

Cover Page for Homeowners Associations' Governing Documents

“If this document contains any restriction 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. Any person holding an interest in this property may request that the County Recorder remove the restrictive covenant language pursuant to subdivision (c) of Section 12956.1 of the Government Code.”

Section 1352.5 of the Civil Code, effective January 1, 2000 requires community associations to put this cover page on the front of the Declaration (CC&Rs).

DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR BROOKHOLLOW AT JESS RANCH
TRACT 12796-5

THIS DECLARATION made this 2 day of July, 1990, by Watt-Jess/Ledford, a California general partnership, hereinafter referred to as Declarant, is as follows:

WITNESSETH:

WHEREAS, on or about the date of recordation of this Declaration in the office of the County Recorder of San Bernardino County, Declarant is the owner of that certain real property described as Lot 1 of Tract 12796-5 of Maps, pages 57 to 58, of book 234 in the office of the County Recorder of San Bernardino County recorded on 4/30/90, which shall be the initial "Property" covered under this Declaration. Declarant is also the owner of "Additional Property" more particularly described in Exhibit "A" attached hereto, which may be subsequently annexed to and become a part of the Property according to the procedures hereinafter described;

WHEREAS, Declarant intends to develop on the Property, a condominium project as defined in Section 783 of the California Civil Code;

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

WHEREAS, Declarant intends that the Owners, Mortgagees, occupants and all other persons hereafter acquiring any interest in the Property or the Project or any part thereof, shall at all times enjoy the benefits of, and shall hold, sell and convey their interests subject to the rights, easements, covenants, conditions, restrictions, and obligations hereinafter set forth, all of which are hereby declared to be in furtherance of a general plan to promote and protect the cooperative aspect of such development and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property and the Project;

NOW, THEREFORE, Declarant covenants and agrees that the Property, the Project and all of the Condominiums, including any improvements added or constructed on or about the Project in the future, shall be held, conveyed, assigned, hypothecated, encumbered, leased, used, occupied and improved subject to the following limitations, easements, covenants, conditions and restrictions, which are for the purpose of creating the condominium project and of mutually benefiting the Property, the Project and all of the Condominiums and the future owners thereof. All of the restrictions set forth herein shall constitute equitable servitudes which shall run with the land and be binding on and inure to the benefit of all parties having any right, title or interest in the Property, the Project or any of the Condominiums, or in any part thereof, their heirs, successors and assigns.

2

90 264037

RECORDING REQUESTED BY AND
WHEN RECORDED, RETURN TO:

WATT-JESS/LED FORD
c/o Watt Industries, Inc.
2716 Ocean Park Blvd.
Santa Monica, CA 90405
Attn: Michael Shaw

RECORDED IN
OFFICIAL RECORDS

1990 JUL -6 PM 2:23

SAN BERNARDINO
CO., CALIF.

RECORDED
REQUEST OF

1FEE	2MSYS	3FCOR	4LHNT
54	51		
3 SVT	5	DTT	5.07
			N

CHICAGO TITLE INSURANCE CO.

DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR BROOKHOLLOW AT JESS RANCH

TRACT 12796-5

8909233-12

ARTICLE I

DEFINITIONS

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

"Additional Property" shall mean all of the real property described in Exhibit "A" attached hereto and made a part hereof.

"Articles" shall mean the Articles of Incorporation of Brookhollow At Jess Ranch Condominium Association, which are, or shall be, filed in the Office of the Secretary of State of California as said Articles are amended from time to time.

"Association" shall mean Brookhollow At Jess Ranch Condominium Association, a California nonprofit mutual benefit corporation, its successors and assigns.

"Board of Directors" or "Board" shall mean the Board of Directors of the Association.

"Bylaws" shall mean the Bylaws of the Association as such Bylaws may be amended from time to time.

"City" shall mean the Town of Apple Valley.

"Common Area" shall mean all portions of the Project except the Units, and shall include all common facilities as well as all other land, structures and facilities within the Property, all as specifically defined and described in the recorded Condominium Plan for the Project. There shall be a Common Area for each Phase of Development and each Phase of Development shall constitute a separate condominium "project" as defined in Section 1351(f) of the California Civil Code subject to cross-use rights and easements herein described.

"Condominium" shall mean an estate in real property as defined in Section 783 of the California Civil Code, consisting of (i) a separate fee estate in the air space and interior surfaces within a Unit, as more particularly described in the Condominium Plan; (ii) an undivided interest as a tenant-in-common of the Common Area; (iii) a nonexclusive easement appurtenant to each Unit for ingress, egress and support over, across and through every portion of the Common Area.

"Condominium Plan" shall mean that certain plan or plans for condominium development of the Property recorded in the Office of the County Recorder of San Bernardino County prior to the sale of any Condominium to any Owner other than Declarant, as such Condominium Plan may be modified, revised or amended from time to time.

"County" shall mean the County of San Bernardino.

"Declarant" shall mean Watt-Jess/Ledford, a California general partnership, its successors and assigns, if such successors and assigns should acquire any portion of the Property from Declarant for the purpose of development and are designated by Declarant or its authorized agent as the Declarant for the purpose hereof by a duly recorded written instrument.

"Declaration" shall mean this instrument by which the Project is established to be a condominium development, as this Declaration may be amended from time to time.

"Exclusive Use Common Area" shall mean that portion of the Common Area, if any, over, on and through which an individual Owner is granted an easement for exclusive use appurtenant to his Unit, as shown and designated on the Condominium Plan, consisting of patios and/or balconies, storage areas and assigned covered parking spaces, if any.

"Improvements" shall mean buildings, outbuildings, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, hedges, plantings, trees and shrubs, poles, signs, sewer, water or drainage systems and all other structure and landscaping improvements of every type.

"Institutional Holder" shall mean a bank or savings and loan association or established mortgage company or other entity chartered under federal or state law, any corporation or insurance company, or any federal or state agency.

"Lien" shall mean both voluntary and involuntary liens.

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

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

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

"Mortgagee" shall mean the beneficiary of a recorded deed of trust or the holder of a recorded mortgage encumbering the Project or any part thereof. A "first mortgagee" is one having priority as to all other holders of mortgages encumbering the same Unit.

"Owner" shall mean the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Condominium, but excluding those having an interest merely as security for the performance of an obligation.

"Phase of Development" shall mean all of the real property and improvements thereon made subject hereto by the recordation of a separate declaration of annexation pursuant to this Declaration, except that the first Phase of Development shall mean the Property and all Improvements thereon.

"Project" shall mean and refer to all of the Property, together with all of the Condominiums, the Common Area and all Improvements located upon the Property.

"Property" shall mean and refer to all of the real property described as Lot 1 of Tract 12796-5 of Maps, pages 57 to 58, of book 234 in the office of the County Recorder of San Bernardino County recorded on 4-30-90, and, subsequent to annexation, any real property, as described in Exhibit "A," which becomes subject to this Declaration.

"Shall" is mandatory and not merely directory.

"State" means the State of California.

"Unit" shall mean the physical elements of a Condominium which are not owned in common with the the Owners of other Condominiums, being more particularly described in Article II hereof, and on the Condominium Plan.

(2) The second anniversary of the original issuance of the most recently issued public report (including any amendment) for any portion of the Property; or

(3) The fourth anniversary of the original issuance of the public report for the first phase of the Project.

(b) Joint Owner Disputes:

The vote for each Condominium must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their one vote shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners cast a vote representing a Condominium, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Condominium. In the event more than one (1) vote is cast for a particular Condominium, none of said votes shall be counted and all said votes shall be deemed void.

(c) Approval of Actions of the Association:

Other than as specifically set forth hereinafter, any provision in the Articles of Incorporation, Bylaws and this Declaration calling for membership approval of action to be taken by the Association shall expressly require the vote or written assent of the prescribed percentage of each class of membership during the time there are two (2) outstanding classes of membership. Wherever this Declaration requires the vote or written assent of each class of membership for the initiation of action by or in the name of the Association then any such requirements herein, other than as set forth hereinafter that the vote of the Declarant shall be excluded in any such determination, shall be applicable only if the Declarant holds or directly controls 25% or more of the voting power of the Association.

(d) Commencement of Voting Rights:

Except during any assessment subsidy or maintenance program approved by the California Department of Real Estate, voting rights attributable to the Condominiums shall not vest until assessments have been levied in accordance with the provisions of Article IV hereof; provided, the foregoing provisions shall not operate to preclude Declarant, for purposes of Article III, Section 3(a) hereof, from being vested with Class B voting rights for each and every unsold Condominium which is subject to this Declaration but for which assessments have not been levied.

(e) Special Procedure:

To assure resident Owners' representation on the Board, at least twenty percent (20%) of the Directors on the Board shall have been elected solely by the vote of the Members, other than Declarant, for so long as a majority of the voting power of the Association resides in Declarant.

Section 4. DUTIES OF THE ASSOCIATION:

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

(a) Maintenance and Management of Common Area:

To maintain in a safe and first class condition, manage and preserve (i) all of the Common Area, and all

improvements presently or hereafter located thereon and thereunder, including but not limited to the driveways, guard gates, elevators, intercom system, gardening, facilities, parking spaces, carports, plumbing, utilities, sewer facilities, supplies, equipment, tools and all facilities and equipment within the perimeter walls to the interior surface of the wall of each Unit, (ii) all easements for operation and maintenance purposes over the Common Area and over and through that area of the Unit from and including the exterior surface of the perimeter walls to the interior surface of the perimeter walls; (iii) all easements for operation and maintenance purposes over the Common Area; (iv) all easements for the benefit of the Members within the Common Area; and such property as the Members of the Association by a vote of fifty-one percent (51%) of the voting power allocated to the Members elect to maintain.

The Association shall provide exterior maintenance of each building containing Units as follows: paint, maintain, repair and replace (if required because of normal wear, tear or deterioration or an event against which the Association is insured) roofs, gutters, downspouts and exterior building surfaces, stairs, railings and fences, if any, and maintain the landscaping (including trees, grass, shrubs, and walks) within the Common Area.

Such exterior maintenance shall not include glass surfaces, landscaping within any private patio/balcony areas, patio or balcony covers or other additions built and maintained within said private patio and balcony areas by an Owner, or any other additional improvements made by an Owner. Such exterior maintenance also shall not include repairs or replacements determined to have arisen out of or determined to have been caused by the willful or negligent act of an Owner, his family, guests or invitees, after the Owner has been given an opportunity to be heard in accordance with the procedure set forth in Article III, Section 5 hereof. Such excluded items shall be the responsibility of each Owner.

(b) Rubbish Collection:

To provide refuse pickup and garbage disposal for the Common Area and for the Units if such service for the Units is deemed appropriate by the Board. This will be in accordance with any and all City Ordinances.

(c) Water and Other Utilities:

To acquire, provide and/or pay for water, gas, sewer, electrical, cable TV and telephone and other necessary utility services for the Common Area and for the Units if such service for the Units is deemed appropriate by the Board.

(d) Taxes and Assessments:

To pay taxes and assessments which are or could become a lien on the Common Area or any portion thereof.

(e) Contracts:

To contract for goods and/or services for the Common Area, facilities and interests of or for the Association, subject to the limitations set forth in Article III, Section 6 hereinbelow.

(f) Recreational Equipment:

To operate and maintain as deemed appropriate by the Board all recreational equipment and facilities located within the Common Area.

(g) Insurance:

To obtain and maintain in force the following policies of insurance:

(1) Fire and extended coverage insurance on the Project in form and amounts satisfactory to Mortgagees holding first deeds of trust encumbering Condominiums, but without prejudice to the right of the Owner of a Condominium to obtain individual insurance commonly known as "tenant improvement insurance," the amount of such insurance to be not less than one hundred percent (100%) of the aggregate full insurable value. The Board may, in its discretion, obtain all-risk coverage, a special replacement cost endorsement covering carpeting, air conditioners and other equipment, a stipulated value endorsement and such other policies and endorsements as it deems appropriate. In the event that an Owner procures insurance that results in double insurance on the Common Area, thereby creating the need for adjustments under coinsurance provisions of the Association's policy, the Association may levy an assessment against such Owner in the amount that the proceeds of the Association's policy are reduced as a result of such Owner's insurance. Such assessment shall be levied and enforced as a Remedial Assessment pursuant to provisions of this Declaration.

(2) General comprehensive public liability insurance against claims for personal or bodily injury, death or property damage with limits with regard to injury or death of not less than \$1,000,000 per person and \$1,000,000 per occurrence; and with limits of not less than \$500,000 per occurrence in respect of property damage, insuring against liability for bodily injury, death and property damage arising from the activities of each Owner with regard to ownership, maintenance and use of such Owner's Unit, the Common Area, and arising from the activities of the Association or with respect to property under its jurisdiction. Said liability insurance shall name and separately protect as insureds Declarant, the Association, the Board and their representatives, members and employees, and the Association Members (as a class), with respect to any liability arising out of the maintenance or use of the Property or other property under the jurisdiction of the Association.

(3) Such other insurance, including worker's compensation liability insurance to the extent necessary to comply with any applicable law, faithful performance and fidelity bonds to insure the Association against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of any Association funds or other property and such indemnity and other bonds as the Board shall deem necessary or expedient to carry out the Association's functions.

It shall be the duty of the Board to annually review all insurance policies for adequacy of coverage. Further, all policies of hazard insurance shall contain or have attached the standard mortgagee clause commonly accepted by institutional mortgagees. The clause shall provide that the insurance carrier shall notify the Board or institutional mortgagee named, at least ten (10) days in advance of the effective date of any cancellation of the policy or policies. The Board is hereby appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to the foregoing. The Board is granted full right and authority to compromise any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer. All insurance shall be obtained from and carried with companies approved by Declarant, for so long as Declarant owns any interest

in the Project, and rated A+XII, or better, if available, in the then current edition of Best's Key Rating Insurance Guide.

(h) Rule Making:

To make, establish, promulgate, amend and repeal the Association Rules.

(i) Environmental Control Committee:

To appoint and remove members of the Environmental Control Committee subject to the provisions of this Declaration.

(j) Enforcement of Restrictions and Rules:

To perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce any of the provisions of this Declaration and the Association Rules.

Section 5. POWERS AND AUTHORITY OF THE ASSOCIATION:

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

(a) Assessments:

To levy assessments against Condominiums and to enforce payment of such assessments, all in accordance with the provisions of this Declaration.

(b) Right of Entry and Enforcement:

To enter into any Unit, any Common Area for the purpose of ascertaining whether the provisions of this Declaration have been or are being complied with, for the purpose of enforcing by peaceful means any of the provisions of this Declaration and the Association Rules or for the purpose of maintaining or repairing any such area as required by this Declaration. With respect to any Unit, such entrance shall be after twenty-four (24) hours prior written notice to the Owner, or such greater notice as may be required by any provision hereof; provided, however, that such entrance shall be permitted without any prior notice whatsoever in the event of an emergency. The Association shall also have the power and authority from time to time in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and the Association Rules and to enforce, by mandatory injunction or otherwise, all of the provisions hereof.

In addition, or as an alternative method of enforcing this Declaration and the Association Rules, the Board may impose monetary penalties, temporary suspensions of an Owner's rights as a Member of the Association or other appropriate discipline for failure to comply with the provisions of this Declaration or the Association Rules; provided that the procedures for notice and hearing satisfying the minimum requirements of Section 7341 of the California Corporations Code

are given to the accused Member before a decision to impose discipline is reached.

(c) Employment of Agents:

To employ the services of any person or corporation as managers, or other employees, to, as may be directed by the Board, manage, conduct, and perform the business, obligations and duties of the Association, and enter into contracts for such purpose. Such agents shall have the right to ingress and egress over such portion(s) of the Project as is (are) necessary for the performance of such business, duties and obligations.

(d) Employment of Professional Advisors:

To employ professional counsel and obtain advice from such persons or firms or corporations such as, but not limited to, landscape architects, recreation experts, architects, planners, lawyers and accountants.

(e) Borrowing of Money:

To borrow and repay monies for the purpose of maintaining and improving the Common Area, and to encumber property of the Association as security for the repayment of such borrowed money.

(f) Commercial Concessions:

Negotiate contracts and grant commercial concessions over portions of the Common Area, provided, however, that any such contract or grant having a term of more than one (1) year shall require the vote or written approval of (1) Declarant and a majority of the votes of Class A Members entitled to vote while there is a Class B membership, or (2) a majority of the voting power of the Members of the Association entitled to vote, including a majority of the voting power of the Association held by Members other than Declarant, after there is no longer a Class B membership.

(g) Hold Title and Make Conveyances:

To acquire, hold title to and convey, with or without consideration, real and personal property and interests therein, including but not limited to easements.

(h) Services:

To contract for or otherwise provide for all services necessary or convenient to the management, maintenance and operation of the Common Area and the Units.

Section 6. LIMITATIONS ON POWERS OF THE BOARD:

(a) Notwithstanding the powers of the Association as set forth in Section 5 hereof, the Board shall not take any of the following actions without the prior vote or written consent of a majority of the Class A Members and the Class B Members, if any, in the Association, including a majority of the voting power residing in Members other than Declarant:

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

(A) 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.

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

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

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

(3) Pay compensation to members of the Board or to Officers of the Association for services performed in the conduct of the Association's business, provided, however, that the Board may cause a Director or an Officer to be reimbursed for expenses incurred in carrying on the business of the Association.

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

(5) Fill any vacancy on the Board created by the removal of a member of the Board.

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

(7) Nothing herein contained shall prohibit the Association, upon being authorized by the prior vote or written consent of a majority of Class A Members and the Class B Members, if any, in the Association including a majority of the voting power residing in Members other than Declarant, from installing a solar heating system in his Unit, subject, however, to all applicable zoning district regulations, the Uniform Building Code and associated ordinances, and reasonable architectural review by the Environmental Control Committee.

Section 7. THE ASSOCIATION RULES:

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

Articles or the Bylaws to the extent of such inconsistency. In the event of any conflict between the provisions of this Declaration and provisions of the Bylaws or Articles, the provisions of this Declaration shall prevail.

Section 8. PERSONAL LIABILITY:

No member of the Board or the Environmental Control Committee or any Officer of the Association, or Declarant, or the manager, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the Environmental Control Committee, the manager or any other representative or employee of the Association, Declarant, or any Officer of the Association; provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, and without willful or intentional misconduct.

ARTICLE IV

ASSESSMENTS

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS

Declarant, for each Condominium owned hereby covenants, and each Owner of any Condominium by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree, for each Condominium owned, to pay to the Association Annual Assessments, Special Assessments, Emergency Assessments, Remedial Assessments and any other assessments provided for herein, all of which shall be established, made and collected as hereinafter provided. Each of these assessments, together with interest, costs, reasonable late payment charges and reasonable attorneys' fees, shall, when perfected in the manner hereinafter provided, be a charge on the land and shall be a continuing lien upon the Condominium against which such assessment is made. Each such assessment, including without limitation, Remedial Assessments, together with interest, reasonable late payment charges and reasonable attorneys' fees, shall also be a personal obligation of the person who is the Owner of such Condominium at the time when the assessment becomes due and payable. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them; however, all perfected liens shall be liens on the interests of successive Owners of the Condominiums subject thereto. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by nonuse of the Common Area, or any part thereof, or abandonment of his Condominium.

Section 2. PURPOSES OF ASSESSMENTS:

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

Section 3. OPERATING FUND:

There shall be an operating fund, into which the Association shall deposit all monies paid to it as:

- (a) Annual Assessments;
- (b) Special Assessments;
- (c) Remedial Assessments;

(d) Miscellaneous fees;

(e) Income attributable to the operating fund; and from which the Association shall make disbursements in performing the functions for which the foregoing assessments are levied.

Section 4. ANNUAL ASSESSMENTS:

(a) Levy and Enforcement of Annual Assessments:

Annual Assessments shall be made, and enforced, by the Board in the manner provided in this Declaration against the Owners of all Condominiums, including Declarant. The operation, management and maintenance of the Common Area, together with the rights, duties and obligations of the Association as set forth in this Declaration, shall be the exclusive obligation of the Association.

(b) Amount of Assessments:

The amount of the total Annual Assessment for all the Condominiums shall be determined by the Board at least thirty (30) days prior to the commencement of each accounting year based on the budget for such accounting year called for above. The total Annual Assessment and any Special or Emergency Assessment shall be assessed equally against all of the Condominiums; provided, however, any Special Assessment levied for the purpose of financing the rebuilding or major repair of the structural Common Area encompassing a Unit shall be levied upon the basis of the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of the floor area of all Units to be assessed. All Annual Assessments shall be collected in equal monthly installments.

(c) Commencement Date for Annual Assessments:

Subject to any maintenance or subsidy program established by Declarant, the Annual Assessment hereunder shall commence to accrue on all Condominiums initially subject to this Declaration on the date (the "Initial Commencement Date") which is the first day of the first month following the month in which shall occur the recordation of the first deed of a Condominium to an Owner. Annual Assessments for any Condominium(s) that subsequently becomes subject to this Declaration shall be levied in accordance with the provisions of Article IX hereof.

(d) Increase of Annual Assessments:

The Annual Assessments for each accounting year may be increased by the Board for such accounting year without a vote of the Members by an amount which shall not exceed ten percent (10%) of the Annual Assessments for the immediately preceding accounting year. Any increase in the Annual Assessments which exceeds ten percent (10%) of the preceding year's Annual Assessments shall be made only upon the affirmative vote or written consent of the Members of the Association as set forth in Section 8 below.

The provisions of the preceding paragraph do not limit assessment increases for the following purposes:

(1) The maintenance or repair of the common areas which the Association is obligated to maintain or repair, including, but not limited to, the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining or repairing structures or improvements and funding reserves; or

(2) Addressing emergency situations.

(e) Reserve Fund:

For purposes of creating reserves to insure payment when due of the cost of capital expenditures relating to the repair and replacement of the Common Area, a portion of the Annual Assessments shall constitute a capital contribution to the Association. The specific items for which such capital contributions shall be made and the amount of such contribution in respect of each such item shall be determined by the Board, acting in its sole discretion, at the time it adopts the budget for the Annual Assessments. All such capital contributions shall be collected in equal monthly installments as provided for hereof, shall be accounted for separately and shall be held in trust and used to pay for each specific capital expenditure in such manner and at such times and the Board, acting in its sole discretion, shall determine. Immediately upon receipt, all such capital contributions shall be deposited in a separate interest-bearing account or accounts, denominated Trustee Capital Account, in any savings and loan association, bank or trust company under the supervision of the California Superintendent of Banks, the California Commissioner of Savings and Loan Associations, the Federal Home Loan Bank Board or the United States Controller of the Currency as may be determined by the Board by resolution or invested in certificates of deposit issued by a bank or financial institution having assets in excess of Five Hundred Million Dollars (\$500,000,000).

(f) Uncompleted Unit Exemption:

Notwithstanding any other provisions of this Declaration, the Declarant, for each Condominium which the Declarant owns, shall be exempted from the payment of that portion of any assessment, or other monetary obligation under any assessment, subsidy or maintenance program, which is for the purpose of defraying expenses and reserves directly attributable to the existence of the Unit which is part of such Condominium. This exemption shall include without limitation: (1) roof replacement reserves; (2) exterior painting reserves and other exterior maintenance and reserve expense; (3) cable television; (4) minor repairs; and (5) fire insurance. For each and every Condominium owned by the Declarant, this exemption shall remain in effect until a notice of completion for the Unit which is part of such Condominium has been recorded.

Section 5. ASSESSMENT ROLE:

An assessment role shall be accurately maintained and available in the office of the Association for inspection at all reasonable times by any Owner or his duly authorized representative. Said assessment role shall indicate for each Condominium, the name and address of the Owner thereof, all assessments levied against each Owner and/or his Condominium, and the amount of said assessments paid and unpaid. The Board shall, upon written request therefor from any Owner or his Mortgagee, and for a reasonable charge not to exceed Ten Dollars (\$10), furnish a certificate executed and acknowledged by the Secretary or Chief Financial Officer of the Association, stating whether any indebtedness secured by any lien created hereby upon any such Condominium, has been paid. The certificate shall be conclusive upon the Association and the Owner of such Condominium as to the amount of such indebtedness as of the date of such certificate, in favor of all persons who rely thereon in good faith, and such a certificate shall be furnished by the Association to any owner or to any Mortgagee under a Mortgage encumbering a Condominium upon written request therefor at a reasonable fee payable to the Association.

Section 6. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS:

In addition to the Annual Assessments authorized above, the Board may levy during any accounting year, a special assessment ("Special Assessment") applicable to that accounting year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction or unexpected repair or replacement of a capital improvement upon the Common Area and/or the necessary fixtures and personal property related thereto. Special Assessments, which in the aggregate in any accounting year exceed an amount equal to five percent (5%) of the budgeted gross expenses of the Association for the accounting year, may be levied only upon vote or written consent of the members as provided in Section 8 hereof. Special Assessments shall be assessed equally against all of the Condominiums; provided, however, any Special Assessment levied for the purpose of financing the rebuilding or major repair of the structural Common Area which encompasses a Unit or Units shall be levied according to the following formula: each Unit's portion of the total Special Assessment shall be equal to a fraction, the numerator of which will be the square footage of the floor area of such Unit and the denominator of which will be the total square footage of the floor area of all the Units to be assessed. The provisions herein with respect to Special Assessments shall not apply in the case where the Special Assessment against a member is a remedy utilized by the Board to reimburse the Association for costs incurred in bringing the member and subdivision interest into compliance with the provisions of this Declaration or Bylaws.

Section 7. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 4 AND 6:

Any action authorized under Sections 4 or 6 of this Article IV which requires the vote or written consent of the Members of the Association shall require the vote or written consent of (1) Declarant and at least a majority of the votes of the Class A Members entitled to vote while there is a Class B membership, or (2) a majority of the voting power of the Members of the Association entitled to vote, including a majority of the voting power of the Association held by Members other than Declarant, after there is no longer a Class B membership. Such vote may be taken or written approval obtained at a meeting called for that purpose, at which a quorum is present as provided in the Bylaws, written notice of which shall be sent to all Members not less than ten (10) days or more than ninety (90) days in advance of the meeting. If the proposed action is favored by a majority of the voting power of the Association present at such meeting, excluding Declarant, Members who were not present in person or by proxy may give their consent in writing within ten (10) days after the aforesaid meeting so that the required percentage of the voting power of all Members may be obtained.

Section 8. REMEDIAL ASSESSMENTS:

Pursuant to this Declaration, the Board may levy an assessment against any Condominium to reimburse the Association for costs incurred in bringing such Condominium and its Owner into compliance with provisions of this Declaration or the Association Rules. Remedial Assessments shall be due fifteen (15) days after the Board gives written notice thereof to the Owner subject thereto. The provisions of Section 7 of this Article IV with respect to approval of Special Assessments and Emergency Assessments shall not apply in the case of Remedial Assessments.

Section 9. DUE DATES OF ASSESSMENTS; CERTIFICATE REGARDING ASSESSMENTS:

The Board shall fix the amount of the Annual Assessment against each Condominium at least thirty (30) days in advance of the beginning of each accounting year beginning with the second accounting year. Written notice of all assessments shall be sent to each Owner subject thereto. The Annual Assessments and Special Assessments shall be paid on a monthly basis. The Emergency Assessments shall be due and payable at the time and in the manner specified by the Board. The Board shall, upon written request therefor from any Owner or his Mortgagee, and for a reasonable charge not to exceed Ten Dollars (\$10), furnish a certificate to such person or entity, signed by an Officer of the Association, setting forth whether all Annual, Special, Emergency and any Remedial Assessment on a specified Condominium have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 10. EFFECT OF NONPAYMENT OF ASSESSMENTS OF THE ASSOCIATION:

In the event of a default in payment of any assessment when due, such assessment shall be deemed to be delinquent. Each Owner vests in the Association or its assigns the right and power to bring all actions at law and in equity, and to pursue all available remedies against any Owner for the collection of delinquent assessments. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. In addition to any other remedies herein or by law provided, the Association may enforce the obligations of the Owners to pay the assessments provided for herein, and each of them, in any manner provided by law or in equity, and without any limitation of the foregoing, by any or all of the following procedures:

(a) Suspension of Rights:

The Board may establish a schedule of reasonable late payment charges applicable to all Owners who are delinquent in their payment of assessments. After a hearing by the Board (whether or not the delinquent Owner appears) conducted in accordance with the procedures set forth in the Bylaws, the Board may suspend the voting rights of any Owner and/or such Owner's right to use the Common Area for any period during which any assessment against such Owner's Condominium remains unpaid; provided, this provision shall not operate or be construed to deny or restrict ingress or egress of any Owner to his Unit.

(b) Enforcement by Suit:

By commencement and maintenance of a suit at law against an Owner or prior Owner to enforce said assessment obligation, such suit to be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency, interest thereon at the maximum legal rate per annum from the date of the delinquency, court costs and reasonable attorneys' fees, in such amount as the court may adjudge against the delinquent Owner.

(c) Enforcement by Lien:

There is hereby created a claim of lien, with power of sale, on each and every Condominium to secure payment to the Association of any and all assessments (except Remedial Assessments) levied against any and all Units under this Declaration together with interest thereon at twelve percent (12%) per

annum from thirty (30) days after the delinquency, reasonable late payment imposed by the Association because of such delinquency, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. At any time after the occurrence of any default in the payment of such assessment, the Association or any authorized representative may, but shall not be required to, make a written demand for payment to the delinquent Owner. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien or a lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, or within fifteen (15) days after the date of delinquency if no written demand is made, the Association may elect to file and record a notice of assessment on behalf of the Association against the Condominium of the defaulting Owner in the Office of the County Recorder of the County. Such a notice of assessment shall be executed and acknowledged by any Officer of the Association, and shall contain substantially the following information:

1. the name of the delinquent Owner,
2. the legal description of the Condominium against which the claim of lien is made,
3. the total amount of the delinquency, interest thereon, reasonable late payment charges, collection costs and reasonable attorneys' fees (with any proper offset allowed),
4. that the notice of assessment is made by the Association pursuant to this Declaration,
5. that a lien is claimed against said Condominium in an amount equal to the amount stated, and
6. The name and address of the trustee authorized by the association to enforce the lien by sale.

Upon such recordation of a duly executed original or copy of such a notice of assessment and mailing a copy thereof to said Owner, the lien claimed therein shall immediately attach and become effective. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a deed of trust by exercise of a power of sale contained therein or in the manner provided by law for the enforcement of a judgment as the laws of the State of California may from time to time be changed or amended. The Association shall have the power to bid in at any foreclosure sale, Trustee's sale or judgment sale and to purchase, acquire, lease, hold, mortgage and convey any Condominium. Reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law.

The proceeds of any foreclosure, trustee's or judgment sale provided for in this Declaration shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees, title costs and costs of the sale, and all other expenses of the proceedings and sale, and the balance of the proceeds, after satisfaction of such charges, unpaid assessments and reasonable late payment charges hereunder or any liens, shall be paid to the defaulting Owner. Any purchaser at such sale shall thereupon be entitled to a deed to the Condominium and immediate possession of the Condominium and shall have the right to apply to a court of competent jurisdiction for such orders as may be reasonable for the purpose of acquiring and possessing the Condominium. It shall be a condition of such sale, and the deed so made shall provide, that the purchaser shall take title to the Condominium sold subject to this Declaration.

Upon the timely curing of any default for which a notice or claim of lien was filed by the Association, the Officers of the Association are hereby authorized to record an appropriate release of such lien in the Office of the County Recorder of the County.

Section 11. ASSIGNMENT OF RENTS:

As security for the payment of all such liens, each Owner hereby gives to and confers upon the Association the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of said Owner's Condominium, reserving unto the Owner the right, prior to any default by such Owner in performance of that Owner's obligation under this Declaration, or the Bylaws or the Articles to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, the Association may, at any time, upon ten (10) days written notice to such Owner, either in person, by agent or by a receiver to be appointed by a court of competent jurisdiction, and without regard to the adequacy of any security for such indebtedness, enter upon and take possession of such Owner's Condominium or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, in payment of any indebtedness to the Association or in performance of any agreement hereunder, and in such order as the Association may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure nor waive any default hereunder or invalidate any act done pursuant to this Declaration.

The assignment of rents and powers described in the foregoing paragraph shall not affect, and shall in all respects be subordinate to, the rights and powers of the holder of any first or second mortgage on any Condominium, or any part thereof, to do the same or similar acts.

Section 12. SUBORDINATION TO CERTAIN TRUST DEEDS:

The lien of the assessments shall be prior to all encumbrances made by the Owner or imposed by legal process upon any Condominium except taxes, bonds, assessments and other levies, which, by law, are prior thereto, whether the notice of assessment is recorded prior or subsequent to any such encumbrances, except that the lien of the assessments shall be subordinate to the lien of any first mortgage or first deed of trust in favor of any Mortgagee; provided such first mortgage or deed of trust is made in good faith and for value and recorded in the Office of the County Recorder of Los Angeles County prior to the recordation of a claim of lien for said assessments. Sale or transfer of any Condominium shall not defeat or affect the assessment lien. However, the sale or transfer of any Condominium which is subject to any first mortgage or deed of trust pursuant to a foreclosure under such first mortgage or deed of trust shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer, except for the amount of unpaid assessments specified in a claim of lien recorded prior to the recordation of such first mortgage or deed of trust. No such sale or transfer shall relieve such Condominium or the purchaser thereof from liability for any assessments thereafter becoming due or from the lien thereof.

Section 13. PROPERTY TAX ASSESSMENTS:

Until such time as the San Bernardino County Tax Collector segregates the property taxes on the Property into separate assessments for each Condominium, the Association shall, upon

written request of Declarant, make and enforce a property tax assessment ("Property Tax Assessment") against each Owner whose Condominium is taxed to Declarant pursuant to an unsegregated property tax bill on the Property or any portion thereof. The Property Tax Assessment shall constitute a lien on such Owner's Condominium which shall be deemed perfected hereunder as of the date such taxes became a lien and shall be enforceable as herein provided. Notwithstanding the foregoing, the Association shall, prior to undertaking enforcement of delinquent Property Tax Assessments, record a notice of assessment against such delinquent Owner's Condominium in the manner provided in this Article IV. The amount of the Property Tax Assessment shall be uniform for each Condominium. The Property Tax Assessment shall be due and payable no later than December 1 as to the first installment of property taxes and April 1 as to the second installment. No later than the aforesaid dates, the Association shall deliver to Declarant evidence satisfactory to Declarant that such tax has been paid or a check payable to the Los Angeles County Tax Collector in the total amount of the tax due from the Members of the Association. Upon receipt of said funds, Declarant shall cause the tax bill to be paid.

Section 14. INCOME TAX ELECTIONS:

The Board shall have the right, exercisable in its sole discretion, to elect to report the receipts, expenses, deductions and credits, if any, of the Association for income tax purposes pursuant to Section 528 of the Internal Revenue Code of 1954, as amended, Section 23701(t) of the California Revenue and Taxation Code, as amended, or any comparable statute or amendment thereto hereinafter enacted.

Section 15. TAXES:

Each Owner shall pay any real and personal property taxes separately assessed against his Unit and all utility charges separately metered or charged against his Unit, and such payments shall be made by each Owner in addition to and separately from assessments otherwise payable to the Association by the Owner.

ARTICLE V

COVENANTS AND USE RESTRICTIONS

In addition to all other covenants contained herein and subject to the exceptions provided herein, the following covenants and restrictions shall govern the use and occupancy of the Project:

Section 1. RESIDENTIAL USE:

No part of any Unit shall be used for other than residential purposes. No Owner shall create undivided interests or any other type of interests in his/her Unit for time share purposes.

Section 2. PARTITION OF COMMON AREA:

The Common Area shall remain undivided and no Owner shall bring any action for partition, except as otherwise hereinafter provided.

Section 3. MAINTENANCE AND INTERIOR DECORATION; BALCONIES:

Each Owner shall maintain in good repair, the interior of such Owner's Unit and shall have the responsibility for the maintenance and repair of glass doors leading to the Common Area, locks and screens, and shall have the exclusive right, at such Owner's sole cost and expense to paint, repaint, wax, paper,

drape, carpet and tile (as hereinafter conditioned) and otherwise refinish and decorate the inner surfaces of the walls, ceilings, windows, floors and doors bounding such Owner's Unit. Carpets and other floor coverings, dishwashers, garbage disposals, plumbing, electrical facilities (including the switches and outlets), ranges and ovens which may be included within any Unit shall be deemed to be fixtures and attached to the realty, but the maintenance, repair and replacement shall be the responsibility of the Unit Owner and not of the Association.

Section 4. STRUCTURAL ALTERATIONS AND IMPROVEMENTS:

No structural alteration to any Unit or alteration of any sort to the Common Area shall be made, constructed or maintained upon the Project except by Declarant, until the plans and specifications therefor have been approved by the Environmental Control Committee in the manner set forth herein; no change in the exterior appearance, type, color, grade, height or location of any such structure placed within the Project shall be made except by Declarant without the written approval of the Environmental Control Committee acting pursuant to Article VI hereof.

Section 5. ALTERATION AND DECORATION OF INTERIOR WALLS AND COMMON AREA

Subject to the provisions of Section 4 of this Article V, no Owner shall do, make or suffer any alteration, addition or modification to any portion of the Common Area nor shall he install, attach, paste, hinge, screw, nail, build or construct any lighting, decoration or other article or thing thereto, without the prior written consent of the Board. Certain Common Area facilities and equipment will be located inside interior walls of Units and inside walls separating an Owner's Unit from other Units and from the Common Area, including such facilities and equipment as telephone conduits, wiring and cables, intercom cables and wiring, electrical cables and wiring, plumbing vents and lines, and sprinkler systems and sprinkler heads. For that reason no Owner shall do, make, or suffer any alteration, addition or modification to any portion of any interior wall or ceiling in his Unit or of any wall separating his Unit from any other Unit or the Common Area nor shall he install, attach, paste, hinge, screw, nail, build or construct any lighting, fixtures, shelving, art work or any other article or thing to any such interior wall or any wall separating his Unit from any other Unit or the Common Area, without the approval of the Environmental Control Committee; provided that such alteration or decoration which requires minor penetration of any such interior walls by ordinary and usual nails, screws or the like shall be permitted. Any damage occurring to the Common Area as a result of any such penetration of interior walls shall be the sole responsibility of the Owner of said Condominium. In the event an Owner shall do anything with respect to his Unit that might have the effect of increasing the level of noise or sounds that can be heard outside of his Unit during normal use and occupancy, including but not limited to the replacement of carpeting with tile or other hard floor covering, he shall be required to take, at his own expense, all reasonable measures to deaden, insulate and otherwise decrease the level of such noise or sounds to the minimum level reasonably possible. In requesting the Committee's approval, where appropriate, Owner shall submit the plans for any proposed alteration, addition or modification and shall reimburse the Committee for any costs incurred as a result of having a third party such as an architect or engineer review the Owner's proposed plans. When approved, each alteration, addition or modification shall be completed in accordance with the approved plans. The painting of any fire sprinkler head on any portion of the Project is prohibited.

Section 6. COMMON AREA:

No Owner, his agents, invitees, guests, employees or lessees shall remove, alter or injure in any way any portion of the Common Area, including but not limited to, all improvements thereto and personal property located thereon, or any shrubs, trees, grass, plants or other landscaping placed upon the Common Area by Declarant or the Association. The Owner of any Condominium who violates this Section shall reimburse the Association for all expenses incurred by it in remedying the damage caused by said Owner's violation of this Section. Such expense shall be assessed to the Owner as a Remedial Assessment, enforceable in the manner provided in Article IV hereof. It is hereby intended that the recreational facilities and areas shall be used only by the Owners and their guests or family members, all of whom shall abide by the Association Rules regulating the use thereof, as the same may, from time to time, be amended and posted at or near said facilities and areas.

Section 7. SIGNS:

No sign or billboard of any kind (including but not limited to commercial or political signs) shall be displayed to the public view on any Condominium, except for:

(a) directional signs established by the Declarant or the Association;

(b) such signs as may be required for legal proceedings;

(c) for sale or rent signs for each Unit may only be posted at the main entry gate at the area made available by the Association and at areas where the United States Mail is delivered as made available by the Association;

(d) during the time of construction of any improvement, one job identification sign not larger than eighteen (18) by twenty-four (24) inches in height and width and having a face area not larger than three (3) square feet, or as required by local governmental agencies; (This does not relate to any monument signs that may be erected by Declarant.)

(e) signs, billboards and other advertising devices or structures used by Declarant in connection with the development, subdivision, advertising and sale of the Property and Condominiums therein, in accordance with the provisions of Article X hereof.

Section 8. ELECTRICAL WIRING AND EQUIPMENT:

No Owner shall install, attach or hang or cause to be installed, attached or hung any television or radio transmitting or receiving antenna or equipment, air-conditioning units or any other equipment, machines or wiring in or on any portion of the Common Area or that protrude from any Unit or through any Unit or Common Area wall, floor, ceiling, window or door, except with the prior consent of the Board. All radio, television, air-conditioning units or other electrical machines, equipment or appliances of any kind or nature or wiring therefore installed or used in a Unit shall fully comply with all rules, regulations and requirements of all state and local public authorities having jurisdiction over same, and the Unit Owner alone shall be liable for any damage or injury caused by any such radio, television or other electrical equipment or appliance installed or used in his Unit. Normal radio, stereo, high fidelity and television equipment installations within a Unit are excepted from the provisions of this Section 8.

Section 9. OBNOXIOUS AND OFFENSIVE ACTIVITIES:

No obnoxious or offensive activity shall be carried on, in or upon any Condominium or any part of the Property or Project, nor shall anything be done therein which may be or may become an annoyance or nuisance to the neighborhood or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Condominium, or which shall in any way increase the premium rate of insurance.

Section 10. ANIMALS:

No animals, livestock, birds, fish or poultry of any kind shall be raised, bred or kept in or upon any Condominium or on any portion of the Common Area except that not more than one (1) dog, cat or such other household pets as may be approved by the Association may be kept in each Unit, provided they are not kept, bred or maintained for any commercial purposes or any purpose if there would be involved an odor or noise such as would unreasonably disturb the use and enjoyment of any portion of the Project by other Owners. Notwithstanding the foregoing, no animals, livestock, birds, fish or poultry may be kept which result in any annoyance or are obnoxious to residents in the vicinity, and in any event, each Owner shall be absolutely liable to each and all remaining Owners, their families, guests, and invitees, and to the Association for any and all damage to person or property caused by any pets or other animal, livestock, bird, fish or poultry brought within or kept within any Condominium or the Common Area by such Owner, members of his family, guests or invitees, and each Owner shall comply with such reasonable rules and regulations governing the keeping of pets which may be adopted by the Association from time to time. Upon the written request of any Owner, the Board shall conclusively determine, in its sole discretion, whether for the purposes of this Section, a particular animal or fowl is generally recognized as a household pet or yard pet, or constitutes a nuisance, or whether the number of pets within any Condominium is reasonable. Any decision rendered by the Board shall be enforceable as other restrictions contained herein. In no event shall any domestic pet or pets be permitted in or on any portion of the Common Area unless carried or on a leash.

Section 11. VEHICLES:

No mobile home, trailer of any kind, truck, recreational vehicle, motorcycle, camper, boat or similar type vehicle shall be kept, maintained, placed, constructed, remodeled, reconstructed, or repaired, nor shall any vehicle be constructed, remodeled, reconstructed or repaired on any portion of the Property in such a manner as will be visible from the Units, the Common Area.

Section 12. DEBRIS AND OUTSIDE STORAGE:

(a) No rubbish, trash or garbage or containers therefor shall be allowed to accumulate on the Property outside the Units except in locations specifically designated by the Board for such use, without the written permission of the Board.

(b) No exterior clothesline shall be erected or maintained and there shall be no drying or laundering of clothes in the balcony areas or other areas visible from the Common Area.

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

Section 13. PARKING AND STREET OBSTRUCTIONS:

No mobile home, trailer of any kind, truck, camper, recreational vehicle, motorcycle or boat is permitted upon any portion of the Common Area, except that moving vans, delivery trucks and other such similar vehicles will be permitted upon the Common Area in the course of their normal business operations. The parking and operation of vehicles upon any portion of the Property shall at all times be subject to the Association Rules.

Section 14. PESTS:

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

Section 15. ANTENNAE AND EXTERIOR APPLIANCES:

(a) No towers, antennae, aerials, or other facilities for the reception or transmission of radio or television broadcasts or other means of communication shall be erected and maintained or permitted to be erected and maintained on the Property except by installations inside of structures constructed on the Property, or by underground conduits, without the prior written consent of the Environmental Control Committee.

(b) No wiring for electrical or telephone installations, television antennae, security systems, machines or air-conditioning units, or appliances shall be permitted on the exterior of any residential building or that protrude through the walls or roof of any residential building except as permitted by the Environmental Control Committee pursuant to Article VI hereof.

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

Section 16. COMPLIANCE WITH LAWS:

Each Owner shall promptly comply with all laws, statutes, ordinances, rules and regulations of Federal, State or municipal governments or authorities applicable to the Project and to use and occupancy of and construction and maintenance of any improvements thereon.

Section 17. EXTRACTION OF MINERALS:

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

Section 18. CHILDREN:

Each Owner shall be accountable to the Association and the other Owners for the conduct and behavior of children visiting his Condominium, and any damage to any portion of the Common Area or property of another Owner caused by such children shall be repaired by competent and licensed contractors and at the expense of the Owner with whom said children are visiting.

Section 19. DRAINAGE:

Neither the Association nor any Owner may interfere with or alter the grading established by Declarant or in any manner impede the drainage pattern within the Common Area which exists as of the date of the sale of the first Condominium, or in any way interfere with or impede the drainage from any private patio area into the drainage system established by Declarant.

Section 20. FLAMMABLE, CORROSIVE OR EXPLOSIVE MATERIALS:

No Owner nor any member of his family, tenant, agent, employee, licensee or guest shall at any time bring into, keep or maintain in or on any portion of the Project any highly corrosive or explosive solid, liquid, gas, chemical, substance or other material which may be hazardous to life, limb or property without in each case obtaining the prior written consent of the Board.

Section 21. COMMERCIAL OPERATIONS:

Except for the management, operation and maintenance of the Project, no professional, commercial or industrial operation or business of any kind whatsoever shall be established, maintained, operated, carried on, permitted or conducted on or within the Project. The foregoing shall not be deemed to restrict Declarant in any way with respect to its sales and marketing operations in the Project.

Section 22. WATER SOFTENERS:

All water softeners installed in a Unit must be commercially serviced. No Owner shall deposit or dispose, or permit to be deposited or disposed, any salts or other chemicals from water softeners in the sewage systems.

Section 23. ROOF:

Owners, members of their families, guests, tenants, agents, licensees, employees and invitees, shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of any residential building without the prior approval of the Board, except by means of established access to such Owner's balcony included in a Unit, and then such access shall be confined to such balcony.

Section 24. RECREATIONAL FACILITIES:

It is hereby intended that the recreational facilities, if any, shall be used only by the Owners, their guests or lessees, all of whom shall abide by the Association Rules regulating the use thereof, as the same may, from time to time, be amended and posted at or near said facilities and areas.

Section 25. EXCEPTIONS:

The covenants and restriction set forth in this Article V or in Article VI below shall not and do not apply to any of the following:

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

(b) Any act done or proposed to be done upon the Property, or any condition created thereon, by any utility company, (including, but not limited to, companies furnishing electric, gas, water, telephone, cable television and/or sewer

service to all or parts of the Property), or the agents or employees of any such company, which act could be done by such company were this Declaration not made;

(c) Any act done or proposed to be done upon the Property, or any condition created thereon (including without limitation, the use of Units for models, sales or resales of-fices), by Declarant, or its successors, assigns, agents, employ-ees or contractors, in connection with the marketing, leasing, sales or resales of Condominiums, in the course of planning for, preparing the Property for and/or construction upon the Property of any Condominium or streets, utilities, residential buildings, and all other original improvements, or in connection with the exercise of any easement reserved to Declarant herein or in any other document; provided, however, that any such acts, proposed acts or conditions created upon the Property shall not unreasonably restrict the Members in their use and enjoyment of the Common Area or the facilities thereon;

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

(e) Any act done or proposed to be done upon the Property, or any condition created thereon, which act or condition has been approved in advance by the Board or the Environmental Control Committee acting within its authority as set forth in Article VI of this Declaration.

Section 26. MECHANICS LIENS:

No labor performed or materials furnished for use in connection with any Condominium shall create any right to file a claim of mechanic's lien against the Condominium of any other Owner not expressly consenting to or requesting such labor or materials or against any interest in the Common Area except the undivided percentage interest therein appurtenant to the Unit of the Owner for whom furnished. Each Owner shall indemnify, defend and hold harmless each other Owner from and against any such claim, liability, litigation or loss.

ARTICLE VI

ENVIRONMENTAL CONTROL COMMITTEE

Section 1. ESTABLISHMENT OF COMMITTEE; MEMBERSHIP:

(a) Establishment of committee:

The following persons are hereby designated as the initial members of the Environmental Control Committee (hereinafter referred to as "the Committee") established hereby:

Office No. 1 Gary Ledford

Office No. 2 Richard Laliberte

Office No. 3 Steve Evans

All of the rights, powers and duties of the Committee as set forth in this Declaration are hereby delegated to the Committee established hereby. Such delegation may not be revoked except by Declarant until the first to occur of (i) expiration of five (5)

years after issuance of the first Final Subdivision Public Report for the Project or (ii) sale by Declarant of ninety percent (90%) of the Condominiums in the Project.

(b) Term of Office:

The terms of office of the first two members of the Committee listed in subparagraph (a), above, shall continue for a period of five (5) years after the issuance of the first Final Subdivision Public Report for the Project or until Declarant has sold ninety percent (90%) of the Condominiums in the Project, whichever occurs first. The term of the third member shall continue for one year after the issuance of the original Final Subdivision Public Report for the Project. Thereafter, the term of each Committee member shall be for a period of three (3) years or until the appointment of his successor. Any new member appointed to replace a member who has died, resigned or been removed shall serve such member's unexpired term.

(c) Appointment, Removal and Resignation:

The Board shall have the right to appoint and remove all members of the Committee; provided, however, that no initial member of the Committee may be removed, nor any successor appointed for an initial member who dies or resigns, except by Declarant prior to the expiration of his term of office pursuant to subparagraph (b) above. Members who have resigned, been removed or whose terms have expired, may be reappointed.

Members appointed to the Committee by the Board shall be from the membership of the Association. Members appointed to the Committee by the Declarant need not be Members.

(d) Scope of the Committee:

Before commencing any building, remodeling, or renovation operations or activities, written approval must be obtained from the Committee established herein covering building and plot plans for all structures erected, altered, renovated, remodeled, placed, assembled, or permitted to remain on any Unit, including garages and fences; except, however, that approval of the Committee shall not be required for building operations conducted by Declarant, its successors and assigns. The approval of said Committee shall include style, design, appearance, harmony of external design, including color scheme, with Declarant's general scheme, location of the proposed structure with respect to topography and finish grade elevation, but shall not be construed as modifying, altering, or waiving any of the provisions herein set out or established by law.

Section 2. OPERATION OF COMMITTEE:

(a) The requirements of the Committee shall be in addition to any other requirements by the City, to County of Los Angeles, and/or any other governing Agency.

(b) The Committee, before giving such approval, may require that changes be made to comply with such requirements as the Committee may, in its absolute discretion, impose as to design and structural features of any proposed structure, so that such improvements shall be reasonably compatible with the general architectural style and character of existing improvements within the Project and shall not jeopardize the structural integrity of any building or otherwise create any condition unreasonably disadvantageous to other Owners or detrimental to the Project as a whole.

(c) If the Committee fails to mail a certificate approving or disapproving any matter submitted to it hereunder,

within sixty (60) days after submission to it, it shall be conclusively presumed that the Committee has approved the specific matters as to which approval was sought in the submission. It shall thereupon be the duty of the members of the Committee, forthwith upon the request of the submitting party, to sign and acknowledge a certificate evidencing such approval.

(d) The Committee shall act by majority vote.

(e) Each member of the Committee, or any other agent or employee of the Board, shall, at all reasonable hours, have the right of access to any part of the Project, and to any structures built or being built thereon; for the purpose of inspection relative to compliance with this Declaration.

(f) The approval or disapproval by the Committee of any matters submitted for approval shall not be deemed to be a waiver by the Committee of its right to approve or disapprove any of the features or elements embodied therein when the same features or elements are embodied in other plans, specifications, drawings or other matters submitted to the Committee.

(g) Neither the Declarant nor the Committee nor any of its members shall be responsible for any defects or the adequacy of the design in any improvement erected, constructed, installed, placed, altered or maintained in accordance with or pursuant to any plans and specifications, color scheme, or other material approved by them or any conditions or requirements that they may have imposed with respect thereto.

(h) The decision of a majority of the Committee, or of a representative appointed by the majority thereof, acting in good faith in its sole discretion, upon any matters submitted or referred to it, shall be final; provided, however, that such decision may not violate any of the provisions set out in this Declaration.

(i) The provisions of this Article shall not apply to the initial construction by Declarant of Improvements within the Property.

ARTICLE VII

DESTRUCTION

Section 1. RECONSTRUCTION WITHOUT ELECTION BY OWNERS:

In the event of a total or partial destruction of any portion of the Common Area and if the available proceeds of the insurance carried pursuant to this Declaration are sufficient to cover not less than ninety percent (90%) of the cost of repair, restoration or reconstruction thereof, the same shall be promptly repaired and rebuilt unless, within sixty (60) days from the date of such destruction, (1) Declarant and not less than seventy-five percent (75%) of the Class A Members entitled to vote while there is a Class B membership, or (2) not less than seventy-five percent (75%) of the Members of the Association entitled to vote, including seventy-five percent (75%) of the voting power of the Association held by Members other than Declarant, after there is no longer a Class B membership, at a duly constituted and called annual or special meeting of the Members at which a quorum is present, determine that such reconstruction shall not take place. If reconstruction is to take place, the Board shall cause to be executed, acknowledged and recorded in the office of the County Recorder, a certificate declaring the intention of the Owners to rebuild; such certificate to be executed by any officer or agent of the Association duly authorized to execute the same by the Board.

Section 2. RECONSTRUCTION BY CONSENT OF OWNERS:

If the proceeds of such insurance are less than ninety percent (90%) of the costs of reconstruction, such reconstruction may nevertheless take place if a majority of the voting power of the Members present either in person or by proxy and entitled to vote, at a duly noticed and called annual or special meeting of the Members at which a quorum is present, elect to rebuild. In the event of an election to rebuild, a certificate as provided in Section 1 above shall be executed, acknowledged and recorded as provided for in such Section 1 hereof.

Section 3. ASSESSMENTS:

In the event of a determination to rebuild pursuant to either Sections 1 or 2, above, each Owner shall be obligated to contribute, as a Special Assessment, such funds as shall be necessary to pay his proportionate share of the cost of reconstruction, over and above the insurance proceeds. The proportionate share of each Owner as to such assessment shall be determined according to the assessment formula for Special Assessments set forth in this Declaration, and such assessment shall be due and payable in full within thirty (30) days after written notice thereof. The Special Assessment for reconstruction shall be enforceable in the manner provided for herein.

Section 4. OBLIGATION OF BOARD:

It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of such reconstruction at the earliest possible date.

Section 5. DETERMINATION NOT TO REBUILD:

If a certificate of intention to rebuild has not been executed, acknowledged and recorded in accordance with either Section 1 or Section 2 hereof within nine (9) months from the date of any partial or total destruction of the Common Area, or if reconstruction and rebuilding has not actually commenced within such nine (9) month period, then any insurance proceeds available for such rebuilding shall be distributed by the Board among the Owners subject to (i) the right of the Mortgagee(s) of an Owner's Condominium and (ii) all unpaid assessments of each Owner together with any interest or fees attributable thereto. The proportionate interest of each Owner in said proceeds shall be based on the ratio of the fair market value of his Condominium to the fair market value of all of the Condominiums, as determined as of a date immediately prior to the damage or destruction by a real estate appraiser appointed by the Board; provided said independent appraiser shall be a member of the American Institute of Real Estate Appraisers, or any successor organization.

Section 6. DAMAGE TO UNIT:

Any restoration and repair of any damage to a Unit shall be made by and at the individual expense of the Owner of such Unit. If an Owner fails to make such restoration or repair of his Unit, the Board in accordance with this Declaration, may take appropriate remedial action.

Section 7. ARBITRATION:

In the event of a dispute among the Owners with respect to the provisions of this Article VII, any Owner may cause such dispute to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to the Board and all other Owners within ten (10) days after reference to arbitration, and all Owners shall have an opportunity to appear

in such arbitration proceedings. The decision in such arbitration shall be final and conclusive upon all Owners, and the decision may include an award for costs and/or attorneys' fees against any one or more parties to the arbitration.

ARTICLE VIII

CONDEMNATION

Section 1. TAKING OF ENTIRE PROJECT:

In the event the entire Project is taken under the power of eminent domain, the amount payable shall be paid to the Association, as Trustee, for distribution to the Owners subject to (i) the rights of any Mortgagee(s) of an Owner's Condominium and (ii) all unpaid assessments of each Owner together with any interest charges or fees attributable thereto. The proportionate interest of each Owner in said proceeds shall be equal to a fraction, the numerator of which is the current fair market value of the Condominium owned by such Owner and the denominator of which is the fair market value of all the Condominiums in the Project, as determined by an independent real estate appraiser appointed by the Board; provided, said independent appraiser shall be a member of the American Institute of Real Estate Appraisers, or any successor organization.

Section 2. PARTIAL TAKING:

(a) In the event of a partial taking of the Common Area, the Association shall use all amounts awarded to it on account of such taking, to repair, reconstruct or restore the Common Area as nearly as may be possible to its condition immediately prior to such taking, or if that is not reasonably possible, to acquire and improve other real or personal property to replace the Common Area which was taken; provided, however, that the Association shall not be obligated to replace such real or personal property if seventy-five percent (75%) of the total voting power of the Association elects to distribute the condemnation award in the manner provided in Section 1 hereof rather than make such replacement. If the Members do not elect, within sixty (60) days after the taking of the Common Area, to distribute the condemnation award, the Board shall proceed with such repair and restoration and the acquisition and improvement of new property and may levy a Special Assessment on the Owners in accordance with this Declaration to raise any funds needed for such purpose in excess of the condemnation award. If the Members do not approve such Special Assessment the Board shall perform such repair and restoration work and make such acquisitions as are possible with the available funds.

(b) In the event of a partial taking of the Units, those Owners whose Units are partially or completely taken shall be entitled to retain the award made to them for such taking subject to (i) the rights of Mortgagees and (ii) any unpaid assessments, as provided in Section 1 hereof, and any such award shall be paid only to such Owners. Any Owner whose Unit is completely taken shall quitclaim to the remaining Owners in equal shares, his undivided interest in that portion of the Common Area which was not taken by condemnation, and the Association shall repair or reconstruct the remaining Common Area in the manner provided in Section 2(a) hereof. The Association shall, within ninety (90) days after the taking, cause an amended Condominium Plan depicting the new configuration of the Common Area and the Units and the revised number of Units and interests in the Common Area, and an amendment to this Declaration shall be prepared and executed by all Owners and other persons or entities required by law to execute such documents and to be recorded in the office of the County Recorder of Los Angeles County.

Section 3. TAKING OF UNITS:

Nothing contained in this Article shall be deemed to limit the right of an Owner to pursue all available legal remedies and obtain all compensation to which he may be entitled by reason of the taking of all or a portion of his Unit, and the improvements therein, the undivided interest in the Common Area appurtenant thereto.

ARTICLE IX

ANNEXATION

Section 1. DEVELOPMENT OF THE PROJECT:

Declarant reserves the right to subject all or any portion of the Additional Property to the plan of this Declaration or of one or more separate declarations of covenants, conditions and restrictions which subject such property to the jurisdiction and powers of a homeowners association or other entity with powers and obligations similar to the Association herein and which is not subject to the provisions of this Declaration. Although Declarant shall have the ability to annex the Additional Property or any portion thereof, Declarant shall not be obligated to annex all or any portion thereof. Annexed property shall not become subject to this Declaration unless and until a declaration of annexation describing such property is executed and recorded.

Section 2. ANNEXATION WITHOUT APPROVAL AND PURSUANT TO PLAN:

All or any part of the Additional Property described in Exhibit "B" may be annexed to and become subject to this Declaration and the jurisdiction of the Association without the approval, assent or vote of the Association or its Members, provided that a declaration of annexation covering the portion of the Additional Property sought to be annexed, is executed and recorded by Declarant. No such declaration of annexation shall be executed and recorded more than three (3) years subsequent to the date of original issuance of the most recently issued Public Report for any portion of the Project. The recordation of a declaration of annexation shall constitute and effectuate the annexation of the real property described therein, making that property subject to this Declaration and the jurisdiction of the Association, and thereafter the annexed property shall be part of the Property and all Owners of Condominiums in the annexed property shall automatically be Members of the Association. Upon the annexation of any real property ("Annexed Property") subject to a declaration of annexation, assessments shall commence against all Condominiums within the Annexed Property on the first day of the month following the month during which the first Condominium in the Annexed Property is sold, subject to any maintenance or subsidy program or any other arrangement approved by the California Department of Real Estate.

Section 3. ANNEXATION PURSUANT TO APPROVAL:

Upon approval in writing of the Association, pursuant to the two-thirds (2/3) majority vote of Members other than Declarant, any person who desires to add property other than the Additional Property to the plan of this Declaration and to subject such property to the jurisdiction of the Association, may record a declaration of annexation. The approval requirements of this Section shall also apply to the Additional Property subsequent to the expiration of Declarant's unilateral power to annex such property to the plan of this Declaration as described in Section 2 above.

Section 4. DECLARATIONS OF ANNEXATION:

The annexations authorized under the foregoing sections shall be made by recording declarations of annexation, or similar instruments, describing the property which is being annexed. Such declarations may contain complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as necessary to reflect the different character, if any, of the annexed property and as are not inconsistent with the plan of this Declaration.

Section 5. MERGERS OR CONSOLIDATIONS:

Upon a merger or consolidation of the Association with another association, the Association's properties, rights and obligations may, by operation of law, be transferred to the surviving or consolidated association, or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation. The surviving or consolidated association may administer the covenants, conditions and restrictions established by this Declaration within the Property, together with the covenants and restrictions established upon any other property as one plan.

Section 6. RIGHT OF DE-ANNEXATION:

Declarant reserves the right to de-annex any property which may be annexed to the Project pursuant to this Declaration and to delete such property from the common plan described herein and from the jurisdiction of the Association. Such de-annexation shall be made prior to the conveyance of any Condominium within the property to be de-annexed.

Section 7. RESERVATION OF EASEMENTS:

Declarant contemplates that there will be other compatible developments on the Additional Property. Upon annexation of all or any of such Additional Property pursuant to this Article any such annexed property shall be made subject to the terms of this Declaration and thereby becomes subject to the jurisdiction of the Association, and Declarant hereby reserves to itself, its successors and assigns, nonexclusive easements for ingress and egress, construction, marketing, sales, resales and related activities over the Common Area of the Property including all other annexed lots that are not part of a Condominium Building and the right to grant said easements to others. Declarant further agrees that it has reserved to itself, its successors and assigns, the right to grant, and hereby grants to the Owners of Units in any portion of the Property, nonexclusive easements for ingress and egress over the Common Area of all other annexed lots that are not part of a Condominium Building.

ARTICLE X

EASEMENTS

Section 1. STREETS AND UTILITIES

Declarant hereby reserves for itself and hereby grants to each Owner, the Association and its Members a nonexclusive easement (subject to this Declaration) for roadway, ingress, egress, access and for all utility purposes, on, along, under, over and upon all of the streets and drives presently or hereafter existing within the boundaries of the Property. The easements hereby given to each Owner shall be appurtenant to and pass with title to each Owner's Condominium. The easement hereby reserved by the Declarant may be conveyed by Declarant to the

Owners, or any of them, or to any other party in order to complete, repair and/or maintain the Improvements required on the Property, or shown on the Condominium Plan.

Section 2. ENCROACHMENTS:

If any portion of the Common Area encroaches upon any Unit or Units, an easement for the encroachments and for the maintenance of same, so long as it stands, shall and does exist in favor of said Common Area. In the event any Unit is partially or totally destroyed, and then rebuilt, the Owners of Units agree that minor encroachments on parts of the Common Area due to construction shall be permitted and that valid easements for said encroachment and the maintenance thereof shall exist. The Common Area is and shall always be subject to easements for minor encroachments of the Units.

Section 3. USE OF THE COMMON AREA, STREETS:

Each Owner of a Condominium within the Property is hereby declared to have a nonexclusive easement and equitable right of use and enjoyment in and to and throughout the Common Area, including any additions resulting from annexation as provided herein, as well as a nonexclusive easement and equitable right for ingress and egress over and through the streets and drives on the Property (all interior roadways upon the Property shall be posted "NO PARKING, FIRE LANE"); provided, however, that such nonexclusive easements and equitable rights shall be subordinate to, and shall not interfere with, exclusive easements appurtenant to Units over the Common Area and in addition shall be subject to the easements described in this Article X. Said easements are for the benefit of the Condominiums, the Owners of the Condominium and each of them, their respective families and guests, invitees, tenants, contract vendees, and such other classes of persons to whom the Board may, from time to time, and subject to the Association Rules, extend the privilege of use and enjoyment of the Common Area and ingress and egress for all of the purposes and uses hereinabove set forth. In furtherance of the establishment of these easements, the individual grant deeds to the Condominiums may, but shall not be required to, set forth the foregoing easement. The right of Declarant and each person set forth above to use and possess the Common Area as set forth herein, shall be subject to and governed by the provisions of this Declaration, the Articles, the Bylaws, and the Association Rules. The Association shall have the authority to lease or to grant licenses or concessions with respect to all or any part of the Common Area, subject only to the provisions of this Declaration, the Articles and Bylaws; provided, however, that any charges levied against the general public for any particular facilities shall not be less than charges, if any, levied against Condominium Owners for the same use of the same facilities.

Section 4. EASEMENTS FOR CONSTRUCTION, SALES, REALES, CUSTOMER SERVICE AND RELATED PURPOSES:

Declarant, on behalf of itself, its agent, employees, contractors, subcontractors, invitees, successors, assigns and other authorized personnel, reserves unto itself, for a period of time extending until the date on which one hundred percent (100%) of all Condominiums which may be constructed on the Property are sold, a nonexclusive easement in, over, under and through each and every part of the Common Area together with the right to transfer and grant the same without the consent of any other person or entity for the following purposes:

(a) Completion of original development and annexations of all portions of the Property including, without limitation, the Condominiums;

- (b) Marketing, and selling Condominiums and Improvements;
- (c) Customer relations and providing post-sale customer service to Owners; and
- (d) Leasing and reselling of Condominiums and Improvements.

In connection with each of the foregoing purposes the Declarant shall have the right: (i) to perform any and all architectural, engineering, construction, excavation, landscaping or related work and activities; (ii) to store and use materials, equipment, vehicles, tools and machines which may be necessary or desirable in connection with such construction; (iii) to display signs and erect, maintain and operate, for sales, resales and administrative purposes, model Condominiums and a fully staffed customer relations, services and sales and/or resales office complex within the Property; (iv) to perform maintenance, repair and replacement work on, and to make custom improvements, alterations and additions to uncompleted Improvements and (v) to take such other action consistent with such easements. No Owner (other than Declarant) shall enter any construction area within the Property or cross any fence or other barricade constructed to prevent such entry or otherwise impede or interfere with such development and construction.

Section 5. USE BY DECLARANT:

Declarant and its agents and representatives shall have a nonexclusive easement for use of the Common Area and the facilities thereof for display and exhibit purposes in connection with the sale and resale of Condominiums within the Property, which easement Declarant expressly reserves until escrows have closed on one hundred percent (100%) of the Condominiums on the Property. Declarant shall also have an easement over all of the Common Area for ingress, egress and parking for Declarant, its agents, employees and prospective buyers, and an exclusive easement for the use of all storage areas in the Common Area not assigned or otherwise transferred by Declarant to any Owner(s), so long as Declarant shall own at least one Condominium and maintain an active sales program. No such use by Declarant shall unreasonably restrict the Members in their use and enjoyment of the Common Area or the facilities thereon.

Section 6. UTILITY EASEMENTS TO OWNERS:

The rights and duties of the Owners of Condominiums within the Property with respect to sanitary sewer and water, cable TV, electricity, gas, and telephone lines and facilities shall be governed by the following:

(a) Wherever sanitary sewer house connections and/or water house connections or electricity, cable TV, gas or telephone lines are installed within the Property, which connections or any portion thereof lie in or upon Condominiums owned by persons or entities other than the Owner of the Condominium served by the said connections, the Association shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon the Condominium or to have the utility companies enter upon the Condominium in or upon which said connections, or any portion thereof lies, to lay, repair, replace and generally maintain said connections as and when the same may be necessary as set forth below. Such entry shall be during normal business hours, except for emergencies.

(b) Wherever sanitary sewer house connections and/or water house connections or electricity, cable TV, gas or telephone lines are installed within the Property, which connections serve

more than one Condominium, the Owner of each Condominium served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as service his Condominium.

(c) In the event of a dispute between Owners with regard to the repair or rebuilding of said connections, or with respect to the sharing of the costs thereof, then, on written request of one of the Owners addressed to the Association, the matter shall be submitted to the Board, who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

Section 7. EASEMENT RESERVED BY DECLARANT:

Easements over the Property for the installation and maintenance of electric, telephone, water, gas, cable, T.V. and sanitary sewer lines and facilities, and for drainage facilities as required for the Map and Condominium Plan of the Project, and as may hereinafter be required or needed to maintain and repair the Property, and for the construction of all improvements to the Property to be made by Declarant, are hereby reserved by Declarant, in favor of the Declarant and the Association with the right to grant said easement to others. Further, Declarant reserves unto itself easements over the Property for ingress and egress for the development of the Additional Property, whether or not annexed hereto.

Section 8. COVENANTS RUNNING WITH THE LAND:

Each of the easements provided for in this Declaration shall be deemed to be established upon the recordation of this Declaration, and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Condominiums, the Common Area, as the case may be, superior to all other encumbrances applied against or in favor of any portion of the Property which are the subject of this Declaration. In furtherance of the easements provided for in this Declaration the individual grant deeds to the Condominiums may, but shall not be required to, set forth said easements.

ARTICLE XI

ENFORCEMENT

In the event of any default by any Owner under the provisions of this Declaration, the Articles, Bylaws, or the Association Rules, and upon any failure of any Owner to comply with any requirement or restrictions set forth in this Declaration, the Association and its successors and assigns, and the Board and its agents, the City of Apple Valley, the County, or any of them, shall have all the rights and remedies which may be provided for in this Declaration, the Bylaws, the Articles, the Association Rules, or which may be available at law or in equity, and may prosecute any action or other proceeding against such defaulting Owner and/or other persons for enforcement of any lien and the appointment of a receiver for the Condominium and ownership interest of such Owner, or for damages or injunction or specific performance, or for judgment or payment of money and collection thereof, or the right to take possession of the Condominium and to sell the same as hereinabove provided, or for any combination of remedies, or for any other relief. The Association and the Board, and the agents of each, shall have the authority to correct such default and to do whatever may be necessary for such purpose. All expenses of the Association in connection with such actions or proceedings, including court costs and attorneys' fees, and all damages, together with interest thereon at the maximum legal rate until paid, as well as reasonable late payment charges, shall be charged to such defaulting or noncomplying Owner, and shall be enforceable as a

Remedial Assessment in the manner set forth in Article IV hereof. When such actions or proceedings are undertaken to collect delinquent assessments, all expenses of the Association in connection with such actions or proceedings, including court costs and reasonable attorneys' fees, as well as interest and reasonable late payment charges, shall also be a lien on such Owner's Condominium, his interest in the Association and upon all of such Owner's additions and improvements to his Condominium, which lien shall be enforceable in the manner set forth in Article IV hereof. Any and all such remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association, or the Board. The provisions of this Article XI are available in addition to the provisions in Article IV hereof relating to the enforcement of assessments.

Should any Member institute suit against the Association, and should the Association be successful or sustained in its position in such suit, then such Member shall be required to reimburse the Association for its legal expenses incurred, including but not limited to attorneys' fees, fees of experts, court costs and other expenses reasonably incurred by the Association, and the amount to which the Association is entitled shall be a lien against his Condominium as provided in and enforceable pursuant to the provisions of Article IV hereof and this Article XI. However, there can be no purported power in the Association to cause a forfeiture or abridgment of an Owner's rights to the full use and enjoyment of his individually owned Unit because of a failure by an Owner to comply with the provisions of this Declaration, the Bylaws, or of the duly enacted rules of operation for the Common Area and facilities, except where the loss or forfeiture is the result of the 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 the failure of the Member to pay assessments levied by the Association.

ARTICLE XII

NON-SEVERABILITY OF COMPONENT INTERESTS IN A CONDOMINIUM

Section 1. PROHIBITION AGAINST SEVERANCE

An Owner shall not be entitled to sever his Unit, or any portion thereof, from his membership in the Association and shall not be entitled to sever his Unit and his membership from his undivided interest in the Common Area for any purpose. None of the component interests in a Unit can be severally sold, conveyed, leased, hypothecated, encumbered or otherwise dealt with and any violation or attempted violation of this provision shall be void and of no effect. Similarly, no Owner can sever any exclusive or nonexclusive easement appurtenant to his Unit over the Common Area from his Unit and any attempt to do so shall be void. Additionally, no Owner shall transfer his interest, or any part of his interest, in any way such that the ownership will be divided between different persons on the basis of time, nor shall any Owner own his Unit, or any part of a Unit jointly with any person when such ownership is differentiated on the basis of time. It is intended hereby to restrict severability pursuant to California Civil Code Section 1354.

Section 2. CONVEYANCES:

After the initial sale of the Units, any conveyance of a Unit by an Owner shall be presumed to convey the entire Condominium Unit. However, nothing contained herein shall preclude the Owner of any Unit from creating a cotenancy or joint tenancy in the ownership of the Unit with any other person or persons.

Declarant and its successors, assigns and grantees each covenant and agree that the undivided interests in the Common Area

and the Units conveyed therewith, and the easements and interests appurtenant thereto, shall not be separated or separately conveyed and (a) each said undivided interest in the Common Area shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to title to the Unit, and (b) each of said Units shall be deemed to be conveyed or encumbered with its respective undivided interest in the Common Area even though the description in the instrument of conveyance or encumbrance may refer only to the title to the respective undivided interest.

ARTICLE XIII

REDESIGN OF PROJECT

Section 1. RESERVATION OF RIGHT:

Subject to the restrictions and limitations set forth in this Article XIII, Declarant reserves the right, in its sole discretion, at any time or at different times within a period of four (4) years from the date of the recording of this Declaration, to redesign the Project or any portion or aspect thereof, including, but not limited to any building constructed or proposed to be constructed on the Property and, in connection with such redesign, to effect the following changes in the Project;

(a) Alter the vertical or horizontal boundaries, or both, of any building.

(i) In no event shall the height of any building exceed two (2) stories as the term "story" is defined in the Building Code of the County of San Bernardino or the maximum height allowable under the Building Code of the County of San Bernardino.

(ii) In no event shall the horizontal boundaries of any building (inclusive of patios and balconies, if any) be constructed so as to be located more than ten (10) feet outside the horizontal boundary of that building depicted on the Condominium Plan.

(b) Alter the size, shape configuration, floor plan and/or location of any Units within any building.

(c) Change the configuration of any building.

(d) Adjust the configuration of the Common Area boundary lines and the boundary lines of any Limited Common Areas.

(e) Effect nominal deviations from the Condominium Plan which result during the actual construction of the buildings,

Section 2. LIMITATIONS OF RIGHT

The rights of Declarant set forth in Section 1 above shall be and are hereby made subject to the following additional restrictions and limitations:

(a) In no event shall the recreational facilities constructed or to be constructed in the Common Area be redesigned to contain less than what is currently described in the Condominium Plan.

(b) With the exception of the revisions authorized by Section 1(a) through (e), inclusive, the redesign of any portion of the Project shall in no event physically modify, affect or change any Units which as of the date of such redesign, are the subject of an agreement of sale or are owned by and Owner other

than Declarant , unless the purchaser or Owner of such a Unit shall consent to such redesign writing.

Section 3. CONDOMINIUM PLAN AMENDMENT:

In the event a redesign of all or any portion of the Project in accordance with the provisions of this Article XIII affect any Units in the Project so as to necessitate the preparation of an amendment to the Condominium Plan, including any amendment to the Condominium Plan to comply with the buildings as actually built, Declarant shall prepare to cause to be prepared, execute, acknowledge, file or cause to be filed for approval and record or cause to be recorded an amendment to the Condominium Plan. The amendment to the Condominium Plan shall, when recorded, have the effect of:

(a) Relocating the Common Area and any Limited Common Area therein and each Unit to the extent set forth on the amendment of the Condominium Plan;

(b) Divesting each Owner (except Declarant) of all right, title and interest to any Condominium, other than each Owner's Unit, depicted on the amendment to the Condominium Plan;

(c) Vesting in each holder of a Mortgage an undivided interest (to the extent of the interest in the Common Area owned by the Owner of the Condominium which is the subject of such Mortgage) in the Common Area as depicted on the amendment to the Condominium Plan; and

(d) Divesting each holder of a Mortgage of all right, title and interest to each Condominium (other than Owner's Condominium which is the subject of such Mortgage) depicted on the amendment to the Condominium Plan. The adjustment of any Mortgage in accordance with the provision of this Section 3 shall not affect the priority of any such Mortgage with respect to any other matters affecting title to the Unit which is the subject thereof.

Section 4. DECLARATION OF REDESIGN

In the event of a redesign of all or any portion of the Project in accordance with the provisions of this Article XIII alters the size of Units contained or to be contained in the Project, Declarant shall prepare or cause to be prepared, executed, acknowledge and record or cause to be recorded a Declaration of Redesign. Each Declaration of Redesign shall state that it has been prepared pursuant to and in accordance with the provisions of this Article XIII and shall be in substantially the same form as the document attached hereto as Exhibit "B" and made a part hereof by this reference.

Section 5. POWER OF ATTORNEY

Each Owner, by accepting a deed of a Condominium, shall be deemed to have constituted and irrevocably appointed for himself and each of his Mortgagees, optionees, grantees, licensees, trustees, receivers, lessees, tenants, judgment creditors, heirs, legatees, devisees, administrators, executors, legal representatives, successors and assigns, whether voluntary or involuntary, for a period of four (4) years from the date of recording of this Declaration, Declarant as his Attorney in Fact and thereby to have conveyed a Power of Attorney coupled with an interest to Declarant as his Attorney in Fact to effect the redesign of all or any portion of the Project in accordance with the limitations and requirements set forth in this Article XIII, and further:

(a) To prepare or cause to be prepared, execute, acknowledge, file or cause to be filed or recorded any map or

recorded of survey required or permitted by the provisions of the Subdivision Map Act of the State of California in effect on the date of recordation of this Declaration as thereafter amended and any ordinances, rules and regulations of any governmental entities and authorities having jurisdiction over the Project in effect on the date of recordation of this Declaration and as thereafter enacted or amended, or which may be required or permitted by any title insurer, and in connection therewith, to perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by any federal, state or local governmental entities or authorities; and to execute, acknowledge and deliver any improvement agreements and bonds and post deposits securing the performance of any such conditions and obligations;

(b) To prepare or cause to be prepared, execute, and acknowledge and file or cause to be filed for approval and record or cause to be recorded any amendment to the Condominium Plan, including any amendment necessary to cause the Condominium Plan to comply with the buildings as actually built, which may be required or permitted by the laws of the State of California in effect on the date of recordation of this Declaration and as thereafter enacted or amended and any ordinances, rules and regulations of any governmental entities and authorities having jurisdiction over the Project in effect on the date of recordation of this Declaration and as thereafter enacted or amended, or which may be required or permitted by any title insurer, and in connection therewith, to perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by any federal, state and local governmental entities and authorities; to appear before any such governmental entities and authorities; and to execute and deliver any improvement agreements and bonds and post deposits securing the performance of any such conditions and obligations;

(c) To prepare or cause to be prepared, execute, acknowledge and file or cause to be filed for approval, any application for zoning or setback changes or variance or special use permits or any other permits and/or reports required or permitted by the laws of the State of California in effect on the date of recordation of this Declaration and as thereafter enacted or amended and any ordinances, rules and regulations of any governmental entities and authorities having jurisdiction over the Project in effect on the date of recordation of this Declaration and thereafter enacted or amended and, in connection therewith, to perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by any federal, state and local governmental entities and authorities; to appear before any such governmental entities and authorities; and to execute and deliver any improvements agreements and bonds and post deposits securing the performance or any such conditions and obligations;

(d) To make application for any property reports or public reports or amendments thereto or exceptions from the requirements therefor required or permitted in order to comply with federal and state statutes, rules and regulations relating to the sale, lease, transfer or other disposition of subdivided lands to the public and, in connection therewith, to perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by any federal, state and local governmental entities and authorities; to appear before any such governmental entities and authorities; and to execute and deliver any agreements and bonds securing the performance of the obligations contained therein;

(e) To deliver any reports or property reports, or amendments thereto, obtain receipts and offer and administer rescission rights required by law;

(f) To prepare or cause to be prepared, execute, acknowledge and record or cause to be recorded a Declaration of Redesign pursuant to and in accordance with the provisions of Section 4 hereof;

(g) To prepare or cause to be prepared, execute, acknowledge, file or cause to be filed for approval, any registration or any application for any permit, approval, exemption, ruling or entitlement required or permitted pursuant to any law or regulation in effect as of the date of the recording of this Declaration and as hereafter enacted or amended by any federal, state and local government entities and authorities, and in connection therewith to perform all conditions, undertake any obligations and execute all agreements and documentation required or permitted by such governmental body and by any such laws and regulations; to appear before any such governmental bodies and to execute and deliver any agreement and bonds and post deposits securing the performance of any such conditions and obligations; and do all other things now or hereafter permitted or required by any such governmental body and any such laws and regulations;

(h) To prepare or cause to be prepared, execute, acknowledge and record or cause to be recorded and deeds, waivers, reconveyances or other documentation which may be permitted or required to clear title to any Units, whether constructed or to be constructed, in the Project; and;

(i) To do any and all things necessary or desirable under the circumstances to effect and accomplish the purposes of this Article XIII.

Section 6. INDEMNIFICATION OF OWNERS:

Declarant shall indemnify and hold each Owner harmless from all liabilities, including attorney's fees, which are incurred as a direct result of the execution by Declarant of any improvement agreements or bonds, or both, in connection with the exercise by Declarant of the Power of Attorney set forth in Section 5 hereof.

Section 7. MORTGAGES SUBJECT TO POWER OF ATTORNEY:

The acceptance or creation of any Mortgage, whether voluntary or involuntary, and whether or not created in good faith and whether or not given for value, shall be deemed to be accepted and/or created subject to each of the terms and conditions of the Power of Attorney described in Section 5 hereof.

Section 8. OWNER CONSENT TO POWER OF ATTORNEY:

Each and every Owner and each of their respective Mortgages, grantees, licensees, trustees, receivers, lessees, tenants, judgment creditors, heirs, legatees, devisees, administrators, executors, legal representatives, successors and assigns, whether voluntary or involuntary, shall be deemed to have expressly agreed, assented and consented to each and all of the provisions of this Declaration and shall be deemed to have constituted and irrevocably appointed Declarant as their Attorney in Fact to carry out the powers described in Section 5 hereof, and such Power of Attorney shall be deemed to continue to be coupled with an interest.

Section 9. ASSESSMENTS AND LIENS:

The recording of a Declaration of Redesign in accordance with the provisions of Section 4 hereof shall not alter or affect the amounts of any annual or special assessments which were due from any Owner prior to such recording or liens thereof;

provided, however, that all liens previously created under this Declaration shall, upon the recording of any amendment to the Condominium Plan, be reconveyed and released to each Condominium, other than the Condominium which was originally the subject of such line, depicted on such amendment to the Condominium Plan.

Section 10. RIGHT OF DECLARANT TO MODIFY PLAN OF DEVELOPMENT:

Declarant hereby reserves the right to modify, amend or change the four-Phase plan of development hereinbefore described. Such right shall include, without limitation, the right to divide the subsequent Phase into additional Phases. Any change or modification of the general plan of development shall, however, require the prior approval of the Department of Real Estate and the City.

ARTICLE XIV

GENERAL PROVISIONS

Section 1. AMENDMENTS:

Subject to any other applicable provision herein, this Declaration may be amended from time to time by an instrument signed by (1) Declarant and fifty-one percent (51%) of the Class A Members entitled to vote while there is a Class B membership, or (2) fifty-one percent (51%) of the voting power of Members of the Association, including fifty-one percent (51%) of the voting power of the Association held by Members other than Declarant, after there is no longer a Class B membership; provided, however, (a) that the specific percentages of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes required for action to be taken under such clause or provision; and (b) no amendment which would defeat the obligations of the Association to maintain the Common Area in a first-class condition and good state of repair, or which would defeat the assessment procedures which assure the collection of funds for such maintenance shall be made unless such instrument is signed by Declarant and by seventy-five percent (75%) of the Class A Members entitled to vote, while there is a Class B membership, and after there is no longer a Class B membership, by seventy-five percent (75%) of the voting power of the Members of the Association entitled to vote, including seventy-five percent (75%) of the voting power of the Association held by Members other than Declarant. Any amendment must be recorded prior to becoming effective.

Notwithstanding the provisions of the foregoing paragraph, if, by law, any different consent or agreement is required for any action, then any instrument changing, modifying or rescinding any provision of this Declaration with respect to such action shall be effective only if taken and made as required by law.

No provision in this Declaration may be changed, modified or rescinded so as to conflict with the provisions of any law.

No amendment or termination of this Declaration which does not apply to all of the Property then covered by this Declaration shall be made or recorded as to any portion of the Property without the written consent of all of the record Owners of such affected portion.

Section 2. NOTICES:

Notices provided for in this Declaration shall be in writing and shall be addressed to the person intended to receive the same, at the following address:

Association:

Brookhollow at Jess Ranch Condominium Association
 c/o Watt Jess Ranch
 11000 Apple Valley Road
 Apple Valley, CA 92308
 Attn: Gary Ledford

Declarant:

Watt-Jess/Ledford
 c/o Watt Jess Ranch
 11000 Apple Valley Road
 Apple Valley, CA 92308
 Attn: Gary Ledford

Environmental Control Committee:

Brookhollow at Jess Ranch Condominium Association
 c/o Watt Jess Ranch
 11000 Apple Valley Road
 Apple Valley, CA 92308
 Attn: Gary Ledford

Owner:

At the address of the Condominium
 owned by him or at such address
 designated by such Owner to the
 Association, in writing.

Declarant, the Association and the Committee may designate a different address or addresses for notice to it giving written notice of such change of address to all Members of the Association. Any Owner may designate a different address or addresses for notices to him by giving written notice of such change of address to the Association. Notice addressed as above provided shall be deemed delivered after 48 hours of mailing by United States mail, return receipt requested, or when delivered in person with written acknowledgement of the receipt thereof.

Upon written request, any Mortgagee shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners whose property is subject to such recorded mortgage or deed of trust.

Section 3. SEVERABILITY:

If any provision of this Declaration, the Articles, the Bylaws, or any Section, sentence, clause, phrase or word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of the Declaration, the Articles and Bylaws, and of the application of any such section, sentence, clause, phrase, or word in any other circumstances shall not be affected thereby.

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 a residential community and for the maintenance of the Common Area.

Failure to enforce any provision of this Declaration shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

Section 5. INAPPLICABILITY TO PROPERTY OF PUBLIC ENTITY:

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

Section 6. VIOLATION AND NUISANCE:

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

Section 7. VIOLATION OF LAW:

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

Section 8. NOTIFICATION OF SALE OF PROPERTY:

(a) Concurrently with the execution of any escrow instructions, deposit receipt, or other agreement for the sale or transfer of a Condominium, under circumstances whereby the transferee will become the Owner thereof, the transferor shall notify the Association in writing of such sale. Such notification shall set forth:

- (1) the name of the transferee and his transferor;
- (2) the street address of the Condominium purchased by the transferee;
- (3) the transferee's mailing address;
- (4) the name and address of the escrow holder, if any, for such sale and the escrow number; and
- (5) the date of sale or transfer.

Concurrently with the consummation of such sale of any Condominium, or within five (5) business days thereafter, the transferor shall notify the Association, in writing, of consummation of such sale. Such notification shall set forth the information called for in clauses (1), (2), (3) and (4) above, and the date such sale was consummated.

Prior to receipt of any such notification, any and all communication required or permitted to be given by the Association, the Board or the Committee shall be deemed to be duly given and made to the transferee if duly and timely made and given to said transferee's transferor.

Section 9. BREACH:

No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provisions herein, shall defeat or render invalid the lien of any first mortgage or first deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

Section 10. APPLICABLE LAW:

This Declaration shall be construed in accordance with the laws of the State of California.

Section 11. SPECIAL MORTGAGEE REQUIREMENTS:

(a) No breach of the provisions herein contained nor enforcement of any lien provisions herein shall defeat or render invalid the lien of any first mortgage made in good faith or for value, but all of the provisions shall be binding on and effective against any Owner whose title is derived through foreclosure, trustee's sale or otherwise. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage upon any Unit. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer or any Unit pursuant to judicial or nonjudicial foreclosure of a first mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit from lien rights for any assessments thereafter becoming due. Where the Mortgagee of a first mortgage of record or other purchaser of a Unit obtains title to the same pursuant to the remedies provided in the Mortgage or as a result of foreclosure, such acquirer of title, his successors, and assigns shall not be liable for the share of the Common Expenses, dues, charges or assessments by the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such acquirer. Delinquent assessments extinguished pursuant to this paragraph shall be reallocated and assessed to all unit estates as a Common Expense.

(b) Upon giving notice as provided in this paragraph, a mortgage holder, insurer or guarantor shall become an "eligible" mortgage holder, insurer or guarantor for purposes of receiving notice as provided by this Section. Upon written request to the Association identifying the name and address of the requestor and the unit number or address, any such first mortgage holder, insurer or guarantor will be an eligible requestor entitled to timely written notice of:

- (1) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a first mortgage held, insured or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;
- (2) Any default in the performance of any obligation under the project constituent documents, including any delinquency in the payment of assessments or charges owed, by an Owner of a Unit subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer, or guarantor, which remains uncured for a period of sixty (60) days;
- (3) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;
- (4) Any proposed termination of the Project;
- (5) Any proposed amendment of the Project constituent documents effecting a change in:
 - (i) the boundaries of any Lot, Unit, or any exclusive easement rights pertaining thereto,
 - (ii) the interests in the general or limited common elements appertaining to any Unit or the liability for Common Expenses appertaining thereto,

(iii) the number of votes in the Association appertaining to any Unit, or

(iv) the purposes to which any Unit or the Common Area are restricted.

(6) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in the following paragraph.

(c) (1) Any restoration or repair of the Project after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by eligible holders holding mortgages on Units which have at least fifty-one percent (51%) of the votes of Units subject to eligible holder mortgages.

(2) Any election to terminate the legal status of the Project after substantial destruction or a substantial taking in condemnation of the Project property must require the approval of the eligible holders holding first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by such eligible holders are allocated.

(3) Unless the formula for reallocation of interests in the Common Areas after a partial condemnation or partial destruction of the Project is fixed by law, no reallocation of interest in the Common Areas resulting from a partial condemnation or partial destruction of the Project may be effected without the prior approval of eligible holders of Units to which at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by such eligible holders are allocated.

(4) When professional management has been previously required by any eligible mortgage holder or eligible insurer or guarantor, whether such entity became an eligible mortgage holder or eligible insurer or guarantor at that time or later, any decision to establish self-management by the Association shall require the prior consent of Owners of unit estates to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of eligible holders holding Mortgages on Units which have at least fifty-one percent (51%) of the votes of Units subject to eligible mortgage holders.

(d) The following provisions do not apply to amendments to constituent documents or termination of the Project status made as a result of destruction, damage or condemnation, or to a reallocation of interests in the Common Areas which might occur pursuant to any plan of expansion or phased development contained in the original constituent documents.

(1) In addition to the consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated, the approval of eligible holders holding Mortgages on Units which have at least sixty-seven percent (67%) of the votes of Units subject to eligible mortgage holders shall be required to terminate the legal status of the Project as a condominium.

(2) In addition to the consent of the Owners of Units obtained in the manner required in this Declaration, the approval of eligible holders holding mortgages on Units which have at least fifty-one percent (51%) of the votes of Units subject to eligible mortgage holders shall be required to add or amend any material provisions of the constituent documents of the Project which establish, provide for, govern or regulate any of the following: voting; assessments, assessment liens or subordination of such liens; reserves for maintenance, repair and replacement of

the Common Areas (of Units if applicable); insurance or fidelity bonds; rights to use of the Common Areas; responsibility for maintenance and repair of the several portions of the Project; expansion or contraction of the Project or the addition, annexation, or withdrawal of property to or from the regime; boundaries of any Unit; the interests in the general or limited Common Areas; convertibility of Units into Common Areas into Units; leasing of Units; imposition of any right of first refusal or similar restriction on the right of any Unit Owner to sell, transfer or otherwise convey his or her Unit; or any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on Units.

(3) An addition or amendment to this Declaration shall not be considered material if it is for the purpose of correcting technical errors or for clarification only. An eligible mortgage holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

(e) Except as provided by statute, in case of condemnation or substantial loss to the Units and/or Common Areas of the Project, the Association is not entitled to take any of the following actions, unless two-thirds (2/3) of the first mortgagees or Owners (other than Declarant) give their written approval:

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

(2) change the pro rata interest or obligations of any Unit in order to levy assessments or charges, allocate distribution of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership of each Unit in the Common Areas;

(3) partition or subdivide any Unit;

(4) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Areas. The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Areas by the Project is not a transfer in the meaning of this clause;

(5) use hazard insurance proceeds for losses to any condominium property (whether Units or Common Area) for other than the repair, replacement or reconstruction of such Common Area.

(6) Change the pro rate interest or obligations of any condominium unit in order to levy assessments or charges, allocate distribution of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership of each condominium unit in the common elements. (This requirement will be waived to the extent necessary to allow the additional phasing of the project in accordance with this Declaration.)

(7) By act or admission, partition or subdivide any condominium unit.

(f) First mortgagees of Project Units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Project common property and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for such common property, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement in favor of all

(p) amend this Declaration so as to defeat the obligations of the Association to maintain the Common Area in a first-class condition and good state of repair, or which would defeat the assessment procedures which assure the collection of funds for such maintenance;

(q) amend any part of this Section.

(r) The Association shall give the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC") notice in writing of any loss to, or taking of, the Property if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00), or if damage to a Unit covered by a mortgage purchased in whole or in part by FHLMC or FNMA exceeds One Thousand Dollars (\$1,000.00).

Section 12. GENERAL MORTGAGEE PROVISIONS:

(a) Any Owner may encumber his Condominium by deed of trust or mortgage.

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

(c) No amendment to this Section 12 shall affect the rights of the Mortgagee under any mortgage or trust deed recorded prior to recordation of such amendment who does not join in the execution thereof.

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

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

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

(g) The Board shall immediately give written notice to any Mortgagee who has requested such notice in writing, when the Owner of the Condominium encumbered in favor of such Mortgagee has been in default under the terms hereof for a period of sixty (60) days or more.

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

Section 13. TERM:

This Declaration and the covenants, conditions and restrictions contained herein, as amended from time to time, shall be and remain in full force and effect for a term of sixty (60) years from the date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing signed by those Members then holding a majority of the total votes in the Association has been recorded with the San Bernardino County Recorder, within one (1) year prior to the expiration of the above

first mortgagees of Units in the Project is established by this Declaration, to which the Association is bound.

(g) Sale or resale of any Units in this Condominium shall not be subject to a right of first refusal in either Declarant or the Association.

(h) With the exception of a lender in possession of a Unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Owner shall be permitted to lease his or her residence for an initial term of less than thirty (30) days or for transient or hotel purposes. No Owner may lease less than the entire Unit. Other than the foregoing, there is no restriction on the right of any Owner to lease his or her Unit.

(i) The holders, guarantors or insurers of first mortgages shall have the right to examine the books and records of the Association, including the Declaration, Bylaws, Articles, Rules and amendments thereto. Upon request of a holder guarantor or the insurer of a first mortgage, the Board shall furnish, free of charge, an audited financial statement of the preceding fiscal year.

(j) To the extent allowed by law, all taxes, charges and assessments which may become liens prior to first mortgages under local law shall relate only to the individual Units and not to the Project as a whole.

(k) An adequate reserve fund for maintenance, repairs and replacement of the Common Area and facilities must be established by the Association and must be funded by regular monthly assessments rather than by special assessments.

(l) No provisions herein shall give an Owner or any other party priority over any rights of first mortgagees of Units pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of Units and/or the Common Area.

(m) Any agreement for professional management, employment or lease or right of use of the Common Area of the Project, or any other contract providing for services of the developer, sponsor or builder may not exceed one (1) year. Any such agreement must provide for termination by either party without cause and without payment of a termination fee or other penalty on thirty (30) days' or less written notice; provided, however, that a professional management contract may be entered into for a period not to exceed three (3) years if prior approval from FHA and/or VA is obtained during any period in which FHA or VA guaranteed or insured mortgages encumber Units in the Project.

(n) So long as there is a Class B membership, the following shall require prior approval of FHA and/or VA: annexation of additional properties, mergers and consolidations, dedication or mortgaging of the Common Area, special assessments, and amendments to this Declaration.

(o) It is the intent of Declarant that this Declaration and the Articles and Bylaws, and the development of the Project in general, shall now and in the future meet all requirements necessary to purchase, guarantee, insure or subsidize any mortgage of a Unit in the development by the VA, FHA, Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. The Board and each Owner shall take any action or shall adopt any resolutions required by Declarant or any Mortgagee to conform this Declaration, the Articles, the Bylaws or the development of the Project to the requirements of any of said entities or agencies.