topography by the Architectural Control Committee or its designated representatives. If such committee or its designated representatives fail to approve or

disapprove such design and location in writing within thirty (30) days after said plans and specifications have been submitted to it, approval by said Committee will not be required.

49673 Section 4. Architectural Control Committee. The Architectural Control Committee is hereby authorized with the rights and powers set forth in this Article. Said Committee shall consist of three (3) members and each member shall serve for a term of one (1) year. In the event of the failure or inability of any member of the Committee to act, the remaining members shall designate a successor who shall serve for the remainder of the term of the member he replaces. The Declarant shall appoint all of the original members of the Committee and all replacements thereto until the first anniversary of the issuance of the Final Public Report for the first Phase of the Project, and further, Declarant reserves the power to appoint a majority of the members of the Committee until ninety percent (90%) of all Lots in the Project have been sold (and escrows closed) or until the fifth (5th) anniversary of the issuance of the Final Public Report for the first Phase of the Project, whichever first occurs. After one (1) year from the date of the issuance of the original Final Public Report for the first Phase of the Project, the Board of Directors shall have the power to appoint one (1) member to the Architectural Control Committee until ninety percent (90%) of all Lots in the Project have been sold or until the fifth (5th) anniversary date of the issuance of the Final Public Report for the First Phase of the Project, whichever first occurs. Thereafter the Board of Directors shall have the power to appoint all of the members of the Architectural Control Committee. All members appointed to the

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Architectural Control Committee by the Board of Directors shall be from the membership of the Association. Members appointed to the Committee by the Declarant, however, need not be members of the Association. No member of the Committee shall be liable to any person for his decisions or failure to act in making decisions as a member of the Committee. Declarant may, in its discretion and at any time, assign to the Association by written assignment its powers of removal and appointment with respect to the Committee, subject to such terms and conditions regarding the exercise thereof as Declarant may impose.

Section 5. Rules and Regulations. The Board of Directors or the Architectural Control Committee may, from time to time, adopt, amend and repeal reasonable rules and regulations, interpreting and implementing the provisions hereof and establishing reasonable architectural standards for the Project.

Section 6. Variances. Where circumstances such as topography, location of buildings, location of landscaping or other matters require it, the Board of Directors or the Architectural Control Committee, by the vote or written consent of a majority of the members thereof, may allow reasonable variances as to any of the covenants contained in this Declaration on such terms and conditions as it shall require; provided, however, that all such variances shall be in keeping with the general plan for the improvement of the Project.

Section 7. Delegation of Responsibilities. The Board of Directors or the Architectural Control Committee may, by a majority of the members thereof, delegate any of its rights or responsibilities hereunder to one or more duly-licensed architects

who shall have full authority to act on behalf of the Board of Directors or its appointed Architectural Control Committee on all matters delegated.

Section B. Inspection. Upon consent of the Owner, which consent shall not be unreasonably withheld, any member or agent of the Board of Directors or the Architectural Control Committee appointed by the Board, may, from time to time at any reasonable hour and upon reasonable notice, enter and inspect any property subject to the jurisdiction of the Board of Directors or its appointed Architectural Control Committee as to its improvement or maintenance in compliance with the provisions hereof. Such entry shall be made with as little inconvenience to the Owner as reasonably possible and any damage caused thereby shall be repaired by the Association.

ARTICLE IX MORTGAGEE PROTECTION

Section 1. Notwithstanding any other provisions in this Declaration to the contrary, in order to induce the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Government National Mortgage Association (GNMA), and other lenders and investors to participate in the financing of the sale of Lots in the Project, the following provisions contained within this Article are added hereto, and to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control. The Declaration, the Articles of Incorporation and the By-Laws for the

Association are hereinafter collectively referred to in this Article as the "constituent documents."

49673 (a) The right of an Owner to sell, transfer or otherwise convey his Lot shall not be subject to any right of first refusal or any similar restriction in favor of the Association.

(b) The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage as hereafter recorded upon any Lot. The sale or transfer of any Lot shall not affect the assessment lien; however, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage or pursuant to any remedies provided for in the Mortgage shall extinguish the lien of such assessments as to payments which became due prior thereto. No sale or transfer shall relieve such Lot from liability for assessments due thereafter. Any first Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, or any purchaser at a foreclosure sale of a first Mortgage will not be liable for any unpaid assessments or charges which accrue prior to the acquisition of title to such Lot by the Mortgagee (except for claims for a share of such assessments or charges resulting from a reallocation of such assessments or charges to all Lots including the mortgaged Lot).

(c) Except as provided by statute in case of condemnation or substantial loss to the Lots and/or

Association Property of the Project, unless seventy-five percent (75%) of the first Mortgagees (based upon one vote for each first Mortgage owned) and seventy-five percent (75%) of the Owners other than Declarant have given their prior written approval, the Association shall not be entitled to:

(1) By act or omission, seek to abandon or terminate the Project;

(2) Record or file any material amendment to the constituent documents, which would change the pro rata interest or obligations of any Lot for purposes of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Lot in the Association Property;

(3) Partition or subdivide any Lot except as provided in the Article herein entitled "Covenant Against Partition;" provided, however, that no Lot may be partitioned or subdivided without the prior written approval of the first Mortgagee for such Lot;

(4) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any or all of the Association Property. The granting of easements for public

(5) Use hazard insurance proceeds for losses to the Project (whether to Lote or to Association Property) for other than repair, replacement or reconstruction; or

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

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

(e) No provision of the constituent documents shall be interpreted to give the Owner of a Lot, or any other party, priority over any rights of the first Mortgagee of the Lot pursuant to its Mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Lots and/or the Association Property.

(f) The assessments provided for in the constituent documents shall include an adequate reserve fund for maintenance, repairs and replacement of those

elements of the Association Property that must be replaced on a periodic basis, and shall be payable in regular installments rather than by Special Assessments.

(g) A first Mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by an individual Owner of any obligation under the constituent documents which is not cured within sixty (60) days.

(h) Any agreement for professional management of the Project, or any contract providing for services of the Declarant, or any contract providing for services of the Declarant, may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on thirty (30) days' written notice.

(i) In the event of substantial damage to or destruction of any Lot or any part of the Association Property, the first Mortgagee for such Lot will be entitled to timely written notice of any such damage or destruction.

(j) A first Mortgagee of a Lot in the Project will, upon request, be entitled to (a) examine the books and records of the Association during normal business hours; (2) receive an annual audited financial statement of the Project within ninety (90) days following the end of any fiscal year of the Project, if such statement has

been prepared for the Association; and (3) receive written notice of all meetings of the Association; (3) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

(k) Each Owner shall notify the Association in writing within ten (10) days after the close of escrow for the purchase of his Lot of the name and address of his first Mortgagee, and thereafter each Owner shall promptly notify the Association of any changes of name or address for his first Mortgagee.

(l) If any Lot (or portion thereof) or the Association Property (or any portion thereof) is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first Mortgage on such Lot will be entitled to timely written notice of any such proceeding or proposed acquisition.

(m) In the event any portion of the Association Property encroaches upon any Lot or any Lot encroaches upon the Association Property or another Lot as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the Project, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

Section 2. No breach of any of the foregoing covenants shall cause any forfeiture of title or reversion or bestow any right of re-entry whatsoever, but in the event that any one or more of these covenants shall be violated, the Declarant, its successors and assigns, or the Association, or any Owner of a Lot in the Project, may commence a legal action in any court of competent jurisdiction to enjoin or abate said violation and/or to recover damages; provided, however, that any such violation shall not defeat or render invalid the lien of any Mortgage or deed of trust made in good faith and for value as to said Lot. Said covenants shall be binding upon and effective against any Owner of said Lot, or a portion thereof, whose title thereto is acquired by foreclosure, trustee sale or otherwise.

ARTICLE X

OBLIGATION TO MAINTAIN AND REPAIR

Section 1. Maintenance by Owner. Subject to the various provisions of this Declaration regarding maintenance of the Association Property by the Association and Architectural Control Committee approval, each Owner shall, at his sole cost and expense, maintain his Lot (and all Improvements thereon) keeping the same in neat, safe, attractive, sanitary and orderly condition and making all structural repairs as they may be required. Each Lot Owner shall also maintain his Residential Structure, including his roof, gutters and downspouts, in a neat, safe, attractive, sanitary and orderly condition, at his sole cost and expense. In the event any Owner shall fail to do maintain his Lot (and all Improvements

thereto) the Association shall have the right, but not the duty to do so, and if the Association, after satisfying the minimum requirements for notice and hearing to said Owner in accordance with Section 7341 of the Corporations Code, and acting at the discretion of the Board of Directors, does cause such maintenance work to be performed, the cost thereof shall be assessed against the responsible Lot Owner.

Section 2. Duty to Clear Debris. In the event any Residential Structure shall be destroyed or damaged by fire or other casualty and the Owner elects not to rebuild same, the Owner shall clear the Lot of all debris within a reasonable time as may be determined by the Board of Directors.

ARTICLE XI

INSURANCE

Section 1. Required Insurance Coverage. The Association, acting by and through the Board of Directors, shall obtain for the Association the following insurance coverages:

(a) A policy or policies of casualty and fire insurance with extended coverage endorsement for the full replacement value of the entire Project (without deduction for depreciation), including, without limitation, the Association Property, Lots and Residential Structures located thereon, but excluding the Owner's personal property. Said policies shall be maintained for the benefit of the Association, the Owners and their respective Mortgagees as their interests may appear.

(b) A policy or policies of full coverage public liability insurance (with cross-liability endorsement, if obtainable) insuring the Association, the Board of Directors, the Owners, the Declarant, and the agents and employees of each of the foregoing against any liability to the public or to any Owner, his family, invitees and/or tenants, arising from or incident to the ownership, occupation, use, maintenance and/or repair of the Association Property. The limits of liability under this Section shall be set by the Board of Directors and shall be reviewed at least annually by the Board of Directors and increased or decreased at the discretion of the Board; provided, however, that if the Federal Home Loan Mortgage Company (FHLMC) and/or the Federal National Mortgage Association (FNMA) participate in the financing of Lots in the Project, said limits shall not be less than the minimum limits required under the then current FHLMC and/or FNMA regulations.

(c) Workmen's compensation insurance to the extent necessary to comply with any applicable laws.

Section 2. Optional Insurance Coverage. The Association, acting at its option and by and through the Board of Directors, may purchase such other insurance as it may deem necessary or appropriate, including, but not limited to, fidelity bonds naming all persons signing checks or otherwise possessing fiscal responsibilities on behalf of the Association, officers' and Directors' errors and omissions insurance, earthquake insurance, flood insurance, and plate glass insurance; provided, however,

that if FHLMC and/or FNMA participate in the financing of Lots in the Project, the Board must obtain the aforesaid fidelity bond coverage, and such bonds shall name the Association as obligee and be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating expenses of the Project, including reserves.

Section 3. Review of Coverage. The Board of Directors shall annually determine whether the amounts and types of insurance coverage that it has obtained pursuant to this Article shall provide adequate coverage for the Project, based upon the then current construction costs, insurance practices in the area in which the Project is located, and all other factors which may indicate that either additional insurance coverage or increased coverage under existing policies is necessary or desirable to protect the interests of the Association, the Owners and their respective Mortgagees. If the Board of Directors determines that increased coverage or additional insurance is appropriate, it shall obtain same.

Section 4. Waiver by Owners. As to all policies of insurance maintained by the Association which will not be voided or impaired thereby, each Owner hereby waives and releases all claims against the Association, the Board of Directors, the Declarant, and the agents and employees of each of the foregoing and all other Owners, with respect to any loss covered by such insurance, whether or not caused by the negligence of, or breach of, any agreement by said persons, but only to the extent of the insurance proceeds received in compensation for such loss.

Section 5. Premiums, Proceeds and Settlement. Insurance premiums for all blanket insurance coverage and any other insurance coverage which the Board has determined is necessary to protect the interests of the Association, the Owners and their respective Mortgagees, shall be a Common Expense to be included in the Annual Assessments levied by the Association. All insurance proceeds paid to the Association shall be disbursed as follows: (a) In the event of any damage or destruction to the Association Property, such proceeds shall be disbursed in accordance with the provisions of the Article herein entitled "Damage or Destruction to the Association Property," and (b) In the event of any other loss, the proceeds shall be disbursed as the Board shall deem appropriate subject to the limitations set forth in the Article herein entitled "Mortgage Protection." The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. A majority of the Board of Directors must sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Association and its Members.

Section 6. Rights and Duties of Owners to Insure. Each Owner may obtain insurance on his personal property and on all other property and improvements upon his Lot. Nothing herein shall preclude any Owner from carrying any public liability insurance as he may deem desirable to cover his individual liability for damage to person or property occurring upon his individual Lot or elsewhere on the Project. If obtainable, such liability insurance coverage carried by an Owner shall contain a waiver of subrogation of claims against the Declarant, the Association, the Board of

Directors, their agents and employees and all other Owners. Such other policies shall not adversely effect or diminish any liability under insurance obtained by the Association. If any loss intended to be covered by insurance carried by the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association to the extent of such reduction, for application by the Board of Directors to the same purposes as the reduced proceeds are to be applied.

Section 7. Notice of Expiration. All policies of insurance maintained by the Association shall contain a provision that said policies shall not be cancelled or terminated or allowed to expire by their own terms without sixty (60) days' prior written notice to the Board of Directors, the Declarant, and to such Owners and such first Mortgagees who have filed written requests with the carrier for such notice.

Section 8. Trustee for Policies. The Association is hereby appointed and shall be deemed trustee for the interests of all insureds under the policies of insurance maintained by the Association. All insurance proceeds under such policies shall be paid to the Board of Directors as trustees and the Board shall have full power to receive such funds on behalf of the Association, the Owners and their respective Mortgagees and to deal therewith as provided for in this Declaration.

ARTICLE XII

DAMAGE OR DESTRUCTION TO THE ASSOCIATION PROPERTY

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

(a) In the event of damage or destruction to the Association Property and the insurance proceeds are sufficient to effect total restoration, the Association shall, as promptly as is practical, cause the Association Property to be repaired and reconstructed in a good and workmanlike manner to its condition prior to such damage or destruction.

(b) In the event of damage or destruction to the Association Property and the insurance proceeds available are at least ninety percent (90%) of the estimated cost of total restoration and repair to the Association Property, the Association shall, as promptly as practical, cause such Association Property to be repaired and reconstructed in a good workmanlike manner to its condition prior to the destruction or damage, and the difference between the insurance proceeds and the actual cost shall be levied by the Association as a Special Assessment equally against each of the Owners.

(c) In the event of damage or destruction to the Association Property and the insurance proceeds

available are less than ninety percent (90%) of the estimated cost of total restoration and repair to the Association Property, the Owners shall, by the written consent or vote of a majority of the Owners, determine whether (i) to rebuild and restore the Association Property as promptly as practical to its condition prior to the damage or destruction, and to raise the necessary funds over and above the insurance proceeds available by levying equal Special Assessments against all Lots; (ii) to rebuild and restore the Association Property in a way which utilizes all available proceeds and an additional amount not in excess of ten percent (10%) of the estimated cost of total restoration and repair to the Association Property, and which is assessable against all Lots as provided in subsection (i) above, but which is less expensive than rebuilding and restoring the Association Property to its condition prior to the damage or destruction.

Section 2.

(a) Notwithstanding the provisions set forth in Section 1 hereinabove, in the event seventy-five percent (75%) of the first mortgagees (based upon one (1) vote for each first Mortgage owned) or Owners other than the Declarant have given their prior written approval, the Owners may elect to not rebuild and to distribute the available insurance proceeds among themselves (and their respective Mortgagees as their interests may appear) based upon the ratio of the decreases in fair

market value of each Lot to the total aggregate decrease in the fair market values of all Lots as the result of such casualty as determined by a qualified, professional real estate appraiser, subject to the limitations set forth in the Article herein entitled "Mortgagee Protection;" provided, however, that unless the County shall agree to the contrary, it shall be the obligation of the Association and each of the Owners to rebuild the recreational facilities, utilities and open spaces, at least to the extent said recreational facilities, utilities and open spaces were accepted initially by the County in lieu of payment of fees due pursuant to law.

(b) In the event the Owners shall have so voted not to rebuild the damaged or destroyed Association Property, and to distribute the insurance proceeds as set forth herein, the damaged or destroyed Association Property shall be cleared and landscaped and the cost thereof shall be paid for out of the available insurance proceeds prior to their distribution to the Owners.

Section 3. In the event any excess insurance proceeds remain after the reconstruction or clearance of the damaged or destroyed Association Property by the Association pursuant to this Article, the Board of Directors, in its sole discretion, may retain such sums in the General Fund of the Association or distribute such excess insurance proceeds to all Owners, subject to the prior rights of Mortgagees whose interests may be protected by the insurance policies carried by the Association. In the absence of

any such rights, the rights of an Owner and the Mortgagee of his lot as to each such distribution shall be governed by the provisions of the Mortgage encumbering said lot.

Section 4. All amounts collected pursuant to Special Assessments as provided for herein shall only be used for the purposes set forth in this Article, and shall be deposited by the Board of Directors in a separate bank account to be held in trust for such purposes.

ARTICLE XIII

COVENANT AGAINST PARTITION

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

ARTICLE XIV

ANNEXATION OF ADDITIONAL PROPERTY

Additional property may be annexed to and become subject to this Declaration by any of the methods hereinbelow.

Section 1. Annexation Pursuant to Approval. The Owner of any property who desires to annex said property to the scheme of

this Declaration and to subject it to the jurisdiction of the Association may file a Declaration of Annexation as described in Section 3 of this Article, after obtaining the approval in writing of the Association pursuant to the following vote: (i) The vote or written assent of two-thirds (2/3) of the Class B voting power as well as the vote or written assent of two-thirds (2/3) of the Class A voting powers; (ii) After the conversion of Class B to Class A shares, the vote or written assent of two-thirds (2/3) of the total voting power of the Association as well as the vote or written assent of two-thirds (2/3) of the total voting power of the Owners other than the Declarant.

Section 2. Annexation Pursuant to General Plan. All or any part of the real property described as the balance of Tract 19457-1 and Tracts 19457-2, 19457-3 and 19457 as described more fully in the Recitals hereof, may be annexed to the Project from time to time and added to the scheme of this Declaration and subjected to the jurisdiction of the Association without the assent of the Association or its Members, provided and on condition that:

(a) Any annexation pursuant to this Section shall be made prior to three (3) years from the date of the original issuance by the California Department of Real Estate of the most recent issued Final Subdivision Public Report for a Phase of the Project;

(b) The development of the annexed property shall be in accordance with a general plan of development for the project originally submitted to the County, with the processing papers for the Project; and

(c) A Declaration of Annexation, as described in Section 4 of this Article, shall be recorded covering the property described.

Section 3. Declaration of Annexation. The annexation of additional property authorized under this Article shall be made by filing for record a Declaration of Annexation, or similar instrument, covering said additional property, and the Declaration of Annexation shall extend to such additional property. The Declaration of Annexation may contain such complementary additions to and modifications of the covenants set forth in this Declaration which are necessary to reflect the different character, if any, of the annexed property and which are not inconsistent with the general scheme of this Declaration. Except as set forth in this Section, no Declaration of Annexation shall add, delete, revoke, modify or otherwise alter the covenants set forth in this Declaration.

Section 5. Right of De-Annexation. Declarant hereby reserves the right to de-annex any property which may be annexed to the Project pursuant to this Declaration and to delete said property from the scheme of this Declaration and from the jurisdiction of the Association, provided and on condition that the de-annexation shall be made prior to the closing of the sale of the first lot in the property to be de-annexed.

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ARTICLE XV
CONDEMNATION

Subject to the limitations set forth in the Article herein entitled "Mortgagee Protection," a condemnation award affecting all or a part of the Association Property of the Project which is not apportioned among the Owners by court judgment or agreement between the condemning authority and each of the affected Owners in the Project, shall be distributed among the affected Owners and their respective Mortgagees according to the relative values of the Lots based upon the appraised fair market value of each affected Lot prior to the taking as determined by a qualified real estate appraiser.

The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Association Property, or any part thereof.

ARTICLE XVI
GENERAL PROVISIONS

Section 1. Enforcement.

(a) The County the Association or the Owner of any Lot in the Project, including the Declarant, shall have the right to enforce, by proceedings at law or in equity, all of the covenants and provisions now or hereafter imposed by this Declaration and the By-Laws,

respectively, including, without limitation, the right to prosecute a proceeding at law or in equity against the person or persons who have violated or are attempting to violate any of said covenants, to enjoin or prevent them from doing so, to cause said violation to be remedied, and/or to recover damages for said violation.

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

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

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

(e) A breach of the covenants contained in this Declaration or of the provisions of the By-Laws shall not effect or impair the lien or charge of any bona fide first Mortgage or first deed of trust made in

good faith and for value on any Lot or the Improvements thereon; provided, however, that any subsequent Owner of such property shall be bound by said covenants, whether or not such Owner's title was acquired by foreclosure, a trustee's sale or otherwise.

(f) Assess monetary penalties against an Owner, and/or suspend said Owner's voting rights and right to use the recreational facilities for the period during which any assessment against said Owner's Lot remains unpaid; provided, however, the due process requirements set forth in Section 7341 of the California Corporations Code shall be followed with respect to the accused Owner before a decision to impose discipline is reached (namely, the accused Owner shall be given fifteen (15) days prior notice sent by first class or registered mail, and the notice shall specify the reasons for the proposed penalty or suspension and shall provide an opportunity for the Owner to be heard, orally or in writing, not less than five (5) days before such penalty or suspension is imposed by the Board of Directors).

(g) Suspend an Owner's voting rights and right to use the recreational facilities, if any, for a period not to exceed thirty (30) days for any infraction of the Association's published rules and regulations; provided however, the due process requirements set forth in Section 7341 of the California Corporations Code shall be followed with respect to the accused Owner before a decision to impose discipline is reached.

(h) The County shall have the right, through its agents and employees, to enter upon any part of the Project for the purpose of enforcing the California Vehicle Code and its local ordinances, and is hereby granted an easement over the Project for that purpose.

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

Section 3. Term. The covenants set forth in this Declaration shall run with and bind the Project, and shall inure to the benefit of and be enforceable by the Association or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date of this Declaration is recorded after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then Owners, has been recorded within six (6) months prior to the termination of the fifty (50) year term or within the termination of the fifty (50) year term or within the termination of any ten (10) year period, agreeing to terminate said covenants and restrictions in whole or in part.

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

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

Section 6. Amendments. Subject to the other provisions of this Declaration, including, without limitation, the rights of Mortgagees and/or First Mortgagees pursuant to the Articles hereof entitled "Insurance," or otherwise, so long as the voting structure provided for herein shall remain in effect, this Declaration may be amended only by an affirmative vote of not less than seventy-five percent (75%) of the voting power of each class of Members, and further, this amendment provision shall not be amended to allow amendments by vote of less than seventy-five percent (75%) of the voting power of each class of Members. At such time when the Class B membership shall cease and be converted to Class A membership, any and all amendments to this Declaration shall be enacted by requiring the vote or written assent of Members representing both (1) seventy-five percent (75%) of the total voting power of the Association, and (2) seventy-five percent (75%) of the votes of Members other than the Declarant; provided, however, that the percentage of the voting power necessary to amend a specific provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under said provision; provided, however, in the event that FNMA participates in the financing of Lots in the Project, any of the following amendments, to be effective, must be approved in writing by seventy-five percent (75%) of the first Mortgagees on all of the

Lots in the Project at the time of such amendment, based upon one (1) vote for each Mortgage owned:

(a) Any amendment which effects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Mortgagees as provided in the Articles hereof entitled "Owners Association," "Insurance," "Damage or Destruction of Association Property," "Condemnation," "Covenant Against Partition," and "General Provisions."

(b) Any amendment which would or could result in a Mortgage being cancelled by forfeiture, or in the individual Lot not being separately assessed for tax purposes.

(c) Any amendment which would or could result in termination or abandonment of the Project or partition or subdivision of a Lot, in any manner inconsistent with the provisions of this Declaration.

(d) Any amendment which would subject any Owner to a right of first refusal or other such restriction in favor of the Association, in the event such Owner exercises his right to sell, transfer or otherwise convey his Lot.

Any Amendment or modification shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment or modification has been approved as hereinabove provided, and recorded in the Official Records of Riverside County, California. In addition to the foregoing, any

amendment or modification to this Declaration affecting the maintenance obligations of the Association or the property exempt from Assessments shall require the prior written approval of the County's Planning Director and County Attorney.

Section 7. Encroachments. None of the rights and obligations of the Owners created herein or by the deed shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful conduct of said Owner.

Section 8. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by registered or certified mail, it shall be deemed to have been delivered forth-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the Lot of such person if no address has been given to the Association. If such notice is not sent by regular mail, it shall be deemed to have been delivered when received. Such address may be changed from time to time by notice in writing to the Association.

Section 9. Attorneys' Fees. If any Owner defaults in making a payment of assessments or in the performance or observance of any provision of this Declaration, and the Association has obtained the services of an attorney in connection therewith,

the Owner covenants and agrees to pay to the Association any costs or fees incurred, including reasonable attorneys' fees, regardless of whether legal proceedings are instituted. In case a suit is instituted, the prevailing party shall recover the cost of the suit, in addition to the aforesaid costs and fees.

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

Section 11. Enforcement of Bonded Obligations. In the event that the Improvements to the Association Property have not been completed prior to the issuance of a Final Subdivision Public Report covering that Phase of the Project by the Department of Real Estate of the State of California, and the Association is obligee under a bond or other arrangement (hereinafter the "Bond") to secure a performance of the commitment of Declarant to complete such Improvements lien free, the following provisions shall apply:

(a) The Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvements for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for such improvements in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Association Property improvement, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of such extension.

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(b) In the event that the Board determines not to initiate action to enforce the obligations under the Bond, or in the event the Board fails to consider and vote on such question as provided above, the Board shall call a special meeting of the Members for the purpose of voting to override such decision or such failure to act by the Board. Such meeting shall be called according to the provisions of the By-Laws dealing with meetings of the Members, but in any event such meeting shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing five percent (5%) of the total voting power of the Association.

(c) The only Members entitled to vote at such meeting of Members shall be the Owners other than Declarant. A vote at such meeting of a majority of the voting power of such Members other than the Declarant to take action to enforce the obligations under the Bond shall thereafter implement such decision by initiating and pursuing appropriate action in the name of the Association.

Section 12. Termination of Project. The Association shall have no right to abandon or terminate by any act or omission the Planned Development legal status of the Project or any part thereof, except as expressly set forth in this Declaration. (FNMA para. 803.08 N(1)).

ARTICLE XVII

R-6 ZONE

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Section 1. Zoning Requirements. Grantor has received approval from the County of Riverside for R-6 zoning over the Project, and has agreed to comply with Section 3, subsection (a) of Article VIII of County of Riverside, Ordinance 348.

AFFORDABLE HOUSING TRACT

The Declaration cannot be terminated or substantially amended without the approval of the County of Riverside.

Tract No. 19457-1 is an affordable housing tract that received special processing and approval in connection with R-6 Zone. The property can be used only for the construction of said tract in accordance with the conditions of approval of the tract.

Notwithstanding any provision in this Declaration to the contrary, neither the Declarant nor the recorded Owners may make any amendments to this Declaration which would alter, defeat or render invalid the special requirements and conditions of the tract relating to the R-6 Zone without the approval of the County of Riverside.

Section 2. Phasing. Phasing of construction by Grantor shall be subject to the approval of the Riverside County Planning Department.

Section 3. Sale of Lots.

(a) Grantor shall not sell and close an escrow on any lot without said lot containing a Dwelling Unit. Notwithstanding the foregoing, however, Grantor is entitled to sell the entire Project or phase of the Project to a purchaser who will construct the Dwelling

Units in accordance with this Declaration, as well as, provisions of the R-6 Zone.

(b) Six (6) months after the sale of the first Lot in the Project, and every six (6) months thereafter until all lots are sold, the Grantor shall provide the Riverside County Planning Department with a report of the number of Dwelling Units sold, their size, type and selling price. The report shall also include the average selling price of Dwelling Units sold in the six (6) month period, and the average selling price of all Dwelling Lots sold to date in the Project. Two (2) months after the sale of the final Dwelling Unit, Grantor shall submit a summary report on the sale of the Dwelling Units in the Project, including the selling price of all Dwelling Units in the Project. If, at the end of any six (6) month period, the sale price report does not demonstrate that the selling price of the Dwelling Units has been in substantial conformance with the provisions and intent of the R-6 Zone, additional building permits for the Project shall not be granted until a method of ensuring conformance has been agreed upon by the Grantor by the Riverside Planning Department.

(c) The average sales price of Dwelling Units in the Project by Grantor shall not exceed 80% of the median sales price for Area 1 of the County of Riverside's Housing Market Area.

(d) Dwelling Units in the Project shall be either one- (1) or two- (2) story houses constructed with wood frames and stucco.

IN WITNESS WHEREOF, Declarant has executed this instrument on
the day and year first written above.

PRESLEY OF SOUTHERN CALIFORNIA,
a California corporation

By: William T. O'Brien
Its: Vice President

By: [Signature]
Its: VICE PRESIDENT

STATE OF CALIFORNIA
COUNTY OF

Orange

On March 7, 1985

before me, the undersigned a Notary Public in and for

said State, personally appeared

William T. O'Brien

and

R. Crawford

personally known to me or proved to me on the

basis of satisfactory evidence to be the persons who executed the within instrument as

Vice President and Vice President

SECOND, on behalf of

Presley of Southern California

the corporation therein named, and acknowledged to me that

such corporation executed the within instrument pursuant to its

by-laws or a resolution of its board of directors

WITNESS my hand and official seal



Signature

Jennifer M. Fortinberry

(This area for official notarial seal)

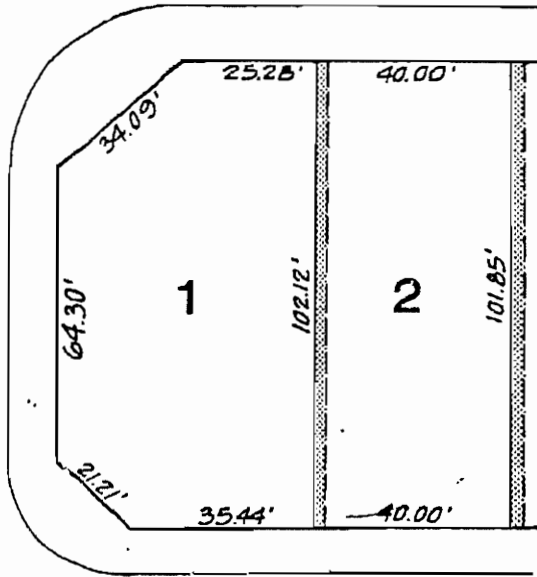
EXHIBIT 'A'

TRACT NO. 19457-1

SHEET 1 OF 13

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WOODBINE STREET



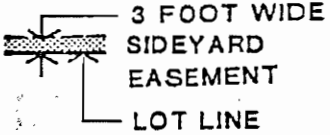
NORTH



SCALE: 1" = 30'

LEGEND

10 LOT NUMBER



WESTWOOD STREET

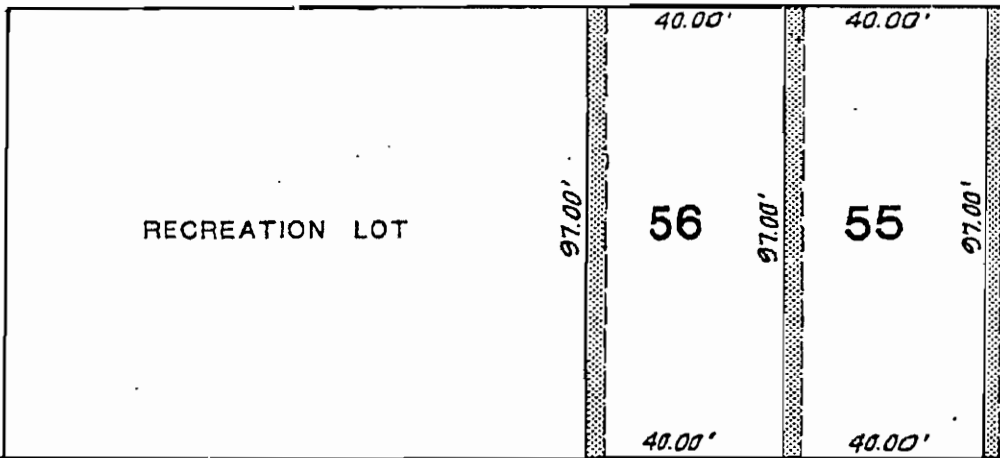
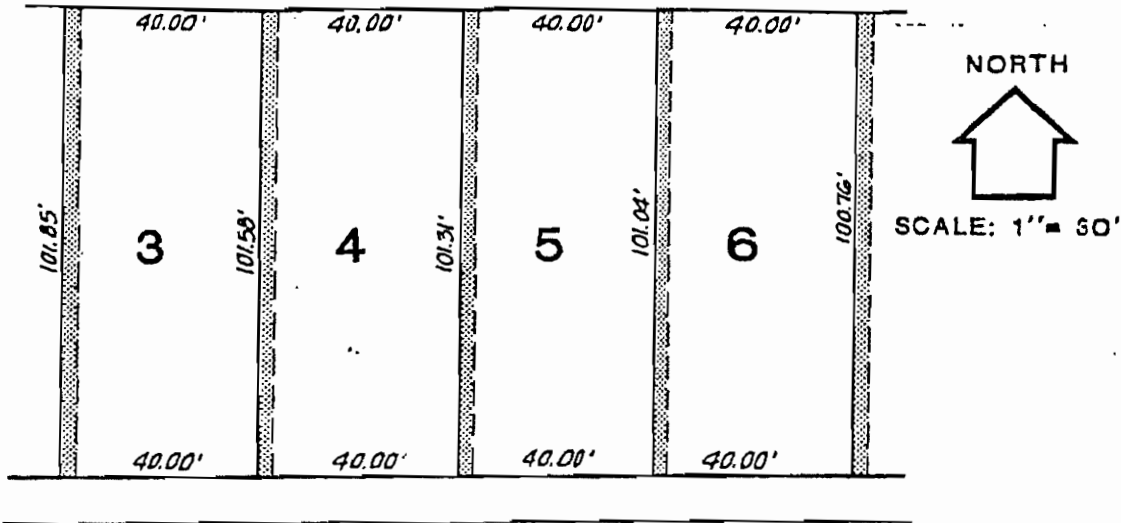


EXHIBIT 'A' TRACT NO. 19457-1

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WESTWOOD STREET

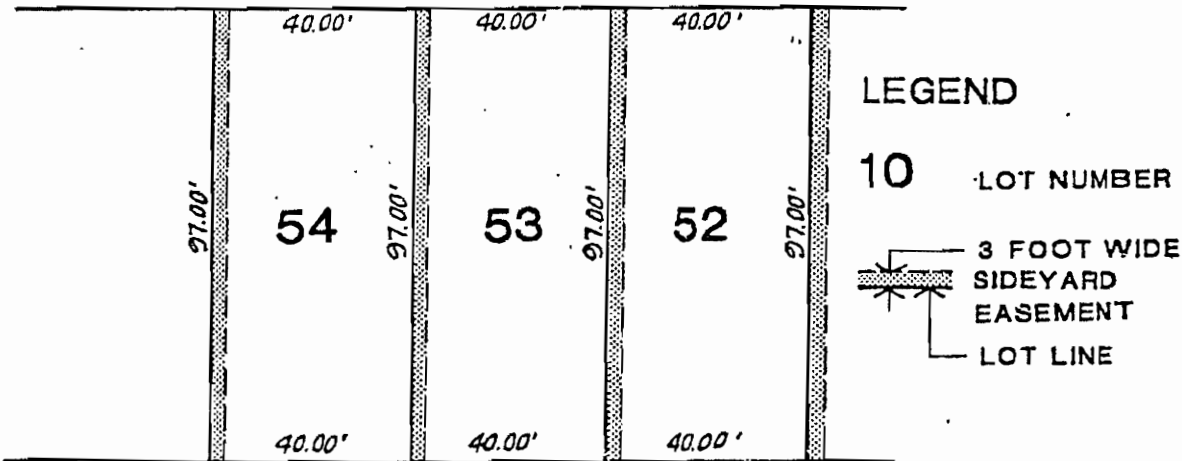
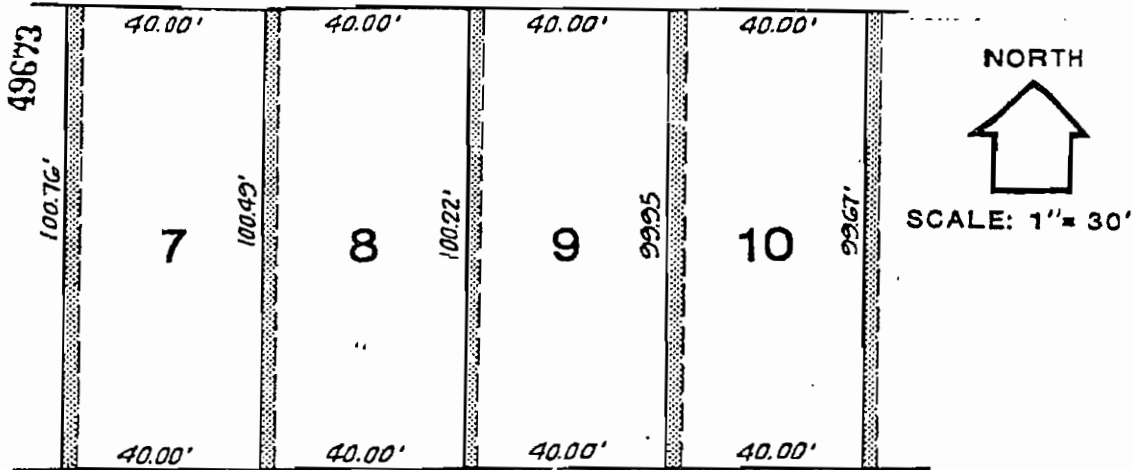


EXHIBIT 'A' TRACT NO. 19457-1



WESTWOOD STREET

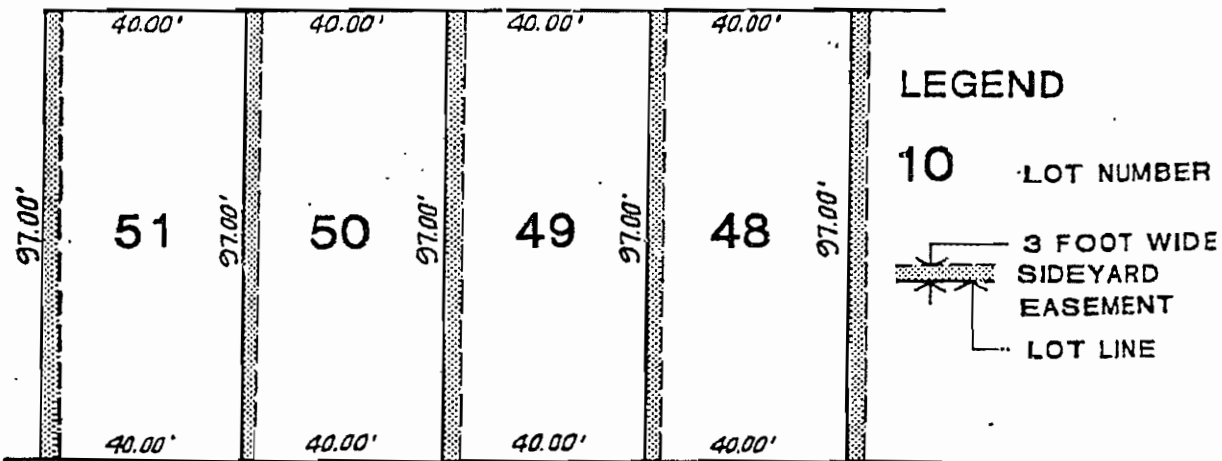
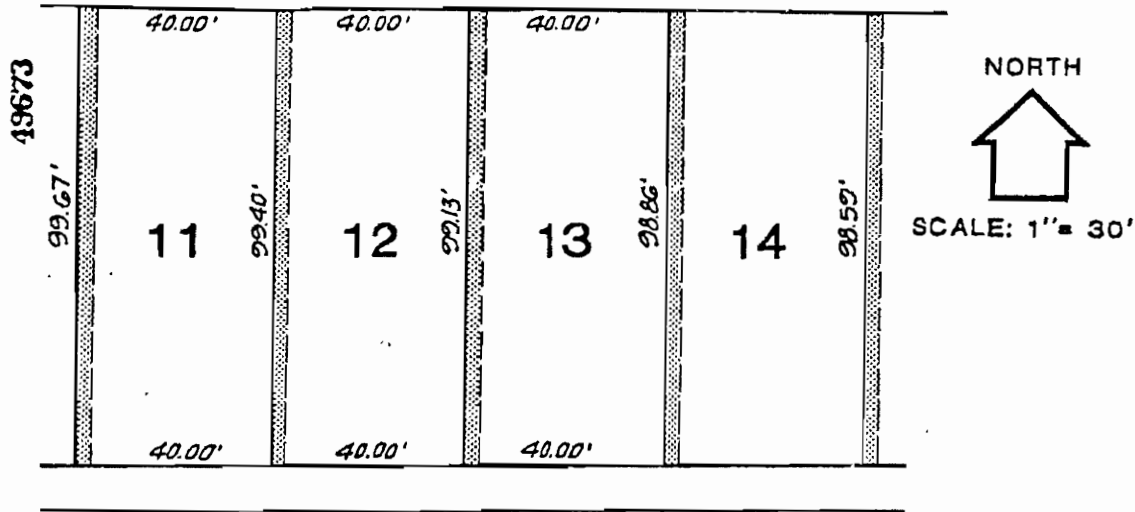
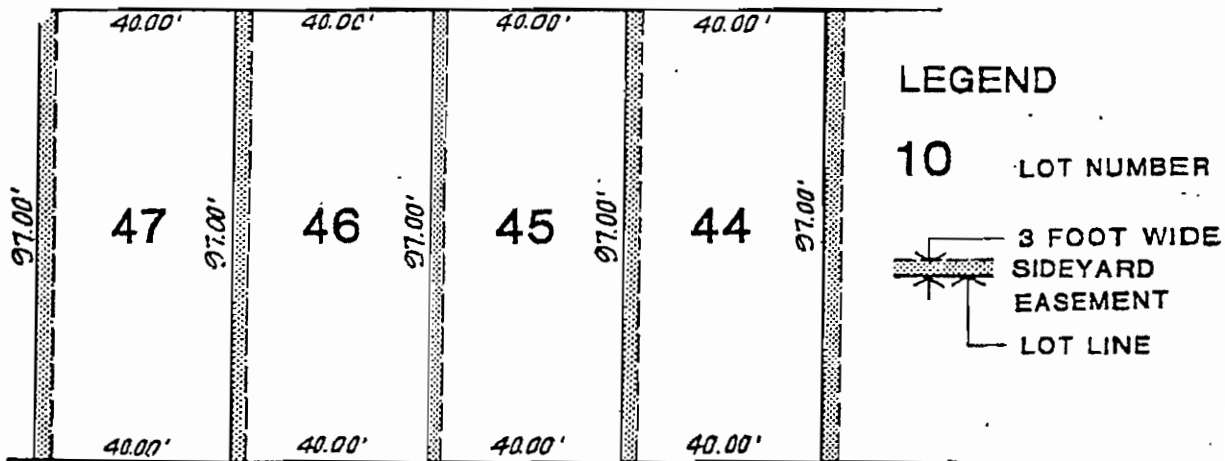
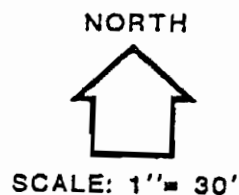


EXHIBIT 'A' TRACT NO. 19457-1



WESTWOOD STREET





10 LOT NUMBER

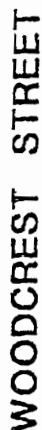
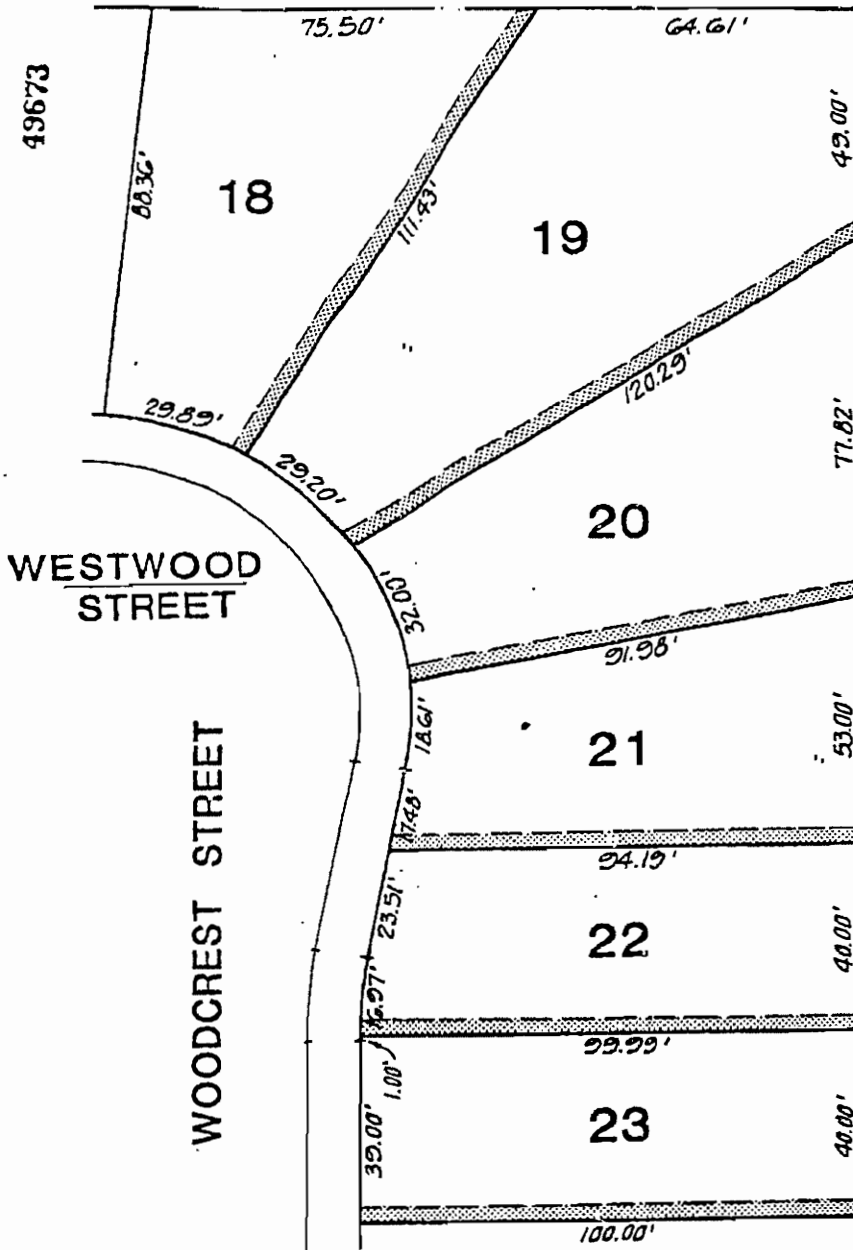


EXHIBIT 'A' TRACT NO. 19457-1



NORTH



SCALE: 1" = 30'

LEGEND

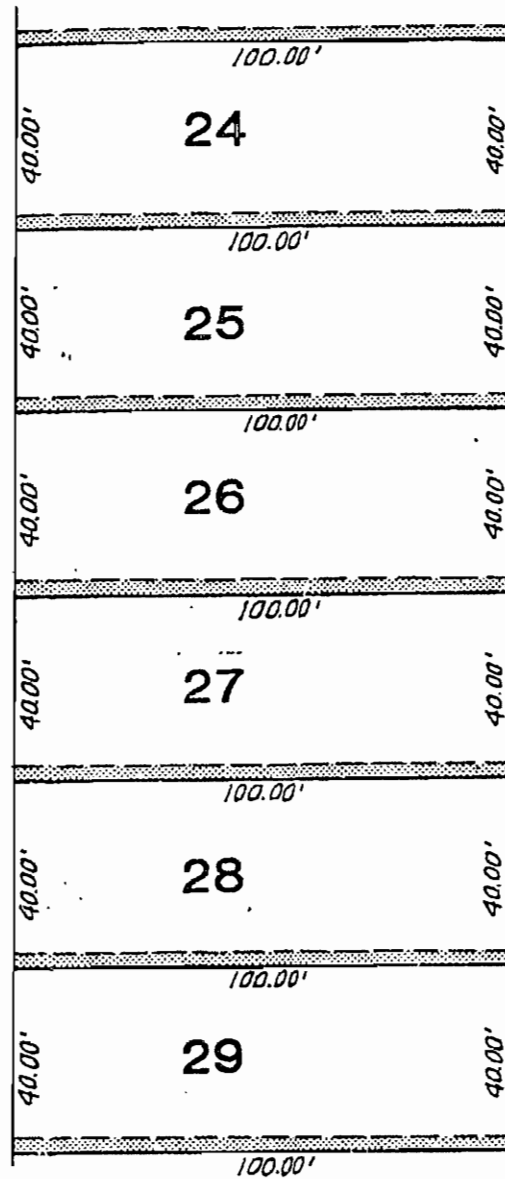
10 LOT NUMBER

3 FOOT WIDE
SIDEYARD
EASEMENT
LOT LINE

EXHIBIT A
TRACT NO. 19457-1

49673

WOODCREST STREET



NORTH



SCALE: 1" = 30'

LEGEND

10 LOT NUMBER

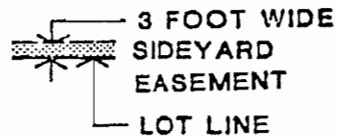
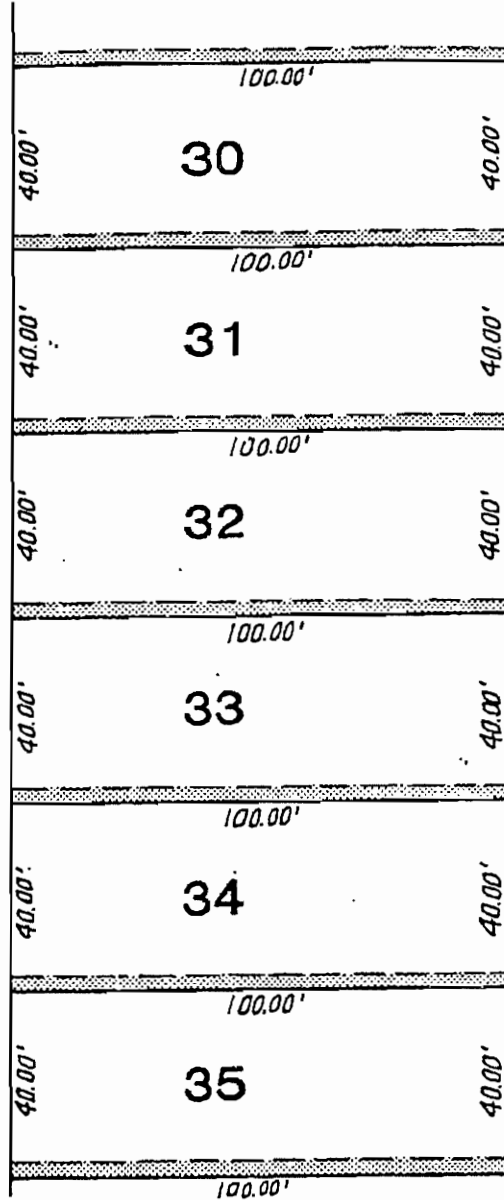


EXHIBIT 'A' TRACT NO. 19457-1

49673

WOODCREST STREET



NORTH



SCALE: 1" = 30'

LEGEND

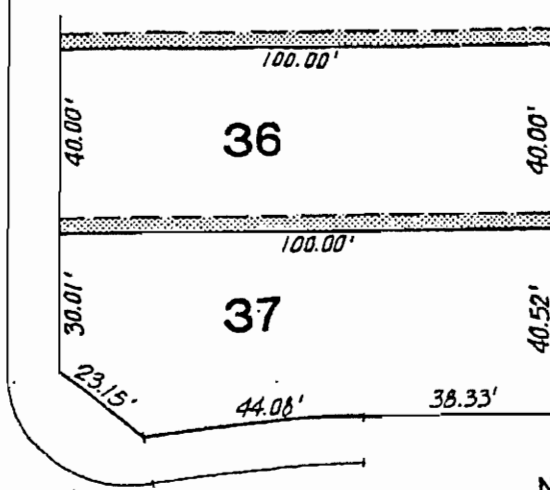
10 LOT NUMBER

3 FOOT WIDE
SIDEYARD
EASEMENT
LOT LINE

EXHIBIT 'A' TRACT NO. 19457-1

49673

WOODCREST STREET

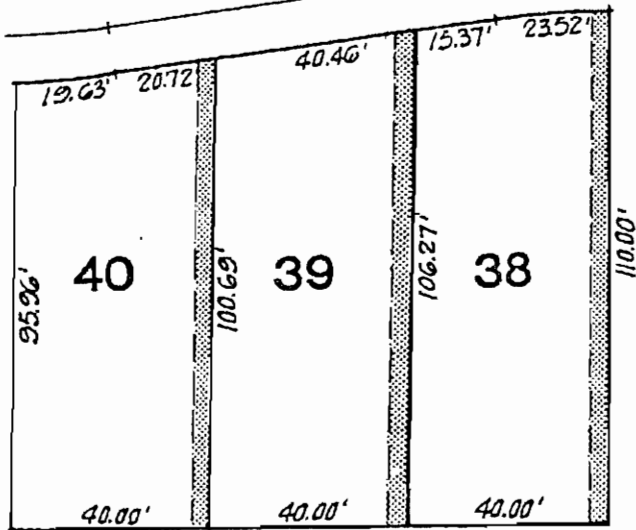


NORTH



SCALE: 1" = 30'

BLUEBELL STREET



LEGEND

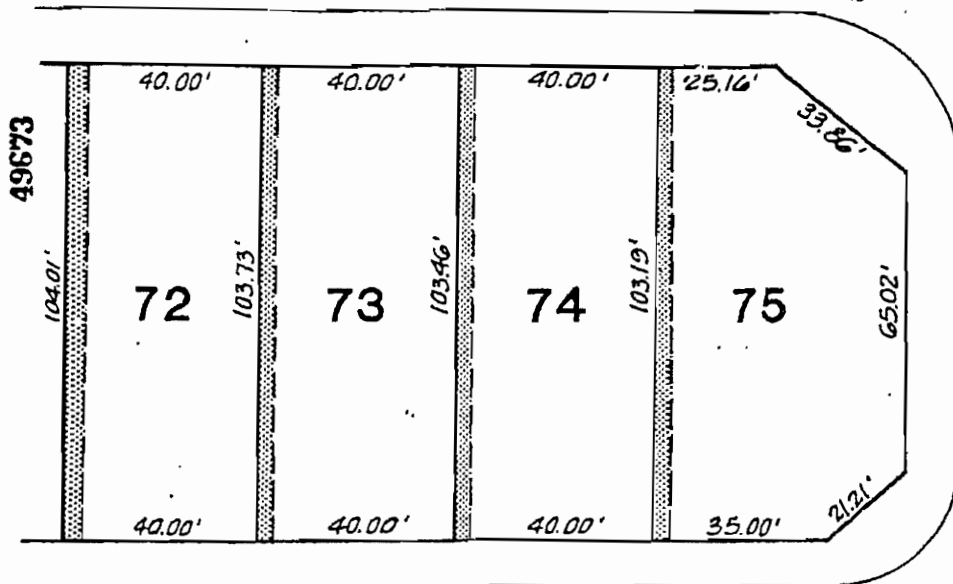
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3 FOOT WIDE
SIDEYARD
EASEMENT
LOT LINE

EXHIBIT 'A'

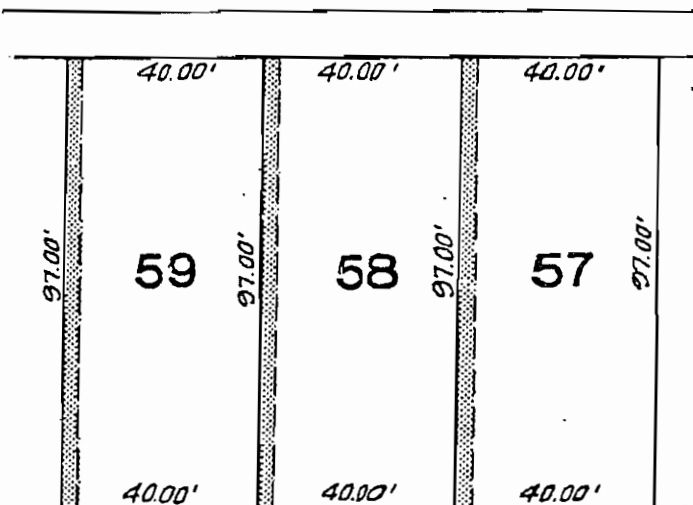
TRACT NO. 19457-1

SHEET 10 OF 13



WESTWOOD STREET

WOODBINE STREET



NORTH



SCALE: 1" = 30'

LEGEND

10 LOT NUMBER

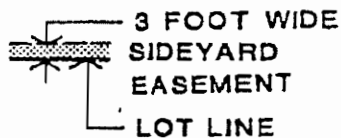
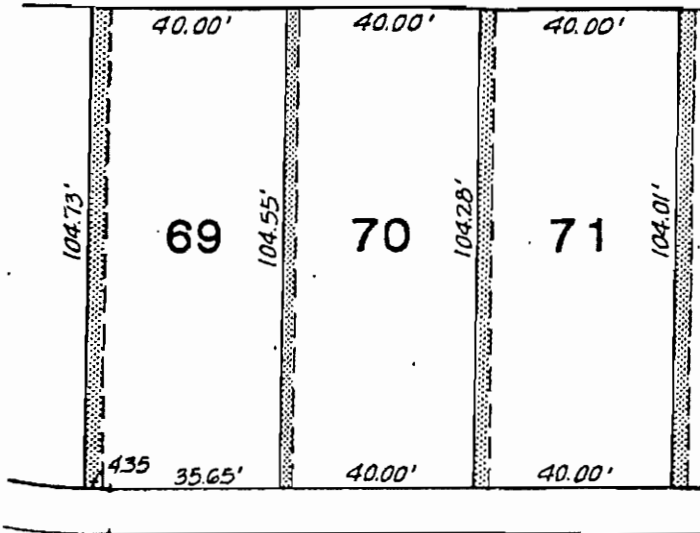


EXHIBIT 'A'

TRACT NO. 19457-1

49673



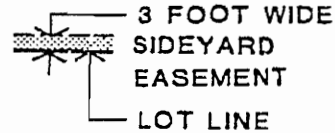
NORTH



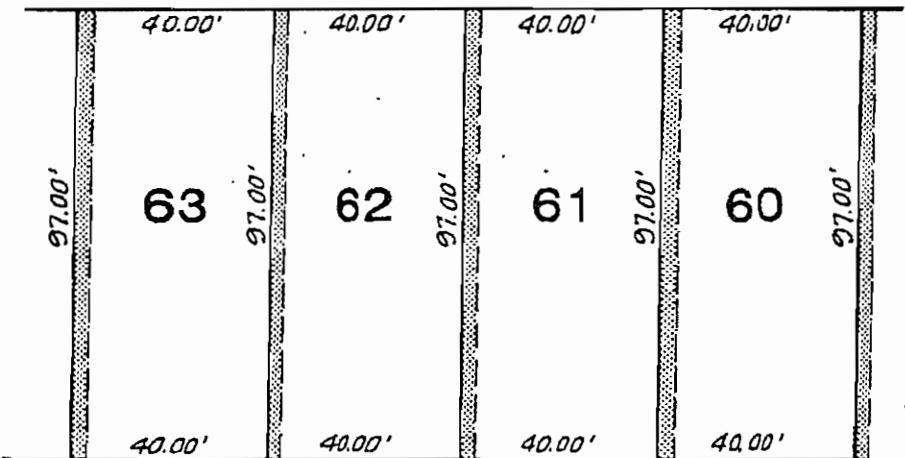
SCALE: 1" = 30'

LEGEND

10 LOT NUMBER



WESTWOOD STREET



E)

TRACT

49673

NORTH



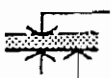
SCALE: 1" = 30'



LEGEND

10

LOT NUMBER

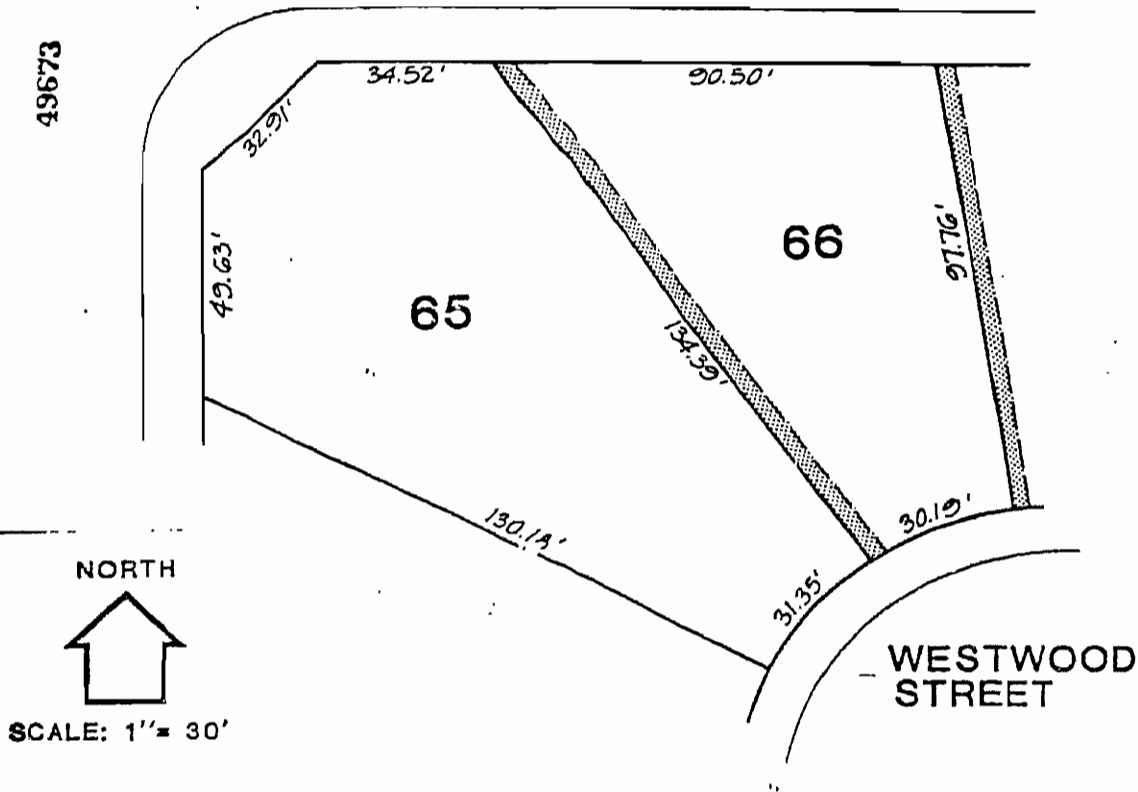


3 FOOT WIDE
SIDEYARD
EASEMENT

LOT LINE

RANGEWOOD STREET

EXHIBIT 'A' TRACT NO. 19457-1



LEGEND

- 10** LOT NUMBER
- 3 FOOT WIDE
SIDEYARD
EASEMENT
- LOT LINE

APR 22 1985

83427

Recording requested by and when
recorded return to:

PRESLEY OF SOUTHERN CALIFORNIA
Post Office Box 19672
Irvine, California 92713-9672

Attention: Elizabeth A. Jahn

RECEIVED FOR RECORD
AS 8:10 P.M. APR 22 1985
FIRST AMERICAN TITLE COMPANY
OF IRELAND

APR 22 1985

Filed in Official Records
of Riverside County, California

William E. Hardy
RECORDED
Page 8

17/1

AMENDMENT TO
DECLARATION OF RESTRICTIONS FOR
SUN CITY HOMES
A Residential Planned Development

April 4, 1985

AMENDMENT TO DECLARATION OF RESTRICTIONS
FOR SUN CITY HOMES

THIS AMENDMENT TO DECLARATION OF RESTRICTIONS is made this 4th day of April, 1985, by Prasley of Southern California, a California corporation (hereinafter referred to as "Declarant").

W I T N E S S E T H:

A. Declarant is the owner of that certain real property located in the unincorporated community of Sun City, County of Riverside, State of California, more particularly described as:

Lots 1-19, inclusive, 41-56, inclusive and 76 of Tract No. 19457-1, as shown on a Map recorded in Book 146, Pages 97 to 99, inclusive, of Maps, in the Office of the County Recorder of Riverside County

(hereinafter referred to as the "Property").

B. Declarant has heretofore recorded that certain Declaration of Restrictions affecting the Property on March 12, 1985, as Instrument No. 49673, of Official Records of Riverside County, California.

C. Declarant desires to amend said Declaration of Restrictions to conform with changes suggested by the Veterans Administration.

NOW, THEREFORE, Declarant hereby amends said Declaration of Restrictions as follows:

1. Paragraph B under the "Witnesseth" section shall hereby be amended to include the following language:

The Project shall consist of one-story single family

detached residential homes which range in size from approximately 839 square feet to 1,194 square feet. The recreational facilities included in this project consist of landscaped areas, pool, spa, restrooms, recreation room and shuffleboard courts. The development of the Project will be consistent with the overall development plan submitted to and approved by the Veterans Administration, however, there is no assurance that the Project will be developed or completed in the manner described herein.

2. Article III, Section 14, Paragraph (d) shall be amended to read as follows:

Prevent Declarant from maintaining such sign or signs on any of the Lots in the Project owned or controlled by Declarant as may be necessary to promote the sale, lease, or other conveyance of said Lots. The rights of Declarant provided in subparagraphs (a) through (d) above may be exercised during the period of time commencing when the Lots are first sold or offered for sale to the public and ending when all the Lots in the Project are sold and conveyed by Declarant to separate Owners or seven (7) years from the date of conveyance of the first Lot in the Project from Declarant to a retail purchaser, whichever shall first occur. So long as Declarant, its successors and assigns, own one (1) or more of the Lots established and described herein, Declarant, its successors and assigns, shall be subject to the provisions of this Declaration. Declarant, in exercising these rights under this Section 14, shall not unreasonably interfere with the use of the Association Property by any Owner.

3. Article II, Section 1, Paragraph (g) and Article III, Section 4 are hereby revised so that the references to five (5)

years set forth in each Section and Paragraph are changed to read seven (7) years.

4. Article VI, Section 3 is amended to include the following sentence:

The maximum annual assessment for the first phase shall be \$80.43 per month.

5. Article VI, Section 4, Paragraph A is hereby revised to read as follows:

The Board of Directors may not levy any Special Assessment without the following vote: (i) the vote or written assent of a bare majority of the Class B voting power as well as the vote or written assent of a prescribed majority of the Class A voting power; (ii) after the conversion of Class B to Class A shares, the vote or written assent of a bare majority of the total voting power of the Association as well as the vote or written assent of a prescribed majority of the total voting power of Owners other than the Declarant. Except as provided in Subsections (b) and (c) below, every Special Assessment shall be levied upon the same basis as that prescribed for the levying of regular Annual Assessments.

6. Article VI, Section 5 shall be amended as follows:

The annual assessments provided for herein shall commence as to all Lots within the first phase of the Project on the first day of the month following the conveyance of the first Lot in Phase 1 to an Owner or on the first day of the month following the conveyance of the Association Property in Phase 1 to the Association, whichever shall first occur.

7. The first sentence of Article VII, Section 1 shall be

revised so that the reference to "10 days" set forth therein is changed to "30 days".

8. Article X, Section 1 shall be amended with the following language:

There shall be no entry into a dwelling unit made without the consent of the Owner and any such entry onto a Lot shall be made only after not less than three (3) days notice has been given to the Owner. Such entry shall be made with as little inconvenience to the Owner as possible and any damage caused thereby shall be repaired by the Association.

9. Article XIII shall be revised to read as follows:

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

10. Article XIV, Section 2 shall be amended to include the following Paragraph (d):

The Veterans Administration has determined that the Annexation is in accordance with the previously approved overall general plans submitted to the Veterans Administration.

11. The following sentence shall be added to Article XIV, Section 5:

A draft of the Declaration of De-Annexation is submitted to

and approved by the Veterans Administration prior to its recordation.

12. Article XVI, Section 1, Paragraph (a) is hereby amended to provide that the power of enforcement of the Declaration by the County is limited to maintenance of the Association Property facilities and improvements.

13. Article XVI, Section 1, Paragraph (b) is hereby revised to delete the reference to "public nuisance".

14. The following Section is added to Article XVI:

So long as there is a Class B membership in the Association, the following action shall require the prior approval of the Veterans Administration: annexation of additional property to the Property, any merger or consolidation, any dedication or mortgaging of the Association Property, any Special Assessment and any amendment to this Declaration.

15. Except as hereby specifically amended, the terms and conditions set forth in the Declaration of Restrictions shall remain in full force and affect.

IN WITNESS WHEREOF, the undersigned, being the Declarant, has executed this instrument on the day and year first written above.

PRESLEY OF SOUTHERN CALIFORNIA,
a California corporation

By: William T. O'Brien, V.P.

By: Alan C. Lewis, V.P.

and approved by the Veterans Administration prior to its recordation.

12. Article XVI, Section 1, Paragraph (a) is hereby amended to provide that the power of enforcement of the Declaration by the County is limited to maintenance of the Association Property facilities and improvements.

13. Article XVI, Section 1, Paragraph (b) is hereby revised to delete the reference to "public nuisance".

14. The following Section is added to Article XVI:

So long as there is a Class B membership in the Association, the following action shall require the prior approval of the Veterans Administration: annexation of additional property to the Property, any merger or consolidation, any dedication or mortgaging of the Association Property, any Special Assessment and any amendment to this Declaration.

15. Except as hereby specifically amended, the terms and conditions set forth in the Declaration of Restrictions shall remain in full force and affect.

IN WITNESS WHEREOF, the undersigned, being the Declarant, has executed this instrument on the day and year first written

STATE OF CALIFORNIA, County of Orange,
On April 17, 1985, before me, the undersigned, a Notary Public in and for said State, personally appeared William T. O'Brien and Alan D. Uman, personally known to me for proved to me on the basis of satisfactory evidence to be the persons who executed the within instrument as Vice President and Vice President of Presley of Southern California, a corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature [Signature] (This area for official notarial seal)



CALIFORNIA,
Done

[Signature], V.P.

[Signature], V.P.

“If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.1 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.”

