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PALMIERI, TYLER, WIENER,
WILHELM & WALDRON, LLP (DGT)
2603 Main Street
East Tower - Suite 1300
Irvine, California 92614

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
STRATHMORE MAINTENANCE CORPORATION

THIS DECLARATION CONTAINS A BINDING ARBITRATION PROVISION
IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT.
ARBITRATION INCLUDES A WAIVER OF THE CONSTITUTIONAL RIGHT
TO A JURY. YOU MUST READ THE ARBITRATION PROVISION
CAREFULLY AND SHOULD CONSULT LEGAL COUNSEL WITH ANY
QUESTIONS.

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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
STRATHMORE MAINTENANCE CORPORATION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR STRATHMORE MAINTENANCE CORPORATION ("Declaration") is made this 12 day of April, 2004, by D. R. HORTON LOS ANGELES HOLDING COMPANY, INC., a California corporation. D. R. HORTON LOS ANGELES HOLDING COMPANY, INC., a California corporation, its successors and assigns shall hereinafter be referred to as "Declarant."

RECITALS:

A. Declarant is the owner of certain real property in the City of Rancho Cucamonga, County of San Bernardino, State of California, described as Units 1 through 27 and Modules AP-1, AP-10 and CA-1, and a nonexclusive easement for ingress, egress and street purposes over Module AP-11, all as shown on a Condominium Plan affecting said Units to be recorded in the Official Records of San Bernardino County, California, affecting a portion of Lot 1 of Tract No. 16612, as per map recorded in Book ____, Pages __ through __ of Maps, in the Office of the County Recorder of San Bernardino County, California ("Phase 1 of the Property").

B. Declarant intends to develop on Phase 1 of the Property a statutory airspace condominium project containing twenty-seven (27) units, together with such additional units as may be annexed thereto pursuant to the terms of this Declaration. In accordance with California Civil Code Section 1353(a), this Project is a Common Interest Development condominium project and planned development.

C. Declarant desires to divide the Property and Improvements thereon into a Condominium Project, as defined in Sections 783 and 1351(f) of the California Civil Code, and to subdivide some Phases of the Project as authorized by Section 66427 of the California Government Code, in accordance with the recorded Condominium Plan for the "Project" as hereinafter defined. The development of the Project will be consistent with the overall development plan submitted to and approved by the Department of Veteran's Affairs.

D. Declarant also intends to impose upon the Property, as hereinafter defined, mutually beneficial restrictions under a general plan or scheme designed to benefit and enhance the value of the Property.

E. Declarant will hereafter hold and convey title to all or any portion of the Property subject to certain protective covenants, conditions and restrictions hereinafter set forth.

NOW, THEREFORE, Declarant hereby declares and does hereby establish that the Property, including any Improvements added or constructed on or about the Property in the future, shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, covenants and conditions, for the purposes of creating the condominium project and of mutually benefiting the Property, the Project and all of the Units, and the future owners thereof. All of the restrictions, covenants and conditions set forth herein shall run with the land, shall be enforceable equitable servitudes, unless unreasonable, and shall be binding upon all parties having or acquiring any right, title or interest in the Property, and shall be for the benefit of each

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owner of any portion of the Property, or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of the owner thereof.

ARTICLE I

DEFINITIONS

The following terms used in these covenants, conditions and restrictions shall be applicable to this Declaration and are defined as follows:

Section 1. Annexable Area. The term "Annexable Area" shall mean and refer to all or any portion of the real property described in Exhibit "A" attached hereto and incorporated herein by this reference which may be annexed to the Property pursuant to the terms of the Article of this Declaration entitled "ANNEXATION."

Section 2. Architectural Committee. The term "Architectural Committee" or "Committee" shall mean and refer to the Architectural Committee created pursuant to the Article of this Declaration entitled "ARCHITECTURAL CONTROL."

Section 3. Architectural Standards. The term "Architectural Standards" shall mean and refer to the guidelines created by the Architectural Committee to govern design standards, criteria, procedures, rules and instructions adopted or to be adopted by the Architectural Committee, as such Architectural Standards may be amended or supplemented from time to time pursuant to the Article of this Declaration entitled "ARCHITECTURAL CONTROL." Architectural Standards also include criteria established by the local jurisdiction (City/County) for the purpose of uniformly enhancing and protecting the attractiveness and desirability of the Property.

Section 4. Association. The term "Association" shall mean and refer to STRATHMORE MAINTENANCE CORPORATION, a nonprofit mutual benefit corporation, its successors and assigns.

Section 5. Association Easement Areas. The term "Association Easement Areas" or "Association Easement Area" shall mean and refer to certain areas which contain landscaping and other Improvements which are located within a public right-of-way which the Association is responsible for maintaining as conditioned by the City (or other public entity) or by a separate agreement for the Association to maintain. The Association Easement Area includes, but shall not be limited to corner hardscape, landscaping, signage, bus shelter and parkway landscaping and street trees along Church Street and Day Creek Boulevard. The Association Easement Area is located on property dedicated to the City (or other public entity), which dedicated property may or may not be accepted by the City (or other public entity) for maintenance in the future. All portions of the Association Easement Area shall be maintained and used by the Association in the same manner as the Common Property until the City (or other public entity) no longer requires the Association to maintain all or any portion of the Association Easement Area or at such time any agreement for maintenance is revoked or amended by the parties to the agreement as to such portion of the Association Easement Area. The Association Easement Areas are generally depicted on Exhibit "B" attached hereto. Additional Association Easement Areas to be added with a subsequent Phase of the Property pursuant to the Article of this Declaration entitled "ANNEXATION" shall be generally depicted as an Exhibit to the Supplementary Declaration for such Phase. The Association shall only be required to maintain such portions of the Association Easement Areas as defined herein as have been included in the budget for the Property as approved by the California Department of Real Estate in connection with the issuance of a Final Subdivision Public Report on each Phase of the Property.

Section 6. Association Management Documents. The term "Association Management Documents" shall mean and refer to the Articles of Incorporation and Bylaws for the Association, this Declaration, any Supplementary Declarations, the Architectural Standards and Association Rules, if any, Maintenance Manual, and any amendments to the foregoing.

Section 7. Association Property. The term "Association Property" shall mean and refer to all real property and the Improvements thereon owned in fee by the Association. The Association Property within Phase 1 of the Property is described as Module AP-1, AP-10 and a nonexclusive easement for ingress, egress and street purposes over Module AP-11, as shown on the Condominium Plan for Phase 1 of the Project. The Association Property shall be conveyed to the Association prior to or concurrently with the conveyance of the first Unit in the Project.

Section 8. Association Rules. The term "Association Rules" shall mean and refer to rules adopted, amended and repealed from time to time by the Board pursuant to the Section of the Bylaws entitled "Association Rules; Fines; Enforcement" of the Article entitled "MEMBERS."

Section 9. Board of Directors. The term "Board of Directors" or "Board" shall mean and refer to the duly elected Board of Directors of the Association.

Section 10. City. The term "City" shall mean and refer to the City of Rancho Cucamonga, California, a municipal corporation of the State of California.

Section 11. Common Area. The term "Common Area" shall mean and refer to the entire Common Interest Development, except the separate interests therein and the Association Property.

Section 12. Common Property. The term "Common Property" shall mean and refer to the Common Area and/or the Association Property, as applicable. Where the context permits, the term "Common Property" shall include the Association Easement Area.

Section 13. Common Drive Area. The term "Common Drive Area" shall mean and refer to that portion of the Property and adjacent owners property designed for use as a common shared drive. The Common Drive Area shall be governed by the Shared Drive Agreement (as defined below).

Section 14. Condominium. The term "Condominium" shall mean and refer to an estate in real property as defined in the California Civil Code Section 1351(f) and shall consist of an undivided one twenty-seventh (1/27th) interest as tenant-in-common in Module CA-1 coupled with a separate interest in space called a Unit, the boundaries of which are described on a Condominium Plan.

Section 15. Condominium Building. The term "Condominium Building" shall mean and refer to a separate building containing one or more Units.

Section 16. Condominium Plan. The term "Condominium Plan" shall mean and refer to the Condominium Plan to be recorded for each Phase of the Property, consisting of (a) a description or survey map of a Condominium Project which shall refer to or show monumentation on the ground, (b) a three-dimensional description of a Condominium Project, one or more dimensions which may extend for indefinite distance upwards or downwards with sufficient detail to identify the Common Area, the Association Property and each separate interest, and (c) a certificate consenting to the recordation of the Condominium Plan pursuant to the Davis-Sterling Common Interest Development Act and acknowledged by the record owner of fee title to the property included in the Condominium Project. This certificate shall also be signed and acknowledged by the Trustee or beneficiary of each recorded Deed of Trust and the Mortgagee of each recorded Mortgage encumbering the property.

Section 17. Declarant. The term "Declarant" shall mean and refer to D. R. HORTON LOS ANGELES HOLDING COMPANY, INC., a California corporation, and its successors and assigns, including the successors and assigns of D. R. HORTON LOS ANGELES HOLDING COMPANY, INC., a California corporation, with respect to any property which may be annexed to this Declaration pursuant to the Article in this Declaration entitled "Annexation".

Section 18. Exclusive Use Property. The term "Exclusive Use Property" shall mean and refer to those portions of the Association Property which are designated by this Declaration or the

Condominium Plan for the exclusive use of one (1) or more but fewer than all the Owners of the Units, in accordance with California Civil Code Section 1351(i), and which is or will be appurtenant to the Unit. The Exclusive Use Property is identified on the Condominium Plan as follows:

(a) "Deck" shall be that certain portion of the Association Property designated for use by some Units as a deck, the exclusive use of which area shall be reserved to the Owner of a particular Unit, and shall be identified on the Condominium Plan by a Unit number and the letter designation "D."

(b) "Entry" shall be that certain portion of the Association Property designated for use by some Units as an entry area, the exclusive use of which area shall be reserved to the Owner of a particular Unit, and shall be identified on the Condominium Plan by a Unit number and the letter designation "E."

(c) "Patio" shall be that certain portion of the Association Property designated for use by some Units as a patio, the exclusive use of which area shall be reserved to the Owner of a particular Unit, and shall be identified on the Condominium Plan by a Unit number and the letter designation "P."

Section 19. Federal Agencies. The term "Federal Agencies" shall mean and refer to one or more of the following agencies to the extent that any such agency is a Mortgagee, Owner, insurer or guarantor of a Mortgage within the Project, and the following letter designations for such agencies shall mean and refer to, respectively, the agency specified within the parentheses following such letter designation: FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), and GNMA (Government National Mortgage Association).

Section 20. FHA. The term "FHA" shall mean and refer to the Federal Housing Administration.

Section 21. Final Subdivision Public Report. The term "Final Subdivision Public Report" or "Public Report" shall mean and refer to the report issued by the California Department of Real Estate pursuant to Section 11018.2 of the California Business and Professions Code.

Section 22. Improvement. The term "Improvement" shall mean and refer to any structure or appurtenance thereto of every type and kind, including but not limited to buildings, walkways, sprinkler pipes, garages, room additions, patio covers, swimming pools, spas, recreational facilities, roads, driveways, parking areas, fences, screens, screening walls, retaining walls, stairs, decks, landscaping, antennas, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning and water softening fixtures or equipment (if permissible under applicable laws), and the installation, alteration which shall include change of material, exterior appearance, color or texture), removal or replacement thereof.

Section 23. Maintenance Manual. The term "Maintenance Manual" shall mean and refer to each of the manuals which may be prepared by the Declarant or its agents and provided to the Association and to each initial Owner, specifying obligations for maintenance of the Common Property by the Association and the Units by the Owners, including but not limited to preventative maintenance information, manufactured products' maintenance and limited warranty information, fit and finish warranty or other contractual warranties, as may be updated and amended from time to time.

Section 24. Member. The term "Member" shall mean and refer to each person entitled to membership in the Association as provided in this Declaration and in the Association's Articles of Incorporation and Bylaws.

Section 25. Mortgage or Mortgagee. The terms "Mortgage" and "Mortgagee" shall mean and refer to respectively any duly recorded and valid mortgage or deed of trust encumbering a

Condominium and the holder of the mortgagee's or beneficiary's interest under any such Mortgage. The term "First Mortgage" and "First Mortgagee" shall mean and refer respectively to a Mortgage which has priority over all other Mortgages encumbering a specific Condominium and the holder of any such First Mortgage. The term "First Mortgagee" shall also include the insurer or guarantor of a First Mortgage, if applicable.

Section 26. Owner. The term "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, who are alone or collectively the record Owner of a fee simple title to a Condominium, including Declarant, but excluding those having such interest merely as security for the performance of an obligation. If a Condominium has been sold under a land sale contract in which the State of California is the vendor, then the vendee shall be deemed to be the Owner of such Condominium. If a Condominium is leased by Declarant for a term in excess of ten (10) years, and the lease or memorandum thereof is recorded, the lessee or transferee of the leasehold interest, and not the Declarant, shall be deemed to be the Owner. If fee title to a Condominium is owned other than by Declarant, the Owner of the fee title and not the lessee of such Condominium shall be deemed the Owner regardless of the term of the lease.

Section 27. Phase. The term "Phase of the Development", "Phase of the Project" or "Phase of the Property" shall mean and refer to the real property identified by this Declaration, being Phase 1 of the Property, and each additional increment of the Property as shall be identified by a Supplementary Declaration of Covenants, Conditions and Restrictions to be recorded pursuant to the terms of the Article of this Declaration entitled "ANNEXATION," and for which a Condominium Plan shall be recorded.

Section 28. Project. The term "Project" shall mean and refer to the real property and all Improvements located on Units 1 through 27 and Modules AP-1, AP-10 and CA-1, and a nonexclusive easement for ingress, egress and street purposes over Module AP-11, all as shown on a Condominium Plan affecting said Units to be recorded in the Official Records of San Bernardino County, California, affecting a portion of Lot 1 of said Tract No. 16612, in the Office of the County Recorder of San Bernardino County, California. The term Project shall also include the term Property where the context in which it is used has the same meaning.

Section 29. Property. The term "Property" shall mean and refer to that certain real property located on Units 1 through 27 and Modules AP-1, AP-10 and CA-1, and a nonexclusive easement for ingress, egress and street purposes over Module AP-11, all as shown on a Condominium Plan affecting said Units to be recorded in the Official Records of San Bernardino County, California, affecting a portion of Lot 1 of said Tract No. 16612, in the Office of the County Recorder of San Bernardino County, California. The term "Property" shall also include all real property which is annexed to this Declaration pursuant to the provisions of the Article of this Declaration entitled "ANNEXATION."

Section 30. Reconstruction Assessment. The term "Reconstruction Assessment" shall mean and refer to a charge levied against each Owner to cover the cost of the repair, reconstruction and restoration of the portion of the Common Property that consists of the Condominium Buildings that contain all or any portion of the Units.

Section 31. Regular Assessment. The term "Regular Assessment" shall mean and refer to the amount which is to be paid by each Owner to the Association for common expenses as provided by the terms of this Declaration.

Section 32. Reimbursement Assessment. The term "Reimbursement Assessment" shall mean and refer to a charge against an Owner for the purpose of reimbursing the Association for any costs incurred by the Association on behalf of an individual Owner or for purposes of collecting any monetary penalties which may be imposed by the Association against an Owner as a disciplinary measure for failure of the Owner to comply with provisions of this Declaration, the determinations of the Board or the Architectural Committee, or any rule or regulation adopted by the Association.

Section 33. Residence. The term "Residence" shall mean and refer to the Unit, together with any Exclusive Use Property appurtenant thereto.

Section 34. Shared Drive Agreement. The term "Shared Drive Agreement" shall mean and refer to the that certain writing entitled "Easement Agreement for Shared Drive", affecting the Property and adjacent property creating reciprocal drive and access easements over the Common Drive Area for the benefit of the owners of both properties. The Shared Drive Agreement shall be attached to a Supplementary Declaration, as that term is defined below.

Section 35. Shared Improvement Assessments. The term "Shared Improvement Assessment" shall mean and refer to the assessment which is intended to cover solely the cost of long term maintenance (including reserves) of the Shared Improvements located on, in under and across the Common Drive Area pursuant to the terms of the Shared Drive Agreement. For purposes of this Declaration capitalized terms as used in this Section and not otherwise defined in this Declaration shall have the same meaning as set forth in the Shared Drive Agreement.

Section 36. Special Assessment. The term "Special Assessment" shall mean and refer to a charge levied against each Owner in any fiscal year of the Association for the installation, construction, reconstruction, repair or replacement of any Common Property other than the Condominium Buildings. In the event the Association undertakes to provide materials or services which benefit a particular Owner, such Owner, in accepting such materials and services, agrees that the cost thereof shall also be a Special Assessment.

Section 37. Supplementary Declaration. The term "Supplementary Declaration" shall mean and refer to a document annexing additional property and extending the plan of this Declaration to such additional property.

Section 38. Unit. The term "Unit" shall mean and refer to a separate interest in space as defined in California Civil Code Sections 1351(f) and 1351(l)(2). Each of the Units shall be a separate freehold estate as separately shown, numbered and designated on the Condominium Plan. The Units in the Project are numbered 1 through 27. A Unit consists of all those separate interests in space shown and identified on the Condominium Plan as being part of such Unit.

"Separate Interest in Space" (sometimes referred to herein as "Separate Interest") shall mean the following air spaces of a Unit:

(a) Garage Air Space shall mean and refer to that portion of a Unit designated for use as a Garage and shall be identified on the Condominium Plan by the letter designation "G".

(b) Residential Air Space shall mean and refer to that portion of the Unit designated for use as a residence and shall be identified on the Condominium Plan by Unit number and shall consist of the interior of each Residential Air Space.

Section 39. VA. The term "VA" shall mean and refer to the Department of Veterans Affairs.

ARTICLE II

CREATION OF CONDOMINIUMS

Section 1. Designation of Condominiums. Declarant, in order to establish a plan of Condominium ownership for the Project, hereby covenants and agrees that it hereby divides the Project into the following:

(a) Twenty-seven (27) designated and legally described Units which are shown, defined and described on the recorded Condominium Plan for the Project.

(b) The Common Area consisting of the remainder of the Project, excepting the "Units" as shown on the Condominium Plan and the Association Property.

(c) The Association Property consisting of the remainder of the Project, excepting the "Units" and the Common Area as shown on the Condominium Plan. --

Section 2. Interest in Common Area. The ownership of each Unit shall include an equal undivided interest as tenant in common in the Common Area of Module CA-1 of the Project. Declarant, its successors, assigns, and grantees, covenant and agree that the equal undivided interests in the Common Area of Module CA-1 and the fee titles in and to the respective Units conveyed therewith shall not be separated or separately conveyed, and each such undivided interest in the Common Area of Module CA-1 shall be deemed to be conveyed or encumbered with its respective Units even though the description in the instrument of conveyance or encumbrance may refer only to the fee title and to the Unit. Each Owner's equal undivided interest in the Common Area of Module CA-1 may not be diminished or changed.

Section 3. Condominium. Each Unit, together with the respective equal undivided interest in the Common Area of Module CA-1, together with any exclusive easements in the Common Area appurtenant thereto, is defined and hereinafter referred to as a "Condominium", and the ownership of each Condominium shall include a Unit and such equal undivided interest in the Common Area of Module CA-1.

ARTICLE III

RIGHTS OF ENJOYMENT

Section 1. Members' Right of Enjoyment. Every Owner and Member of the Association shall have a nonexclusive easement for use and enjoyment in and to all Common Property within the overall Project, and such right shall be appurtenant to and shall pass with title to each Condominium, subject to all of the easements, covenants, conditions, restrictions and other provisions contained in this Declaration, including, without limitation, the following provisions:

(a) The right of the Association to reasonably limit the number of guests of Owners using the Common Property facilities;

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

(c) The right of the Association in accordance with the Articles of Incorporation and Bylaws and this Declaration, with the vote or written assent of a majority of the voting power of the Association, which shall include a majority of the votes residing in Members other than the Declarant, to borrow money for the purpose of improving the Common Property and the facilities and in aid thereof, and subject to the provisions of the Article of this Declaration entitled "RIGHTS OF MORTGAGEES" to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(d) Subject to the provisions of the Article of this Declaration entitled "RIGHTS OF MORTGAGEES," the right of the Association to dedicate, release, alienate or transfer the Common Property to any public agency, authority, utility or other person for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication, release, alienation or transfer shall be effective, unless an instrument signed by Members entitled to cast at least a majority of the total voting power of the Association which shall include a majority of the votes residing in Members other than the Declarant, agreeing to such dedication, release, alienation or transfer has been recorded;

(e) The rights and reservations of Declarant as set forth in this Declaration, including the right of Declarant and its sales agents, representatives and prospective purchasers, to the non-exclusive use of the Common Property and any facilities thereof, without cost, for access, ingress, egress, use and enjoyment, in order to dispose of the Property as provided herein, until the earlier of (i) the expiration of the originally issued Final Subdivision Public Report from the California Department of Real Estate for the final Phase of the Property; or (ii) upon the close of escrow for the sale of the last Unit in the Property; provided, however, that such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein;

(f) The right of the Board to suspend the rights and easements of any Member for use and enjoyment of the recreational facilities, if any, located on the Common Property, and the persons deriving such rights and easements from any Member, for any period during which the payment of any assessment against such Member and their Unit remains delinquent; and, after notice and hearing with an opportunity to be heard, to impose monetary penalties or suspend such use rights and easements for a reasonable period of time as determined by the Board for any violation of this Declaration, the Articles, Bylaws, or any rules and regulations of the Association, it being understood that any suspension for either non-payment of any assessment or breach of such restrictions shall not constitute a waiver or discharge of the Member's obligation to pay assessments as provided herein;

(g) The right of the Association, acting through the Board, to reasonably restrict access to areas of the Common Property; and

(h) The right of the Association to grant permits, licenses and easements over the Common Property for utilities, roads and other purposes necessary for the proper operation of the Project.

Section 2. Delegation of Use. Any Member may delegate their right of enjoyment to the Common Property to the Members of their family or their tenants who reside on their Unit, or to their guests, subject to rules and regulations adopted by the Board.

Section 3. Waiver of Use. No member may exempt themselves from personal liability for assessments duly levied by the Association, nor release the Unit owned by them from the liens, charges and other provisions of this Declaration, the Articles, Bylaws and Association Rules, by waiver of the use and enjoyment of the Common Property, or the abandonment of their Unit.

ARTICLE IV

USE RESTRICTIONS

In addition to all other covenants contained herein, the use of the Project and each Residence therein and the Common Property is subject to the following:

Section 1. No Partition. The Common Area shall remain undivided and no Owner shall bring any action for partition, excepting as otherwise hereinafter provided, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project.

Section 2. Commercial Use. Subject to the Section entitled "Construction and Sales Easement" of the Article hereof entitled "Easements", no part of a Residence shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or any nonresidential purposes; provided, however, that the Association shall have the right to provide or authorize such services on the Common Property as it deems appropriate for the enjoyment of the Common Property or for the benefit of the Members. The provisions of this Section shall not preclude professional and administrative occupations without external evidence thereof, for so long as such occupations are in conformance with all applicable governmental ordinances and are merely incidental to the use of the dwelling unit as a residential home.

Section 3. Interior of Units. Each Owner shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise refinish and decorate the inner surface of the walls, ceilings, floors, windows and doors bounding their own Unit. Certain of the Units may have an adjoining fireplace structure, built as part of the original construction, which may or may not be delineated on the Condominium Plan. The Owner of each such Unit shall have the exclusive use of the space bounded by and contained within the interior surfaces of the fire box of the fireplace structure which opens into their Unit.

Section 4. No Obstruction of the Common Property. There shall be no obstruction of the Common Property nor shall anything be stored in the Common Property without the prior written consent of the Board except as hereinafter expressly provided. Nothing shall be altered or constructed in or removed from the Common Property, except upon the written consent of the Board.

Section 5. Animals. No insects or animals of any kind shall be raised, bred or kept on the Property except that a reasonable number of dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained, for any commercial purpose, nor in violation of any other provision of this Declaration and such limitations as may be set forth in the rules and regulations of the Association. The Association, acting through the Board of Directors, shall have the right to prohibit maintenance of any animal maintained on any Condominium in the Property which constitutes, in the opinion of the Board, a nuisance to Owners of Condominiums within the Property. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Property must be either kept within an enclosure, an enclosed yard or on a leash or bridle being held by a person capable of controlling the animal. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Property by an Owner or by members of their family, their tenants or their guests; and it shall be the absolute duty and responsibility of each such Owner to clean up after such animals which have used any portion of the Property.

Section 6. Prohibition on Restrictions for Noncommercial Signs. Notwithstanding any contrary provision which may be contained elsewhere in the Association Management Documents, no provision of this Declaration shall prohibit the posting or displaying of noncommercial signs, posters, flags, or banners on or in an Owner's Unit except as required for the protection of public health or safety

or if the posting or display would violate a local, state or federal law. For purposes of this restriction, a noncommercial sign, poster, flag, or banner may be made of paper, cardboard, cloth, plastic, or fabric, and may be posted or displayed from the yard, window, door, balcony or outside wall of the Unit, but may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces. The Association may prohibit noncommercial signs and posters that are more than nine (9) square feet in size and noncommercial flags or banners that are more than 15 square feet in size.

Section 7. Unreasonable Restrictions on Marketability of Property Void.

(a) Any rule or regulation of the Association that arbitrarily or unreasonably restricts an Owner's ability to market their Condominium is void.

(b) The Association may not adopt, enforce, or otherwise impose any rule or regulation that does either of the following:

(1) Imposes an assessment or fee in connection with the marketing of an Owner's Condominium in an amount that exceeds the Association's actual or direct costs. That assessment or fee shall be deemed to violate the limitation set forth in Civil Code Section 1366.1.

(2) Establishes an exclusive relationship with a real estate broker through which the sale or marketing of Units in the Project is required to occur. The limitation set forth in this paragraph does not apply to the sale or marketing of Units owned by the Association or to the sale or marketing of Association Property by the Association.

(c) For purposes of this section, "market" and "marketing" mean listing, advertising, or obtaining or providing access to show the Owner's Unit in the Project.

(d) This section does not apply to rules or regulations made pursuant to Civil Code Section 712 or 713 regarding real estate signs.

Section 8. Structural Alterations. No Owner shall make or cause to be made structural alterations or modifications to the interior of their Residence or installations located therein which would have a material effect on another Residence without the prior written consent of the Architectural Committee provided for in this Declaration. No Owner shall make any Improvement or alteration within the boundaries of their Residence which impairs the structural integrity or mechanical systems, or lessens the support of any portion of the Common Property.

Section 9. Utilities. Each Owner of a Unit shall be obligated to pay any and all assessments for sewage, electricity, other utilities, taxes and other charges assessed individually against such Owner's Condominium.

Section 10. Unsightly Items. No rubbish, trash or garbage or other waste material shall be kept or permitted upon any portion of the Property, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Property, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Such containers shall be exposed to the view of neighboring Units only when set out for a reasonable period of time (not to exceed twenty-four (24) hours before and after scheduled trash collection hours). If trash bins are located in the trash areas on the Common Property, all Owners shall utilize such trash bins for the disposal of their trash. There shall be no exterior fires whatsoever except barbecue fires contained within receptacles therefor or fire pits in the enclosed yards designed in such a manner that they do not create a fire hazard. Weeds shall be regularly removed from the exterior portion of the Units and shall not be allowed to accumulate. No clothing or household fabrics shall be hung, dried or aired and no lumber, wood piles, grass, shrub or tree clippings or plant waste, metals, bulk material or scrap or refuse or trash shall be kept, stored or allowed

to accumulate on any portion of the Project except within an enclosed structure or appropriately screened from view.

Section 11. Parking and Vehicular Restrictions. No Owner shall park, store or keep any vehicle, except wholly within the parking area designated therefor (i.e., garages shall be used for vehicular parking), and any inoperable vehicle shall be stored only in enclosed garages. No Owner shall park, store or keep on any property, street (public or private), unenclosed parking space or driveway within the Property any large commercial-type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck), any recreational vehicle (including, but not limited to, any camper unit or motor home), any bus, trailer, trailer coach, camper trailer, boat, aircraft, mobile home, inoperable vehicle or any other similar vehicle or any vehicular equipment, mobile or otherwise, or any other non-automotive vehicles and non-automotive storage or other items visible from anywhere in the Property determined to be a nuisance by the Board. The above excludes camper trucks and similar vehicles when used for everyday-type transportation, subject to approval by the Board. No Owner of a Unit shall conduct repairs or restorations of any motor vehicle, boat, trailer, aircraft or other vehicle upon any portion of the Property, except wholly within the Owner's garage, and then only when the garage door is closed; provided, however, that such activity shall at no time be permitted if it is determined by the Board or its agent to be a nuisance. Garages shall be maintained free and clear of any debris or obstructions that would prohibit its use for parking by at least the number of cars it was intended for, and shall be used for vehicular parking. Garage doors shall remain closed except for reasonable periods while the garages are being used. No Owner shall store their vehicle in the guest parking spaces.

(a) The appropriate local government authority is hereby authorized to impose and enforce all provisions of the applicable California Vehicle Code sections on any private streets contained within the Project.

(b) Notwithstanding the foregoing, parking along the private streets in areas designated as "fire lanes" is prohibited at all times. The fire lanes are depicted on Exhibit "C" attached hereto. The Association shall perform an inspection no less than annually and maintain the fire lanes in accordance with the requirements of the Rancho Cucamonga Fire District.

(c) Guest parking in streets shall be limited to designated guest parking spaces only;

(d) Each Owner shall be responsible for assuring that their guests abide by the parking restrictions set forth herein, and any additional regulations established by the Association's Rules and regulations in accordance with the Section entitled "Association Rules" of the Article of this Declaration "DUTIES AND POWERS OF THE COMMUNITY ASSOCIATION."

(e) In accordance with Section 22658.2 of the California Vehicle Code, the Association, through its officers, committees and agents, is empowered to establish and enforce parking restrictions within the private streets, if any, as well as to enforce those parking limitations by all means lawful, including the removal of any violating vehicles by those so empowered. In addition, the appropriate local government authority is hereby authorized to impose and enforce all provisions of the applicable California Vehicle Code sections on any private streets contained within the Property. By the execution and recordation of this Declaration, Declarant and Owners hereby authorize the City to enforce traffic regulations on any private streets within the Property, pursuant to and subject to the provisions of California Vehicle Code Section 21107.5.

Section 12. Rules of Association. Each Owner, tenant or occupant of a Unit shall comply with the provisions of this Declaration, the Bylaws, decisions and rules and regulations of the Association or its duly authorized representatives which may from time to time be promulgated, all as lawfully amended from time to time, and failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action to recover sums due, for damages, or for injunctive relief, or for any other remedy permitted by law or permitted by the terms of this Declaration.

Section 13. Conduct in Condominiums and Common Property. No Residence or the Common Property shall be occupied or used for any purpose or in any manner which shall cause either to be uninsurable against loss by fire or the perils of the extended coverage endorsement of the California Standard Fire Policy form, or cause any policy or policies representing such insurance to be canceled or suspended or the company issuing the same to refuse renewal thereof. No Residence shall be used in such a manner as to obstruct or interfere with the enjoyment of occupants of other residences or annoy them by unreasonable noises or otherwise, nor shall any nuisance be committed or permitted to occur in any Residence.

Section 14. Leasing of Units. Any agreement for the leasing or rental of a Unit (hereinafter in this Section referred to as a "lease") shall provide that the terms of such lease shall be subject in all respects to the provisions of the Association Management Documents and any applicable agreement between the Association and any of the Federal Agencies. Said lease shall further provide that any failure by the lessee thereunder to comply with the terms of the foregoing documents shall be a default under the lease. All leases shall be in writing. The Owner of said leased or rented Unit has the duty and obligation to furnish the Board with the name or names of the individuals currently leasing or renting said Unit and to maintain with the Association a record of the current mailing address of said Owner. Any Owner who shall lease their Unit shall be responsible for assuring compliance by such Owner's lessee with the Association Management Documents. Other than the foregoing, there shall be no restriction on the right of any Owner to lease their Unit.

Section 15. Antennas. No television, radio, or other electronic antenna or device of any type shall hereafter be erected, constructed, placed or permitted to remain on the Unit or the Common Property unless and until the same has been approved in writing by the Architectural Committee or the Board, or unless the same is contained within a building or underground conduits. Nothing herein shall be deemed to prohibit or restrict the installation or use of any antenna, satellite dish or similar device that is otherwise permissible under California law. Notwithstanding any provision hereof, this section (a) shall be interpreted to comply with state and federal laws applicable to video and television antennas and satellite dishes in effect at the time of enforcement of this section. In that regard, this section shall not be interpreted or enforced in a manner which would (i) unreasonably delay or prevent installation, maintenance or use of such an antenna or satellite dish, (ii) unreasonably increase the cost of installation, maintenance or use, or (iii) preclude reception of an acceptable quality signal.

Section 16. Window Covers. Curtains, drapes, shutters or blinds may be installed as window covers. No window shall be covered with aluminum foil, sheets, newspapers or similar material not intended or designed for use as a window cover.

Section 17. Drilling. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any portion of the Property, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface or any portion of the Property or within five hundred feet (500') below the surface of the Property. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any portion of the Property.

Section 18. Pesticides and Fertilizers. Large scale use of herbicides, pesticides or fertilizers during landscape maintenance activities and installation of certain planting materials are prohibited unless applied by applicators licensed by the State of California.

Section 19. Hazardous or Toxic Waste. Nothing other than natural rain water may be discharged into the storm drains and storm drainage system located on private or public property. The National Pollutant Discharge Elimination System and Section 5650 of the California Fish and Game Code prohibit, among other things, discharging anything other than natural rain water into storm drainage systems. Toxic chemicals or hydrocarbon compounds such as gasoline, motor oil, antifreeze, solvents, paints, paint thinners, wood preservative and other such fluids shall not be discharged into any street, public or private, or into storm drains or storm water conveyance systems. Use and disposal of pesticides, fungicides, herbicides, insecticides, fertilizers and other such chemical treatments shall meet

Federal, State, County (and City) requirements as prescribed on their respective containers. All Owners within the Project are required to comply with such restrictions.

Section 20. Rights of Disabled. Subject to the provisions of the Article of this Declaration entitled "ARCHITECTURAL CONTROL," each Owner shall have the right to modify their Unit, at such Owner's sole expense, in order to facilitate access to their residence by persons who are blind, visually handicapped, deaf or physically disabled, or to alter conditions which could be hazardous to such persons in accordance with Section 1360 of the California Civil Code or any other applicable law or ordinance. In the event it is also necessary to modify a portion of the Common Property to facilitate access, Owner shall obtain prior written approval from the Architectural Committee, and the Owner shall be responsible for all costs associated with such modification; provided, however, such modification to the Common Property shall be removed and restored to its original design by the Owner, at Owner's sole expense, when the Unit is no longer occupied by persons requiring those modifications.

Section 21. Compliance with Maintenance Manual. By accepting a deed to a Unit, each Owner acknowledges and agrees that each Owner is required to comply with all of the maintenance obligations and schedules set forth in the Maintenance Manual, and each Owner is further obligated to provide a copy of such Maintenance Manual to any successor purchaser of such Owner's Unit. The Association shall comply with all of the maintenance obligations and schedules set forth in the Maintenance Manual provided the Association.

Section 22. Violation of Association Management Documents. There shall be no violation of the restrictions of this Declaration or of any of the Association Management Documents. If any Owner, their family, guest, licensee, lessee or invitee, violates any such restrictions, the Board may impose a reasonable Reimbursement Assessment upon such Owner for each violation and may suspend the voting privileges of such Owner as further provided in the Bylaws. Such Reimbursement Assessment shall be collectible in the same manner as Regular Assessments hereunder, but the Board shall give such Owner notice and hearing before invoking any such Reimbursement Assessment or suspension.

Section 23. Construction by Declarant. Nothing in this Declaration shall limit the right of the Declarant to commence and complete construction of Improvements to the Project or to alter the foregoing or the Units or Common Property or to construct such additional Improvements as the Declarant deems advisable prior to the completion and sale of all of the Project. The Declarant may use any of the Units within the Project owned by it for model home sites and incidental parking. The Declarant shall have the right and an easement to enter upon, use and enjoy and designate and permit others (including, without limitation, Declarant's agents, employees, representatives, contractors and prospective purchasers) to enter upon, use and enjoy the Common Property for any purpose in connection with or incidental to the construction, development, sale, lease or other transfer of property within or adjacent to the Project (including, without limitation, the erection, construction and maintenance of displays, sales offices and incidental parking, exhibits, signs and other structures); provided, however, that such use shall not be for a period beyond the sale by Declarant of all Units within the Project, and provided further that the exercise of such right and easement shall not unreasonably interfere with the reasonable use and enjoyment of the Common Property by the Members.

Section 24. Garage Door Openers. Declarant shall install in each garage an automatic garage door opener. Each Owner covenants and agrees to maintain their automatic garage door opener in workable condition at all times.

Section 25. Address Identification Numbers. Building numbers shall be posted with a minimum of eight (8) inch numbers on contrasting background, visible from the street and electrically illuminated during periods of darkness. When the building setback exceeds two hundred (200) feet from the public street, an additional non-illuminated six (6) inch minimum number address shall be provided at the property entrance. Approved address numbers and/or building identification letters shall be provided on the front and back of all Units or buildings. An illuminated map or directory of the Project shall be maintained with vandal-resistant cover.

Section 26. Ground Mounted and Roof Mounted Utility Equipment. All ground-mounted utility appurtenances such as transformers, air conditioning condensers, etc., shall be located out of public view and adequately screened through the use of a combination of concrete or masonry walls, berms, and/or landscaping to the satisfaction of the City Planner. All roof appurtenances, including air conditioners and other roof mounted equipment and/or projections shall be shielded from view and sound buffered from adjacent properties and streets as required by the Planning Division. Such screening shall be architecturally integrated with the building design and constructed to the satisfaction of the City Planner.

Section 27. Landscape Maintenance. All Owners and the Association, as applicable, shall continually maintain all landscaping within the Property, in addition to all parkway landscaping, within the Association Easement Area. All landscaped areas shall be kept free from weeds and debris and maintained in a healthy and thriving condition, and shall receive regular pruning, fertilizing, mowing and trimming. Any damaged, dead, diseased or decaying plant material shall be replaced within thirty (30) days from the date of damage.

Section 28. Tree Restrictions. Trees are prohibited within five (5) feet of the outside diameter of any public storm drain pipe measured from the outer edge of a mature tree trunk.

Section 29. Security Lighting Requirements. All Association Property shall have minimum maintained 1-foot candle power lighting. All buildings shall have minimal security lighting to eliminate dark areas around the buildings, with direct lighting to be provided by all entryways. Lighting shall be consistent around the entire Project. Lighting in exterior areas shall be in vandal-resistant fixtures.

Section 30. Shared Drive Easement Agreement. Pursuant to the Shared Drive Agreement, reciprocal drive and access easements shall be established for the benefit of the owners of the properties described therein. In addition, the parties have created a mechanism for the shared maintenance of the Common Drive Area. Pursuant to the provisions of the Shared Drive Agreement, the Association shall have the sole responsibility for the maintenance, repair and management of the Common Drive Area, including collecting the Shared Improvement Assessment from the owner of the Cucamonga Property (as such term is defined in the Shared Drive Agreement). The owner of the Cucamonga Property shall be responsible for a portion of the cost of the maintenance and repair for the Common Drive Area including landscaping and other improvements thereon as provided in the Shared Drive Agreement. Any conflict between the terms of the provisions in the Declaration and the Shared Drive Agreement, the Shared Drive Agreement shall control.

ARTICLE V

DISCLOSURES

Section 1. Post Tension Slabs. The concrete slabs for the Condominium Buildings in the Project may be reinforced with a grid of steel cables which were installed in the concrete and then tightened to create very high tension. This type of slab is commonly known as "Post Tension Slab." Any attempt to alter or pierce the Post Tension Slab foundation (for example, cutting, drilling or installation of subterranean improvements such as new plumbing or a floor safe) is very hazardous and may result in serious damage to the Residence and/or personal injury. By accepting a grant deed to a Condominium in the Project, each Owner specifically covenants and agrees that: (1) such Owner shall not cut into or otherwise tamper with the Post Tension Slab; (2) such Owner shall not knowingly permit or allow any person to cut into or tamper with the Post Tension Slab so long as such Owner owns any interest in the Unit; (3) such Owner shall disclose the existence of the Post Tension Slab to any tenant, lessee or subsequent purchase of the Condominium; and (4) such Owner shall indemnify and hold Declarant and its respective officers, employees, contractors and agents, free and harmless from and against any and all claims, damages, losses, or other liability (including attorney's fees) arising from any breach of this Section.

Section 2. Winery Disclosure. Owner acknowledges that the Joseph Filippi Winery ("Winery") is located approximately one (1) mile north of the Properties along Base Line Road. The Winery consists of an active vineyard, a tasting room, RV parking, wine processing and aging cellars. Traffic, noise, and other elements associated with the Winery may impact Owners and their use and enjoyment of the Properties. Prior to conveyance of a Unit, Declarant shall provide each prospective Owner with separate written notice in a format as approved by the City disclosing the uses and operation of the Winery.

Section 3. Victoria Gardens Regional Center and Cultural Arts Center. The Victoria Gardens Regional Center ("Center") is a main street retail area located between Day Creek Boulevard and Victoria Gardens Lane. The Center includes a mix of regional and neighborhood retail stores, restaurants, profession offices, housing and civic uses. Owners may experience varying levels of noise and traffic along Day Creek Boulevard associated with the activities at the Center. Prior to conveyance of a Unit, Declarant shall provide each prospective Owner with separate written notice in a format as approved by the City disclosing the uses and operation of the Center.

ARTICLE VI

MEMBERSHIP AND VOTING RIGHTS

Section 1. Organization. The Association is organized as a California corporation under the California Nonprofit Mutual Benefit Corporation Law. The Association is charged with the duties and vested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed so as to be inconsistent with this Declaration. In the event that there should exist any ambiguity in any provision of the Articles or Bylaws, then such provision shall be interpreted so as to be consistent with the provisions of this Declaration.

Section 2. Membership. The Association membership of each person or entity who owns, or owns an interest in, one or more Units shall be appurtenant to each such Unit, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except on a transfer of title to each such Unit or interest in it and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit or interest in it shall operate automatically to transfer the appurtenant membership right in the Association to the new Owner. Notwithstanding the foregoing, Declarant's Class C membership may not be transferred except to a successor to Declarant's rights to all or a portion of the Property. Transfer of Declarant's Class C membership shall be evidenced by the recordation in the Office of the County Recorder of San Bernardino County of an Assignment of Declarant's Rights which specifically assigns such Declarant's Class C membership rights.

Section 3. Transfer of Membership. The Association membership of each person or entity who owns, or owns an interest in, one or more Condominiums shall be appurtenant to each such Condominium, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except on a transfer of title to each such Condominium or interest in it and then only to the transferee. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Condominium or interest in it shall operate automatically to transfer the appurtenant membership right in the Association to the new Owner. Notwithstanding the foregoing, Declarant's Class C membership may not be transferred except to a successor to Declarant's rights to all or a portion of the Project. Transfer of Declarant's Class C membership shall be evidenced by the recordation in the Office of the County Recorder of San Bernardino County of an Assignment of Declarant's Rights which specifically assigns such Declarant's Class C membership rights. The Board of Directors shall have the right to impose a reasonable fee against the selling Owner equal to the cost to the Association of effectuating any such transfer of their membership upon the books of the Association.

Section 4. Voting Rights. The Association shall have three (3) classes of voting membership.

Class A. Class A Members shall be those Owners described in Section 2 above, with the exception of Declarant for so long as there exists a Class B membership. Each Class A Member shall be entitled to one (1) vote for each Condominium owned. When more than one (1) person holds an interest in any Condominium, all such persons shall be Members, and the vote for such Condominium shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to a specific Condominium. The Association shall not be required to recognize the vote or written assent of any such Co-Owner except the vote or written assent of the Co-Owner designated in a writing executed by all such Co-Owners and delivered to the Association.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Condominium owned; provided that the Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) The second anniversary of the conveyance of the first Condominium in the most recent Phase of the Property in a transaction that requires the delivery of a Final Subdivision Public Report; or

(b) On the fourth anniversary of the conveyance of the first Condominium in the first Phase of the Property in a transaction that requires the delivery of a Final Subdivision Public Report.

(c) Class C. The Class C Member shall be Declarant (whether or not Declarant is an Owner). The Class C membership shall not be considered a part of the voting power of the Association, and Declarant shall not be entitled to exercise any Class C votes except for the purpose of electing a majority of the members of the Board pursuant to the provisions set forth below. The Class C Member shall be solely entitled to elect a majority of the members of the Board until the day after the first annual meeting of the Members of the Association as further provided in the Bylaws; provided that during the initial three-year terms of the Board members elected by the Class C Member, the Class C Member shall be entitled to replace any Member of the Board initially elected by Declarant using its Class C membership upon the death, resignation or removal of any such Board member.

Section 5. Actions by Classes of Memberships. As long as Class B membership exists, no action by the Association that must have the prior approval of the Association Members shall be deemed approved by the Members unless approved by the appropriate percentage of Class A and Class B Members. Upon conversion to a single Class A voting membership, any action by the Association that must have the prior approval of the Members will require approval by at least a majority of the Members of the Association including at least a majority of Members other than Declarant. Notwithstanding the foregoing, any action by the Association pursuant to the Article of this Declaration entitled "Enforcement of Bonded Obligations" shall only require a majority of the voting power of the Owners other than Declarant.

Section 6. Special Class A Voting Rights. Notwithstanding the provisions of this Article, if the Class A Members do not have sufficient voting power pursuant to the voting rights set forth in this Declaration and the Bylaws to elect at least one (1) director at any meeting at which directors are to be elected, and at which Class A Members are entitled to vote, then such Class A Members shall, by majority vote, among themselves, elect one (1) director and the remaining vacancies on the Board shall be elected by the Class B Member so long as there are two outstanding classes of membership in the Association or so long as a majority of the voting power of the Association resides in the Declarant. In no event shall the Class A Members be entitled to elect more than one (1) director to the Board pursuant to the provisions of this special Class A voting right.

Section 7. Vesting of Voting Rights. All voting rights which are attributable to a specific Condominium pursuant to the terms of this Declaration shall not vest until such time as Regular Assessments for said Condominium have been levied by the Association; provided, however, Declarant shall have the right at any time, and from time to time, to commence the payment of Regular Assessments on all Condominiums within a Phase of the Project prior to the close of the first escrow therein in order to have the voting rights with respect to such Condominiums.

ARTICLE VII

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Covenant to Pay Assessment. Declarant, for each Condominium owned within the Property, hereby covenants, and each Owner of any Condominium by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in such conveyance, is deemed to covenant and agree to pay to the Association: (1) Regular Assessments or charges, (2) Special Assessments for capital improvements, (3) Reconstruction Assessments, and (4) Reimbursement Assessments, all such assessments to be established and collected as hereinafter provided. Each of such assessments, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Condominium at the time the assessment fell due. The personal obligation for delinquent assessments shall not pass to such person's successors in title unless expressly assumed by them. The Association shall not impose or collect an assessment, penalty or fee that exceeds the amount necessary for the purpose for which it is levied.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property and for the improvement, operation and maintenance of the Common Property and the Project and the performance of the duties of the Association as set forth in this Declaration and in the Association's Articles and Bylaws.

Section 3. Maximum Regular Assessments and Limitation on Increases in Regular Assessments. Until January 1st of the year immediately following the conveyance of the first Unit to an Owner, the maximum Regular Assessment shall be as shown in the most recent Final Subdivision Public Report issued by the Department of Real Estate for Phase 1 of the Project. Notwithstanding more restrictive limitations placed on the Board by the governing documents, and except for the terms of this Declaration as provided for in Section 6 below, from and after January 1st of the year immediately following the conveyance of the first Unit to an Owner, the maximum Regular Assessment may be increased each year not more than twenty percent (20%) above the maximum assessment for the previous year without the vote or written assent of Members, constituting a quorum, casting a majority of the votes at a meeting or election of the Association. However, annual increases in Regular Assessments for any fiscal year, as authorized by subdivision (b) of Section 1366 of the California Civil Code, shall not be imposed unless the Board has complied with subdivision (a) of Section 1365 of the California Civil Code, the provisions of which are set forth in the Article of this Declaration entitled "COMPLIANCE WITH CIVIL CODE SECTIONS 1354, 1365 and 1365.5," with respect to that fiscal year, or has obtained the approval of Owners, constituting a quorum, casting a majority of the votes at a meeting or election of the Association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code. For purposes of this Section, quorum means more than fifty percent (50%) of the Owners of the Association. Notwithstanding any limitation contained in this Declaration to the contrary, in the event that the amount of Regular Assessments as approved by the California Department of Real Estate in connection with the issuance of a Final Subdivision Public Report on a subsequent Phase of the Development is greater than the amount authorized by this Declaration without a vote of the membership, then the Board, on behalf of the Association and without the requirement of a vote of the membership, shall be entitled to increase the maximum Regular Assessment amount as reflected in such Final Subdivision Public Report. The Association shall provide notice by first-class mail to the Owner of each Condominium of any increase in the Regular Assessments of the Association not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due.

Section 4. Special Assessments for Capital Improvements and Limitation on Increases In Special Assessments. In addition to the Regular Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any installation, construction, reconstruction, repair or

replacement of any Common Property, including fixtures and personal property related thereto or any other action or undertaking on behalf of the Association, provided that any Special Assessment for all Condominiums for the fiscal year in the aggregate in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year shall be approved by the vote or written assent of Members, constituting a quorum, casting a majority of the votes of the Association at a meeting or election of the Association. This limitation on Special Assessments shall not apply to any Reimbursement Assessment which is authorized by the provisions of this Declaration. The Association shall provide notice by first-class mail to the Owner of each Condominium of any increase in the Special Assessments of the Association not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due.

Section 5. Special Quorum and Meeting Requirements for Increases In Assessments. For purposes only of Section 3 and Section 4 of this Article, a quorum means more than fifty percent (50%) of the Members of the Association. Any meeting or election of the Association for purposes of complying with Sections 3 and 4 of this Article shall be conducted in accordance with the provisions of Chapter 5 of Part 3, Division 2 of Title 1 of the California Corporations Code dealing with meetings and voting and Section 7613 of the California Corporations Code dealing with proxies.

Section 6. Exceptions from Limitation on Assessment Increases. The limitation on percentage increases of Regular and Special Assessments under Sections 3 and 4 above shall not limit assessment increases necessary for addressing emergency situations. For purposes of this Section, an emergency situation is any one of the following:

- (a) An extraordinary expense required by an order of a court;
- (b) An extraordinary expense necessary to repair or maintain the Property or any part thereof for which the Association is responsible where a threat to personal safety on the Property is discovered;
- (c) An extraordinary expense necessary to repair or maintain the Property or any part thereof for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget, as required under the Article of this Declaration entitled "COMPLIANCE WITH CIVIL CODE SECTIONS 1354, 1365 AND 1365.5." However, prior to the imposition or collection of an increased assessment under this Section, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members with the notice of assessment;
- (d) An extraordinary expense in making the first payment of the earthquake insurance surcharge pursuant to Section 5003 of the Insurance Code.

Section 7. Reimbursement Assessments. The Association shall levy a Reimbursement Assessment against an Owner as a monetary penalty for failure to comply with the terms of this Declaration, the determinations of the Board or the Architectural Committee, or any rule or regulation adopted by the Association, or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Property for which the Owner, his family, guests, employees, tenants agents or invitees is allegedly responsible, or as a means to force an Owner to comply with the terms of this Declaration, the determinations of the Architectural Committee, the Association's Articles or Bylaws, or any rule or regulation adopted by the Association if such failure results in the expenditure of monies by the Association in carrying out its functions hereunder. Except for collection of fines, such assessment shall be for the purpose of reimbursing the Association, shall be limited to the amount so expended, and shall be due and payable to the Association when levied.

Section 8. Rate of Assessments. Unless otherwise required by the California Department of Real Estate in connection with the issuance of a Public Report for a Phase of the Property,

Regular and Special Assessments for each Condominium shall be uniform. Regular Assessments shall be collected on a monthly basis unless some other period for collection is established by the Board.

Section 9. Date of Commencement of Regular Assessments: Due Dates. The Regular Assessments provided for herein shall commence as to all Condominiums within a Phase of the Project (including those Condominiums owned by Declarant) no later than (but earlier at the discretion of Declarant) the first day of the month following the first conveyance of a Condominium within such Phase in a transaction that requires the delivery of a Final Subdivision Public Report. Once Regular Assessments have commenced as to a Phase, such assessments may not cease and such Condominiums shall be subject at all times to the provisions of the Declaration, including the power of the Association to collect such assessments through the enforcement of a lien as provided in this Declaration. The first Regular Assessment shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board of Directors shall fix the amount of the Regular Assessment against each Condominium at least sixty (60) days in advance of each fiscal year of the Association at an amount not in excess of the maximum as provided in this Declaration. Written notice of the amount of the Regular Assessments against each Condominium shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. Regular Assessments shall be deemed delinquent fifteen (15) days after the due dates established by the Association. In the event the Board shall determine at any time that the estimate of the Regular Assessment for the current fiscal year is, or will become, inadequate to meet the expenses of the Association for any reason, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total Association expenses and determine the revised amount of the Regular Assessment against each Condominium.

Section 10. Reserves. The Regular Assessments shall include reasonable amounts as determined by the Board collected as reserves for the future periodic maintenance, repair or replacement of all or a portion of the Common Property that must be repaired or replaced on a periodic basis, or any other purpose as determined by the Board. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in a separate bank account to be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the Members.

Section 11. Exemption from Regular Assessments -Dwelling Unit. Notwithstanding anything to the contrary contained elsewhere in this Article, the Declarant and any other Owner of a subdivision interest within the Property which does not contain a residential dwelling unit shall be exempt from the payment of that portion of the Regular Assessments which is for the purpose of defraying expenses and reserves directly attributable to the existence and the use of the residential structural improvements. The exemption may include, but shall not necessarily be limited to:

- (a) Roof replacement;
- (b) Exterior maintenance;
- (c) Walkway and carport lighting;
- (d) Refuse disposal;
- (e) Cable television; and
- (f) Domestic water supplied to a portion of the dwelling units.

This exemption from the payment of Regular Assessments attributable to the dwelling units shall be in effect only until the earliest of the following events: (a) a notice of completion of the structural improvements on the dwelling unit has been recorded; (b) occupation or use of the dwelling

unit; (c) completion of all elements of the residential structures of the dwelling unit which the Association is obliged to maintain; or (d) upon request of the Declarant if necessary to comply with any regulations of any of the Federal Agencies.

Section 12. Exemption from Regular Assessments -Common Property. The Declarant and any other Owner of a Unit shall be exempt from the payment of that portion of the Regular Assessments which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of a Common Property facility that is not complete at the time the Regular Assessments commence. Any exemption from the payment of Regular Assessments attributable to Common Property facilities shall be in effect only until the earliest of the following events: (a) a notice of completion of the Common Property facility has been recorded; (b) the Common Property facility has been placed into use; or (c) upon request of the Declarant if necessary to comply with any regulations of any of the Federal Agencies.

Section 13. Certificate of Payment. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Condominium have been paid. Said signed certificate shall be conclusive evidence as to all third parties relying thereon to show that all assessments acknowledged therein have been paid but shall not relieve any Owner of the responsibility for assessments not in fact paid.

Section 14. Effect of Nonpayment of Assessments; Remedies of the Association. Each Owner of any Condominium on becoming an Owner of any Condominium is, and shall be deemed to covenant and agree to pay to the Association each and every of the assessments provided for in this Declaration; and agrees to the enforcement of all such assessments in the manner herein specified. In the event an attorney or attorneys are employed for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. In addition to any other remedies herein or by law provided, the Board, or its authorized representative, may enforce the obligations of the Owners to pay the assessments provided for in this Declaration, and each of them, in any manner provided by law or in equity, or without limitation of the foregoing, by either or both of the following procedures:

(a) Enforcement by Suit. By commencement and maintenance of a suit at law against any Owner or Owners personally obligated to pay assessments for such delinquent assessments as to which they are personally obligated, such suit to be maintained in the name of the Association. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon as provided for herein, costs of collection, court costs and reasonable attorneys' fees in such amount as the court may adjudge against the delinquent Owner. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien hereinafter provided for.

(b) Enforcement by Lien. Liens may be enforced only in accordance with the requirements of Civil Code Section 1367.1 and the Article of this Declaration entitled "ENFORCEMENT BY LIEN."

Section 15. Subordination to Certain Trust Deeds. The lien for the assessments and any allowable costs and charges permitted by Civil Code Section 1366 provided for herein in connection with a given Condominium shall subordinate to the lien of a First Mortgage given and made in good faith and for value that is of record as an encumbrance against such given Condominium prior to the recordation of a Notice of Delinquent Assessment for the assessments provided for in this Declaration against such given Condominium. The sale or transfer of any Condominium shall not affect any assessment lien created pursuant to the terms of this Declaration to secure assessments becoming due whether prior to, on or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent assessments as provided for by Section 1 of this Article; provided, however, that the sale or transfer of any Condominium pursuant to a judicial

foreclosure or foreclosure by power of sale of a First Mortgage, shall extinguish any assessment lien which has attached and become effective with regard to the Condominium being so transferred prior to the time of such sale or transfer, and shall prohibit the recordation of any assessment lien against such Condominium on account of assessments which became due prior to the date of such sale or transfer; provided, however, that there shall be a lien on the interests of the purchaser at such sale which shall attach, be created and become effective, and be foreclosed in accordance with this Declaration and which shall secure all assessments becoming due after the date of any such sale or transfer. For the purpose of this Article, a sale or transfer of a Condominium shall occur on the date of recordation of a deed or other instrument of title evidencing the conveyance of record title to the Condominium.

Section 16. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein: All properties dedicated to and accepted by any local public authority and the Association Property.

Section 17. Enforcement of Reimbursement Assessment Liens.

(a) Notwithstanding anything to the contrary contained in this Article or elsewhere in this Declaration, in the event the Association imposes a Reimbursement Assessment as a monetary penalty for failure of a Member to comply with the terms of the Association Management Documents, or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Common Property for which the Member was allegedly responsible, or as a means to force a Member to comply with the terms of the Association Management Documents, such Reimbursement Assessment, and any late charges, interest or costs incurred in connection with the collection of such Reimbursement Assessment, shall not be characterized or treated as an assessment which may become a lien against a Member's Condominium enforceable in the manner provided by the California Civil Code for the foreclosure of a deed of trust with power of sale as provided in the Section of this Article entitled "Effect of Nonpayment of Assessments; Remedies of the Association." A Reimbursement Assessment imposed for any purpose other than the purposes enumerated hereinabove in this Section shall be enforceable in accordance with the procedures set forth in the Section of this Article entitled "Effect of Nonpayment of Assessments; Remedies of the Association."

(b) The provisions of subsection (a) hereinabove relating to restrictions on the enforcement of Reimbursement Assessments for certain purposes shall not apply to any interest charge or late charge for delinquent Regular or Special Assessments imposed pursuant to the Section of this Article entitled "Effect of Nonpayment of Assessments; Remedies of the Association" or to any costs reasonably incurred by the Association (including attorneys' fees) in its efforts to collect delinquent Regular or Special Assessments.

Section 18. Delivery by Owner. Each Owner of a Condominium shall, before the execution of an offer to purchase or lease, make available for examination by the prospective purchaser or lessee, and as soon as practicable before transfer of the interest being acquired, give to each purchaser or lessee (a) a copy of this Declaration and copies of the Bylaws and Articles of Incorporation of the Association, (b) copies of any other instruments which define the rights and responsibilities of the Owner as a member of the Association, (c) to the extent available, a copy of the most recent financial statement distributed by the Association in accordance with the Article of this Declaration entitled "COMPLIANCE WITH CIVIL CODE SECTIONS 1354, 1365 AND 1365.5," (d) a statement prepared by the Board of Directors as to the amount of the Association's current Regular and Special Assessments and fees, as well as the amount of any delinquent assessments and information relating to penalties, late charges, interest and other charges authorized by this Declaration which are or may be a lien on such Owner's Condominium as of the date the statement is issued, and (e) written notice of any change in the Association's current Regular and Special Assessments and fees which have been approved by the Association's Board, but which are not yet due and payable as of the date disclosure is provided, as required by this Section, to the prospective purchaser.

Section 19. Late Charges and Interest on Delinquent Assessments. Any assessment imposed pursuant to the terms of this Declaration, if delinquent, shall include a late charge in the

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maximum amount which shall be imposed by the Board in accordance with and subject to the limitation of California Civil Code Section 1366 as the same may be modified from time to time by statute or judicial decision. Interest shall accrue on all sums imposed in accordance with this Article, including the delinquent assessment, reasonable costs of collection and late charges, at an annual percentage rate of twelve percent (12%) interest, commencing thirty (30) days after the assessment becomes due, or such higher percentage rate of interest authorized by Civil Code Section 1366 as modified from time to time by statute or judicial decision.

ARTICLE VIII

ENFORCEMENT BY LIEN

Section 1. Written Notice of Lien. A Regular or Special Assessment and any late charges, reasonable fees and costs of collection, reasonable attorney's fees, if any, and interest, if any, as determined in accordance with Section 1366 of the Civil Code, shall be a debt of the Owner of the Condominium at the time the assessment or other sums are levied. At least 30 days prior to recording a lien upon the Condominium of the Owner of record to collect a debt that is past due under this Article, the Association shall notify the Owner of record in writing by certified mail of the following:

(a) A general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount, a statement that the Owner of the Condominium has the right to inspect the Association records, pursuant to Section 8333 of the Corporations Code, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed:

"IMPORTANT NOTICE: IF YOUR CONDOMINIUM IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION".

(b) An itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any.

(c) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the Association.

(d) The right to request a meeting with the Board as provided by this Article.

Section 2. Application of Subsequent Payments. Any payments made by the Owner of a Condominium toward the debt set forth, as required in this Article, shall first be applied to the assessments owed, and, only after the assessments owed are paid in full shall the payments be applied to the fees and costs of collection, attorney's fees, late charges, or interest. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received it. The Association shall provide a mailing address for overnight payment of assessments.

Section 3. Dispute of Debt.

(a) An Owner may dispute the debt noticed pursuant to this Article by submitting to the Board a written explanation of the reasons for their dispute. The Board shall respond in writing to the Owner within 15 days of the date of the postmark of the explanation, if the explanation is mailed within 15 days of the postmark of the notice.

(b) An Owner may submit a written request to meet with the Board to discuss a payment plan for the debt noticed pursuant to this Article. The Association shall provide the Owners the standards for payment plans, if any exist. The Board shall meet with the Owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the notice, unless there is no regularly scheduled Board meeting within that period, in which case the Board may designate a committee of one or more Members to meet with the Owner.

Section 4. Notice of Delinquent Assessment. The amount of the assessment, plus any costs of collection, late charges, and interest assessed in accordance with Section 1366 of the Civil Code shall be a lien on the Owner's Condominium from and after the time the Association causes to be recorded with the County Recorder of the County in which the Condominium is located, a notice of delinquent assessment, which shall state the amount of the assessment and other sums imposed in accordance with Section 1366, a legal description of the Owner's interest in the Condominium against which the assessment and other sums are levied, the name of the record Owner of the Owner's Condominium against which the lien is imposed. In order for the lien to be enforced by nonjudicial foreclosure as provided in this Article, the notice of delinquent assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice of delinquent assessment shall be signed by the person designated by the Association for that purpose, or if no one is designated, by the President of the Association, and mailed in the manner set forth in Civil Code Section 2924b, to all record Owners of the Owner's interest in the Condominium no later than 10 calendar days after recordation. Within 21 days of the payment of the sums specified in the notice of delinquent assessment, the Association shall record or cause to be recorded in the office of the County Recorder in which the notice of delinquent assessment is recorded a lien release or notice of rescission and provide the Owner of the Condominium a copy of the lien release or notice that the delinquent assessment has been satisfied. A monetary charge imposed by the Association as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Association Property and facilities for which the Member or the Member's guests or tenants were responsible may become a lien against the Member's Condominium enforceable by the sale of the interest under Sections 2924, 2924b, and 2924c of the Civil Code, provided the authority to impose a lien is set forth in the Association Management Documents. It is the intent of the Legislature not to contravene Section 2792.26 of Title 10 of the California Code of Regulations, as that Section appeared on January 1, 1996, for Associations of subdivisions that are being sold under authority of a Subdivision Public Report, pursuant to Part 2 (commencing with Section 11000) of Division 4 of the Business and Professions Code.

Section 5. Monetary Penalty. Except as indicated in this Article, a monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Association Management Documents, except for the late payments, may not be characterized nor treated in the Association Management Documents as an assessment that may become a lien against the Member's Condominium enforceable by the sale of the interest under Sections 2924, 2924b, and 2924c of the Civil Code.

Section 6. Priority of Lien. A lien created pursuant to Section 4 of this Article shall be prior to all other liens recorded subsequent to the notice of assessment, except that this Declaration may provide for the subordination thereof to any other liens and encumbrances.

Section 7. Assignability of Rights. An Association may not voluntarily assign or pledge the Association's right to collect payments or assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the Association; however, the foregoing provision may not restrict the right or ability of an Association to assign any unpaid obligations of a former Member to a third party for purposes of collection. Subject to the limitations of this Section, after the expiration of 30 days following the recording of a lien created pursuant to Section 4 of this Article, the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent assessment, or sale by a trustee substituted pursuant to Civil Code Section 2934a. Any sale by the trustee shall be conducted in accordance with Sections 2924, 2924b, and 2924c of the Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trusts. The fees of a trustee may not exceed the amounts prescribed in Sections 2924c and 2924d of the Civil Code.

Section 8. Deed in Lieu of Foreclosure. Nothing in this Article or in subdivision (a) of Section 726 of the Code of Civil Procedure prohibits actions against the Owner of a Condominium to recover sums for which a lien is created pursuant to this Article or prohibits an association from taking a deed in lieu of foreclosure.

Section 9. Lien Release. If it is determined that a lien previously recorded against the Condominium was recorded in error, the party who recorded the lien shall, within 21 calendar days, record or cause to be recorded in the office of the County Recorder in which the notice of delinquent assessment is recorded a lien release or notice of rescission and provide the Owner of the Condominium with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission.

Section 10. Failure to Comply with Section 1367.1. An association that fails to comply with the procedures set forth in this Article shall, prior to recording a lien, recommence the required notice process.

Section 11. Costs. Any costs associated with recommencing the notice process shall be borne by the Association and not by the Owner of a Condominium.

ARTICLE IX

COMPLIANCE WITH CIVIL CODE SECTION 1365.1

Section 1. Distribution of Written Notice by Association Prior to Beginning of Fiscal Year, Contents. The Association shall distribute the written notice described in this Article to each Member of the Association during the 60-day period immediately preceding the beginning of the Association's fiscal year. The notice shall be printed in at least 12-point type. The notice required by this section shall read as follows:

NOTICE: ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of Owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment. -

ASSESSMENTS AND NONJUDICIAL FORECLOSURE

The failure to pay Association assessments may result in the loss of an Owner's property without court action, often referred to as nonjudicial foreclosure. When using nonjudicial foreclosure, the Association records a lien on the Owner's Condominium. The Owner's Condominium may be sold to satisfy the lien if the lien is not paid. Assessments become delinquent 15 days after they are due, unless the Association Management Documents provide for a longer time. (Sections 1366 and 1367.1 of the Civil Code). In a nonjudicial foreclosure, the Association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The Association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair Association Property damaged by a Member or a Member's guests, if the Association Management Documents provide for this. (Sections 1366 and 1367.1 of the Civil Code) The Association must comply with the requirements of Section 1367.1 of the Civil Code when collecting delinquent assessments. If the Association fails to follow these requirements, it may not record a lien on the Owner's Condominium until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the Association. (Section 1367.1 of the Civil Code) At least 30 days prior to recording a lien on an Owner's Condominium, the Association must provide the Owner of record with certain documents by certified mail. Among these documents, the Association must send a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the Owner. An Owner has a right to review the Association's records to verify the debt. (Section 1367.1 of the Civil Code)

PAYMENTS

When an Owner makes a payment, they may request a receipt, and the Association is required to provide it. On the receipt, the Association must indicate the date of payment and the person who received it. The Association must inform Owners of a mailing address for overnight payments. (Sections 1367.1 and 1367.1 of the Civil Code) An Owner may dispute an assessment debt by giving the Board of the Association a written explanation, and the Board must respond within 15 days if certain conditions are met. An Owner may pay assessments that are in dispute in full under protest, and then request alternative dispute resolution. (Sections 1366.3 and 1367.1 of the Civil Code) An Owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 1367.1 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An Owner of a Condominium that is not a time-share may request the Association to consider a payment plan to satisfy a delinquent assessment. The Association must inform Owners of the standards for payment plans, if any exist. (Section 1367.1 of the Civil Code) The Board must meet with an Owner who makes a proper written request for a meeting to discuss a payment plan when the Owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the Association, if they exist. (Section 1367.1 of the Civil Code)*

ARTICLE X

MANAGEMENT OF THE ASSOCIATION AND THE PROJECT

Section 1. General Powers of the Association. All powers relating to the management, operation and maintenance of the Property and of the Common Property, as well as certain rights, duties and powers relating to the individual Condominiums, as hereinafter set forth, shall be vested in the Association and in its Board of Directors. The specific and primary purposes and powers of the Association and its Board of Directors are to provide architectural control of the Property, manage and maintain the Property, and to enforce the provisions of this Declaration and the Association's Articles and Bylaws, and any other instruments relating to the management and control of the Association and the Property. The Association may do any and all other acts and things that a nonprofit corporation is empowered to do, which may be necessary, convenient, or desirable in the administration of its affairs for the specific and primary purposes of meeting the duties of the Association as set forth in this Declaration. The Association, through its Board of Directors, shall have the authority to delegate its powers to committees, officers of the Association or its employees. The foregoing power of the Association shall include the right to join with the Declarant in the execution of any lot line adjustment and to accept title to additional property or to quitclaim all right, title and interest in and to any Common Property as necessary to transfer title in accordance with any lot line adjustment, provided that such lot line adjustment and the resulting conveyance are made for the following reasons and with the following conditions: (a) for the purpose of eliminating encroachments due to engineering errors or errors in construction by Declarant of any Improvements upon any of the affected property, (b) to permit changes in the development plan in circumstances where such changes are the result of topography, obstructions, hardship, aesthetic or other environmental conditions, (c) are the requirement of a regulatory agency, (d) do not have a significant negative impact upon the Association or the Owners, or (e) to transfer the burden of management and maintenance of any Common Property which in the reasonable judgment of the Board is generally inaccessible or is not likely to be of any particular use or benefit to the Owners.

Section 2. Contracts of the Association. The Association shall have the right and power to employ or engage a manager and other employees or agents and contract for such services, labor and materials as it may deem reasonably necessary to operate and maintain the Project, the Common Property, and the improvements thereon and to discharge its other duties as herein provided. Any agreement for professional management of the Association or any contract providing for services by the Declarant must provide for termination of such contract or agreement by either party with or without cause or payment of a termination fee on ninety (90) days or less written notice and for a maximum contract term not to exceed one (1) year. Any management company or agent that handles funds for the Association should be covered by a fidelity bond, which must provide the same coverage required of the Association under the Article of this Declaration entitled "INSURANCE."

Section 3. General Powers and Duties of Association. In addition to the duties and powers enumerated in its Articles of Incorporation, and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, and subject to the limitations on the power of the Board as set forth in Sections 7 and 8 of this Article, the Association acting through the Board shall:

(a) Maintain and otherwise manage all of the Common Property and all facilities and landscaping within the Project in accordance with the provisions of the Maintenance Manual. The responsibility of the Association to maintain all Common Property within a Phase of the Project shall commence on the date of the commencement of Regular Assessments;

(b) Maintain and procure public liability and fire insurance with extended coverage on the Project as required by the terms of this Declaration, and the Board shall also have the authority to maintain and procure any other type of insurance which the Board determines is in the best interest of the Association and its Members;

(c) Obtain, for the benefit of the Association, all water, gas, fiber optic and electric services and refuse collection, and other utilities unless such services are separately charged and metered to the individual Owners;

(d) Maintain all drainage facilities and easements owned by the Association, if any; including all filters and laterals within the Common Property that connect to the public main line;

(i) Maintain the Association Easement Areas (which includes, but is not limited to the bus shelter and bike rack on Day Creek Boulevard) in accordance with the City's maintenance requirements unless some other mechanism acceptable to the City has removed the responsibility of maintenance of the Association Easement Area from the Association. In the event such responsibility is removed or at such time an agreement for maintenance is revoked or amended by the parties to the agreement as to all or any portion of the Association Easement Area (and as further approved by the City), the Association shall be relieved of all maintenance duties or other services associated with such Association Easement Area and all costs associated therewith shall be removed from the Regular Assessments;

(e) Maintain the Common Drive Area as described in Exhibit "D" in accordance with the Shared Drive Agreement;

(f) Submit to the City Planning Division a list of the name and address of each of its officers on or before January 1 of each and every year and whenever said information changes;

(g) Pay taxes and assessments which are or could become a lien on the Common Property, or some portion thereof;

(h) Prepare budgets and financial statements for the Association and its Members as prescribed in the Article of this Declaration entitled "COMPLIANCE WITH CIVIL CODE SECTIONS 1354, 1365 AND 1365.5";

(i) Initiate and execute disciplinary proceedings against Members of the Association for violations of provisions of this Declaration or the Association's Articles of Incorporation or Bylaws in accordance with the procedures set forth in this Declaration;

(j) Subject to approval by a majority vote of each class of Member, borrow money and incur indebtedness for the purposes of the Association and cause to be executed and delivered therefore, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges or other evidences of debt and security therefore;

(k) Make available to any prospective purchaser of a Condominium, any Owner of a Condominium, any first mortgagee and the holders, insurers and guarantors of a first mortgage on any Condominium; current copies of the Declaration, the Articles of Incorporation, the Bylaws, the rules governing the Condominium and all other books, records and financial statements of the Association. "Available" as used in this subsection shall mean available for inspection upon request during normal business hours or under other reasonable circumstances;

(l) Grant permits, licenses and easements for utilities and other purposes;

(m) Disclose information in accordance with Section 11018.6 of the California Business and Professions Code and Section 1354 of the California Civil Code;

(n) Have the authority to institute, defend, settle or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as the real party in interest and without joining with it the individual Owners of the Project, in matters pertaining to the following:

- Association;
- (1) Enforcement of this Declaration and the Bylaws of the Association;
 - (2) Damage to the Common Property;
 - (3) Damage to the Units that the Association is obligated to maintain or repair;
 - (4) Damage to the Units which arises out of, or is integrally related to, damage to the Common Property or Units that the Association is obligated to maintain or repair.

(o) Comply with the terms and provisions of California Civil Code Sections 1368.4 and 1375, as amended, in connection with any potential litigation based upon a claim for defects in the design or construction of the Project;

(p) Members' Approval of Certain Actions. In the event that any claim or other actions brought by the Association under California Civil Code Section 895 et seq., and any successor statutes or laws or any other applicable laws, involving allegations of construction defects relating to the Common Area is not resolved pursuant to the non-adversarial procedures set forth in California Civil Code Sections 910 through 938 and any successor statutes or laws, the Association shall not initiate a further action or procedure against Declarant under the Article of this Declaration entitled "DISPUTE RESOLUTION" or otherwise without first obtaining the consent of the Owners other than Declarant, constituting a quorum of more than fifty percent (50%) of the Owners of the Association casting a majority of the votes at a meeting or election of the Association conducted in accordance with the provisions of California Corporations Code Sections 7510 et. seq. and 7613 and any successor statutes or laws;

(q) Keep appropriate records to document that it has performed all inspections and maintained all Improvements in compliance with the Association's Maintenance Manual;

(r) Maintenance Manuals. The Association shall maintain at the offices of the Association a copy of the Maintenance Manual provided by Declarant to the initial Owner and shall make available to every Owner upon request a copy, a copy of the Maintenance Manual for the Owners' residential Units. The Association shall have the right to charge the requesting Owner a fee for the copying of such Maintenance Manual. The Association shall also comply with provisions of the Maintenance Manual provided by Declarant to the Association. The Board may, from time to time, make appropriate revisions to the Association's Maintenance Manual based on the Board's review thereof, to update such manual to provide for maintenance according to current industry practices so long as such changes do not reduce the useful life or functionality of the items being maintained;

(s) Notice of Actions Against Declarant. Subject to the provisions of the Article of this Declaration entitled "DISPUTE RESOLUTION," the Association shall comply with the provisions of Civil Code Section 1368.4, Civil Code Sections 910 through 938, and any successor statutes or laws, prior to the filing of any civil action by the Association against the Declarant or other developer of the Property for either alleged damage to the Common Property or other property within the Project that the Association is obligated to maintain or repair, or alleged damage to any other portion of the Project that arises out of, or is integrally related to, such damage to the Common Property or other property within the Project that the Association is obligated to maintain or repair. Such notice shall specify all of the matters set forth in Section 1368.4 and/or Civil Code Sections 910 through 938, as applicable, and any successor statutes or laws.

Section 4. Maintenance of Buildings and Common Property by the Association. The Association shall provide exterior maintenance of each Condominium which is subject to assessment hereunder as follows:

(a) The Association shall maintain and repair the exterior surfaces and architectural details and finishes of all Condominium Buildings (including garage doors if any), to include exterior light fixtures, paint, roofing, glazing, doors, decks, trellises, patio fences and walls, and maintain all landscaping in the Common Property, (excluding landscaping within the Exclusive Use Property, if any, and/or any portion of a Unit), including all private utilities located in the Common Property.

(b) Such exterior maintenance shall not include: replacing light bulbs in exterior light fixtures, window glass, interior doors, including locks, latches, weather stripping and thresholds, interior building surfaces, stoppage of drains when attributable to a specific Condominium, Improvements within private patio areas or deck areas, air conditioners or any repairs or replacements arising out of or caused by the willful or negligent act of the Owner, their family, guests, or invitees. Such excluded items shall be the responsibility of the Owner of each Condominium; provided, however, that if any Owner shall fail to maintain or make the repairs or replacements which are the responsibility of such Owner, as provided above, then, upon vote of a majority of the Board of Directors, and after not less than thirty (30) days' notice to the Owner, the Association shall have the right (but not the obligation) to enter the Condominium and provide such maintenance or make such repairs or replacements, and the cost thereof shall be a Reimbursement Assessment chargeable to such Condominium and shall be payable to the Association by the Owner of a Condominium. Each Owner shall be obligated to repair and maintain the hot water heater, and forced air unit, if any, serving their Unit; but the Association shall be responsible for the repair and maintenance of the chutes, ducts or the like relating to either. The Association shall repair any damage caused by an entry into a Unit pursuant to this section by or on behalf of the Association to as near the same condition as it was prior to such entry to the extent practicable; provided, however, the Association shall not be responsible for damage to the extent such damage could not be reasonably avoided in connection with such entry for authorized purposes.

Section 5. Repair and Maintenance of the Units by Owners. Except to the extent that the Association is obligated herein to maintain a portion of a Unit, each Owner shall maintain, repair, replace and restore all portions of their Unit including, without limitation, all window glass, the interior walls, ceilings, windows, future fiber optic, floors and doors in a clean, sanitary and attractive condition. Each Owner shall also maintain the internal and external telephone wiring designed to serve their particular Unit, but which is located outside the boundaries of the Unit. All such repairs and maintenance pursuant to this section shall be subject to such rules therefore as the Association may from time to time establish. Each Owner shall also be responsible for the maintenance of any Exclusive Use Property appurtenant to their Unit if such Exclusive Use Property is not to be maintained by the Association.

In addition, in order to comply with the City's minimum exterior noise standards, certain Units within the Project contain a plexiglass or tempered glass enclosures ("Enclosure") around the Exclusive Use Property Deck and/or Patio. The Owners of Units containing plexiglass or glass enclosures shall be responsible for maintaining the Enclosure, to include periodic cleaning and/or replacement of the plexiglass or glass as required. Any replacement of the Enclosure shall be consistent with the original construction and materials of the plexiglass or glass enclosure. In the event any Owner fails to maintain the Enclosure on their Exclusive Use Property Deck or Patio in a clean, attractive and safe condition which meets the general maintenance standards within the Project, the Association, acting through its Board of Directors, shall have the right, after providing an Owner with reasonable notice and an opportunity to be heard before the Board, to enter upon such Owners Unit, and perform the necessary maintenance or replacement of the Enclosure. The Association may charge the full cost of such maintenance or replacement to such Unit Owner as a Reimbursement Assessment. If Owner does not pay the Reimbursement Assessment in a timely manner, the Association may proceed with any legal remedy allowable under this Declaration at its sole discretion.

Section 6. Repair and Maintenance of Certain Common Property by or at the Expense of Owners. In the event the Board shall determine that the walls, ceilings, floors, glass or doors forming the boundaries of a Unit have been damaged from within the Unit, notwithstanding that such damage may be to the Common Property, the Owner of the Unit shall be responsible for repairing such damage in a timely manner and in accordance with such rules as the Board shall from time to time adopt. In the event such repair is not so accomplished by the Owner, the Association or its delegates shall have

the right at reasonable times to enter the Unit to effect such repair, and the cost thereof shall be charged to the Owner of the Unit and, if not paid in a timely manner, shall be deemed a Reimbursement Assessment. The Association shall repair any damage caused by an entry into a Unit by the Board or its agents pursuant to this section by or on behalf of the Association to as near the same condition as it was prior to such entry to the extent practicable; provided, however, the Association shall not be responsible for damage to the extent such damage could not be reasonably avoided in connection with such entry for authorized purposes.

Section 7. Additional Restrictions on Power of the Board. The Association shall be prohibited without the prior vote or written assent of a majority of the voting power of the Association, which shall include a majority of the votes residing in Members other than Declarant, from doing any of the following: (a) incurring aggregate expenditures for capital improvements to any portion of the Property in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; or (b) selling during any fiscal year of the Association property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for the fiscal year; (c) paying 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 member or officer to be reimbursed for expenses incurred in carrying on the business of the Association; or (d) filling of a vacancy on the Board created by the removal of a Board member.

Section 8. Limitation on Board Authority to Contract. The Board of Directors shall be prohibited from taking any of the following actions, except with the assent, by vote at a meeting of the Association or by written ballot without a meeting, pursuant to Corporations Code Section 7513, of a simple majority of the Members, other than the Declarant, constituting a quorum consisting of more than 50 percent of the voting power of the Association residing in Members other than the Declarant: Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Property or the Association for a term longer than one year with the following exceptions: (a) a management contract, the terms of which have been approved by the Federal Housing Administration or Department of Veterans Affairs; (b) a contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; (c) prepaid casualty and/or liability insurance policies of not to exceed three years duration, provided that the policy permits for short rate cancellation by the insured; (d) a lease agreement for laundry room fixtures and equipment of not to exceed five years duration provided that the lessor under the agreement is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or more; or (e) agreements for cable television services and equipment or satellite dish television services and equipment of not to exceed five 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; (f) agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five years duration provided that the supplier or suppliers are not entities in which the subdivider has a direct or indirect ownership interest of ten percent (10%) or more; or (g) a contract for a term not to exceed three years that is terminable by the Association after no longer than one year without cause, penalty or other obligation upon ninety (90) days written notice of termination to the other party.

Section 9. Limitation on Authority to Restrict Access. Except as otherwise provided by law, an order of the court, or an order pursuant to a final and binding arbitration decision, the Association may not deny an Owner or occupant physical access to their Condominium, either by restricting access through the Common Property to the Owner's Condominium, or by restricting access solely to the Owner's Condominium.

Section 10. Maintenance of Public Utilities. Nothing contained herein shall require or obligate the Association to maintain, replace or restore the underground facilities of public utilities which are located within easements in the Common Property owned by such public utilities. However, the Association shall take such steps as are necessary or convenient to ensure that such facilities are properly maintained, replaced or restored by such public utilities.

Section 11. Rights of Entry. The Board of Directors shall have a limited right of entry in and upon the interior of all Units for the purpose of inspecting the Project, and taking whatever corrective action may be deemed necessary or proper by the Board of Directors, consistent with the provisions of this Declaration. However, nothing herein shall be construed to impose any obligation upon the Association to maintain or repair any property to be maintained or repaired by the Owner of any Unit. Any damage caused by an entry into a Unit shall be repaired by the entering party to as near the same condition as it was prior to such entry to the extent practicable; provided, however, the entering party shall not be responsible for damage to the extent such damage could not be reasonably avoided in connection with such entry for authorized purposes.. Nothing in this Article shall in any manner limit the right of the Owner to exclusive occupancy and control over the interior of their Unit. However, an Owner shall grant a right of entry to the Board of Directors or any other person authorized by the Board of Directors in case of any emergency originating in or threatening their Unit, whether the Owner is present or not. Furthermore, an Owner shall permit other Owners, or their representatives to enter their Unit for the purpose of performing required installations, alterations or repairs to the mechanical, plumbing or electrical services to a Unit, provided that such requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner whose Unit is to be entered. In case of an emergency, such right of entry shall be immediate.

Section 12. Association Rules. The Board shall also have the power to adopt, amend, and repeal such rules and regulations as it deems reasonable which may include the establishment of a system of fines and penalties enforceable as a Reimbursement Assessment, as more fully set forth in the Bylaws of the Association. The Association Rules shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the use of the Common Property, provided, however, that the Association Rules may not discriminate among Owners, and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of the Association Rules shall be delivered to each Owner. The Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and their successors in interest whether or not actually received thereby. Current copies of the Declaration, the Articles of Incorporation and Bylaws of the Association and Association Rules shall be available for inspection by Owners or by Mortgagees during normal business hours of the Association.

Section 13. Damage by Owner or Tenant of an Owner to the Common Property or Other Units. In the event the Board shall determine that a Unit Owner or tenant of a Unit Owner has caused damage to another Unit or Common Property by a negligent or willful act (or failure to act), the Owner or tenant causing such damage shall be responsible for the cost of repairing such damage in accordance with such rules as the Board shall from time to time adopt. In the event such Owner or tenant fails to pay the cost of any necessary repair to the Unit or the Common Property so damaged, the Association shall charge the cost of such repair to the Owner or tenant who caused the damage and if not paid in a timely manner, such cost shall be deemed a Reimbursement Assessment.

Section 14. Damage from Wood-Destroying Pests. The Association shall be responsible for the repair and maintenance of the Common Property occasioned by the presence of wood-destroying pests or organisms. The costs of temporary relocation during the repair and maintenance of the Common Property shall be borne by the Owner of the Unit being repaired. The Association may cause the temporary, summary removal of any occupant of a Unit for such periods and at such times as may be necessary for prompt, effective treatment of wood-destroying pests or organisms. In the event of such removal, the Association shall give notice as specified in California Civil Code Section 1364, and such notice by the Association shall be deemed complete when given as specified therein.

Section 15. Association Documents to Declarant. In addition to documents to be provided to Declarant as set forth in Section 1 of the Article of this Declaration entitled "COMPLIANCE WITH CIVIL CODE SECTIONS 1354, 1365 AND 1365.5," commencing with the close of the first sale escrow and terminating ten (10) years after the closing of the final sale escrow for a Condominium in the

Project, the Board shall provide Declarant or a designated representative of Declarant copies of the minutes of each meeting of the Association or its Board, copies of correspondence to the Members, and a full copy of the reserve study conducted pursuant to Civil Code Section 1365.5, as set forth in the Article of this Declaration entitled "COMPLIANCE WITH CIVIL CODE SECTIONS 1354, 1365 AND 1365.5." Declarant shall further be entitled to: (a) inspect and copy the books and records of the Association during normal business hours; and (b) receive written notice of all meetings of Owners of the Association and be permitted to designate a representative to attend all such meetings. In the event Declarant is no longer an Owner of a Unit, the Board shall notify Declarant of the amount of reimbursement of the Association's costs that Declarant is required to pay prior to making such distribution, which shall be equal to the cost it would charge its Members for such distribution, if any.

Section 16. Litigation Authority. The Association shall be authorized, but not required, to perform any act reasonably necessary to resolve any civil claim or action through alternative dispute resolution proceedings such as mediation, binding arbitration, or non-binding arbitration proceedings. The Board, on behalf of the Association, shall also be authorized, but not required, to perform the following acts:

(a) To provide, or in good faith attempt to provide, one hundred twenty (120) days advance notice of the Association's intent to initiate the prosecution of any civil action and of the nature and basis of the claim to every member of the Association and every entity or person who is a prospective party to the civil action; provided that notice can be given (i) more than one hundred twenty (120) days prior to the expiration of any pertinent statute of limitations, and (ii) without prejudice to the Association's right to enforce the Association Management Documents, and further provided that no such notice need be given prior to the filing of an action in small claims court or an action solely to enforce assessment obligations;

(b) Prior to initiating the prosecution of a civil action solely for declaratory relief or injunctive relief to enforce the Declaration, or for declaratory relief or injunctive relief to enforce the Association Management Documents in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000), to endeavor to submit the matter to alternative dispute resolution in compliance with the provisions of Section 1354(b) of the Civil Code;

(c) At the time of filing a civil action either by the Association or an Owner or a Member of the Association solely for declaratory relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages not in excess of five thousand dollars (\$5,000), related to the enforcement of the Association Management Documents, the party filing the action shall file with the complaint a certificate, which complies with subdivision (c) of Section 1354 of the California Civil Code, stating that alternative dispute resolution has been completed in compliance with subdivision (b) of Section 1354 of the California Civil Code;

(d) Immediately after initiating the prosecution or defense of any civil action, making a reasonable effort, in good faith, to meet and confer with every person who is a party concerning appropriate processes for resolving the civil action, including available alternative dispute resolution proceedings, concerning appropriate processes for avoiding or reducing costs or losses by the parties associated with the action; providing an opportunity to cure any alleged defect in Common Property or facilities which is the basis for the action; and providing for the scope of discovery, if any, to be conducted prior to the inception of any alternative dispute resolution procedure;

(e) Considering diversion of the prosecution or defense of any civil action to alternative dispute resolution proceedings such as mediation, nonbinding arbitration, or binding arbitration;

(f) Agreeing to participate and participating fully and in good faith in the resolution of any civil action through any alternative dispute resolution proceedings, including, but not limited to, mediation, nonbinding arbitration, and binding arbitration, and paying costs reasonably incurred by the Association on account of those alternative dispute resolution proceedings;

(g) Members of the Association shall annually be provided a summary of the provisions of Section 1354 of the California Civil Code which specifically references Section 1354 of the California Civil Code. The summary shall include the following language: "Failure by any Member of the Association to comply with the pre-filing requirements of Section 1354 of the California Civil Code may result in the loss of your rights to sue the Association or another Member of the Association regarding enforcement of the Association Management Documents." The summary shall be provided either at the time the pro forma budget required by Section 1365 is distributed or in the manner specified in Section 5016 of the Corporations Code.

Section 17. Payment of Charges Under Protest; Remedy Options.

(a) The exception for disputes related to Association assessments in subdivision (b) of Section 1354 of the California Civil Code shall not apply if, in a dispute between the Owner of a Unit and the Association regarding the assessments imposed by the Association, the Owner of the Unit chooses to pay in full to the Association all of the charges listed as follows:

- (1) The amount of the assessment in dispute;
- (2) Late charges;
- (3) Interest;

(4) All fees and costs associated with the preparation and filing of a Notice of Delinquent Assessment, including all mailing costs, and including attorney's fees not to exceed four hundred twenty-five dollars (\$425).

In addition to paying the above-referenced charges, the Owner must state by written notice that the amount is paid under protest, and the written notice must be mailed by certified mail not more than thirty (30) days from the recording of a Notice of Delinquent Assessment in accordance with Section 1367 of the California Civil Code. In those instances, the Association shall inform the Owner that the Owner may resolve the dispute through alternative dispute resolution as set forth in Section 1354 of the California Civil Code, civil action, and any other procedures to resolve the dispute that may be available through the Association.

(b) The right of any Owner of a Unit to utilize alternative dispute resolution under Section 1366.3 of the California Civil Code may not be exercised more than two times in any single calendar year, and not more than three times within any five calendar years. Nothing within Section 1366.3 of the California Civil Code shall preclude any Owner of a Unit and the Association, upon mutual agreement, from entering into alternative dispute resolution for a number of times in excess of the limits set forth in this paragraph. The Owner of a Unit may request and be awarded through alternative dispute resolution reasonable interest to be paid by the Association on the total amount paid under subparagraphs (1) through (4) above if it is determined through alternative dispute resolution that the assessment levied by the Association was not correctly levied.

Section 18. Inspections. The Association shall regularly inspect, maintain and repair the landscaping, irrigation, drainage systems serving or within any Improvements constructed upon the Common Property, in accordance with the Association's Maintenance Manual. The Association shall also periodically inspect all dwelling units within the Property and assume enforcement authority to ensure that the Association and Owners are providing adequate routine maintenance of any exterior finishes and architectural details which such Owners are responsible for maintaining, if any. This includes, but is not limited to exterior paint, roofing, glazing, doors, decks, trellises, fences and similar materials. The Association shall employ the services of a professional landscape architect, maintenance contractor or other such professional person to assist the Association in performing such inspections. The inspector shall provide written reports of their inspections to the Association and, if requested by the Declarant, to the Declarant promptly following completion thereof. If requested by Declarant, Declarant shall be invited

to attend any such inspections. The written reports shall identify any items of maintenance or repair which either require current action by the Association or will need further review and analysis. Such written reports shall specifically include a review of all irrigation and drainage systems on the Property. The Board shall report the contents of such written reports to Declarant (if not already provided by the inspector directly) so requested by Declarant and to the Members of the Association at the next meeting of the Members following receipt of such written reports or as soon thereafter as reasonably practicable and shall include such written reports in the minutes of the Association. The Board shall promptly cause all matters identified as requiring attention to be maintained, repaired, or otherwise pursued in accordance with prudent business practices and the recommendations of the inspectors and shall keep a record of all such matters in the Board's minutes. Should such inspector require the inspection of any residential Unit, there is hereby created a nonexclusive easement in favor of the Association, and its officers, agents, employees and independent contractors, to conduct such inspections and to provide such maintenance, repair and replacement, provided that entrance is made at reasonable hours and with at least three (3) days advance notice to the Owner, except in case of emergency. Any damage to any structure, landscaping or other Improvements caused by the Association, or any of its officers, agents, employees or independent contractors, while performing such maintenance, repair or replacement work shall be repaired by the Association at its sole cost and expense.

ARTICLE XI

INSURANCE

Section 1. Duty to Obtain Insurance; Types. The Board of Directors on behalf of the Association shall obtain and continue in effect the following insurance coverages:

- (a) Adequate blanket public liability insurance with limits and coverages which satisfy the requirements of Section 1365.9 of the California Civil Code.
- (b) A policy of casualty insurance and fire insurance with extended coverage, in an amount equal to one hundred percent (100%) of the full insurable replacement cost of the Project, without depreciation.

Such insurance shall be maintained by the Board of Directors for the benefit of the Association, the Owners, and First Mortgagees, as their interests may appear as named insured, subject, however, to loss payment requirements as set forth herein. Each such policy shall contain a standard mortgagee clause which must be endorsed which provides that any proceeds shall be paid to the Association for the use and benefit of mortgagees as their interest may appear. The policy of public liability insurance covering Common Property shall contain a "Severability of Interest" endorsement which shall preclude the insurer from denying the claim of any Owner because of negligent acts of the Association or other Owners.

(c) Blanket fidelity bond coverage providing for coverage of losses resulting from dishonest or fraudulent acts on the part of anyone who handles or is responsible for funds held or administered by the Association, including directors, officers, trustees, employees or volunteers of the Association. Where the Association delegates some or all of the responsibility for the handling of funds to a management agent, fidelity bonds are required for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association whether or not such persons receive compensation for services. A management agent who handles funds for the Association should also be covered by its own fidelity bond which must provide the same coverage required by the Association and must submit evidence of such coverage to the Association. The fidelity bond should cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force, but must be written in an amount of not less than a sum equal to three (3) months' Regular Assessments on all Units, plus reserve funds. The bond shall name the Association as obligee and shall cover persons serving without compensation by endorsement to the policy if not otherwise covered under the policy.

(d) The Board of Directors may purchase such other insurance as it may deem necessary, including, but not limited to, plate glass insurance, medical payments, malicious mischief and vandalism insurance, worker's compensation, and directors and officer's liability, or such other types of fidelity bonds, insurance policies, coverage and endorsements as may be required from time to time pursuant to the Article herein entitled "RIGHTS OF MORTGAGEES."

All insurance policies required to be obtained by the Association pursuant to this Declaration shall show the Association, or an authorized representative of the Association (including its insurance trustee), as the named insured. The "loss payable" clause of said policies shall show the Association or the insurance trustee as a trustee for each Owner and the Mortgagee.

Section 2. Waiver of Claims Against Association. As to each policy of insurance maintained by the Board of Directors, the Owners hereby waive and release all claims against the Association, the Board of Directors and Declarant, only to the extent of the insurance proceeds available to the Owners, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by said persons.

Section 3. Individual Fire Insurance Prohibited and Rights and Duty of Unit Owner to Insure. Except as expressly provided in this Section of this Article to the contrary, no Owner will separately insure their Condominium or any part thereof against loss by fire or other casualty covered by any insurance carried by the Association. Each Owner shall provide insurance on their personal property and upon all other property and Improvements within their Unit, but not including the Unit. Nothing herein shall preclude any Owner from carrying any public liability insurance as they may deem desirable to cover their individual liability for damage to person or property occurring inside their individual Unit or elsewhere upon the Project. All such other policies as may be carried by Owners shall contain waivers of subrogation of claims against Declarant, the Association, the Board of Directors of the Association, the Officers of the Association and all other Owners. Such other policies shall not adversely affect or diminish any liability under any insurance obtained by the Association, and duplicate copies of such other policies shall be deposited with the Board of Directors. If any loss intended to be covered by insurance carried by the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board of Directors to the same purposes as the reduced proceeds are to be applied.

Section 4. Notice of Termination or Substantial Change in Coverage. All of the policies of insurance described herein shall contain a provision that said policy or policies shall not be canceled, reduced or the coverage substantially changed without ten (10) days' prior written notice to the Board of Directors and holders of First Mortgages named in the mortgage clause, and with respect to fidelity bond coverage, to each mortgage servicing contractor acting on behalf of any of the Federal Agencies.

Section 5. Insurance Premiums. Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a common expense to be included in the Regular Assessments levied by the Association, collected from the Owners; and the portion of the Regular Assessment necessary to pay the insurance premiums shall be used solely for the payment of the insurance premiums as such premiums become due.

Section 6. Trustee for Policies. The Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of each Owner and their Mortgagee under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Section 1 of this Article shall be paid to the Board of Directors as Trustees. Each owner hereby appoints the Association, acting through its Board of Directors, as their attorney-in-fact for purposes of acting on behalf of each Owner in any proceedings, negotiations, settlements or agreements regarding insurance matters. The Board of Directors shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in this Declaration. The Board of Directors is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation by First Mortgagees who have filed written requests with the Association that they desire to participate in any such settlements. Any two Directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds.

Section 7. Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board of Directors, acting on behalf of the Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement or negotiation of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to seventy-five percent (75%) of the First Mortgagees of Units who have filed requests with the Association that they desire to participate in such decisions. Duplicate originals or certificates of all policies of fire and casualty insurance carried by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all First Mortgagees who have requested the same in writing.

Section 8. Annual Insurance Review. The Board of Directors shall review the insurance carried by the Association at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in this Article. The Board of Directors shall obtain a current appraisal of the full replacement value of the buildings and Improvements in the Project, except for foundations and footings and masonry walls, without deduction for depreciation, by a qualified independent insurance appraiser, prior to each such annual review.

Section 9. Required Waiver. All policies of hazard and physical damage insurance shall provide, but only if available at a reasonable cost to the Association as determined by the Board, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

- (a) Any defense based on co-insurance;
- (b) Any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;
- (c) Any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured, or the respective agents, contractors and employees of any insured;
- (d) Any right of the insurer to repair, rebuild or replace, and, in the event the building is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured or the fair market value thereof;
- (e) Notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Condominium; and
- (f) Any right to require any assignment of any Mortgage to the insurer.

Section 10. Annual Notification of Insurance. The Association shall, upon issuance or renewal of insurance, but no less than annually, notify its Members as to the amount and type of insurance carried by the Association, and it shall accompany this notification with statements to the effect that the Association is or is not insured to the levels specified by Section 1 of this Article, and that if not so insured, Owners may be individually liable for the entire amount of a judgment, and if the Association is insured to the levels specified in Section 1 above, then Owners may be individually liable only for their proportional share of assessments levied to pay the amount of any judgment which exceeds the limits of the Association's insurance. The Association shall further prepare and distribute to all its Members a summary of the Association's insurance coverage pursuant to Section 1365 of the California Civil Code.

Section 11. Requirements of Federal Agencies. Notwithstanding the foregoing provisions of this Article, the Association shall obtain and maintain in effect such fidelity bonds and insurance policies, coverages and endorsements which shall be required from time to time by FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), and GNMA (Government National Mortgage Association) (one or more of which shall collectively be referred to herein as "Federal Agencies"), except to the extent that any such policies, coverages and endorsements are not available or have been waived in writing by the particular Federal Agency that had imposed the requirements. These may include, but are not limited to, the following: (a) Fidelity Bond; (b) Hazard Insurance; (c) Liability; (d) Flood Insurance; and (e) Earthquake Insurance. All insurance policies must have the "standard mortgagee clause" or equivalent endorsement providing that coverage of a mortgagee under the insurance policy will not be adversely affected or diminished by an act or neglect of the Mortgagor, which is commonly accepted by private institutional mortgage investors in the area in which the Property is located, unless such coverage is prohibited by applicable law. A mortgagee clause in

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favor of mortgagees holding Mortgages on Condominiums is not required on a policy insuring the Common Property.

ARTICLE XII

PARTITION

An action may be brought by one or more Owners of the Condominiums for partition of the Project in which their Condominium is located by sale of the Project as a whole, as if the Owners of all of the Condominiums in such Project were tenants-in-common in the entire Project in the same proportion as their interests in the Common Area; provided, however, that a partition shall be made only upon the showing of the occurrence of any one of the events provided in Section 1359 of the California Civil Code, as the same may be modified, amended or superseded. Nothing herein contained shall prevent the partition or division of interests between joint or common Owners of one Condominium. Notwithstanding anything to the contrary contained in this Declaration, no Condominium in the Project may be partitioned or subdivided without the prior written approval of the First Mortgagee on such Condominium.

The Association is hereby granted an irrevocable power of attorney to sell the Project for the benefit of all the Owners thereof when partition of the Owners' interest in said Project may be had pursuant to this Section. The power of attorney herein granted may be exercised upon the vote or written consent of Owners holding in the aggregate at least two-thirds (2/3) of the interest in the Common Area by any two (2) members of the Board who are hereby authorized to record a Certificate of Exercise in the Office of the County Recorder of San Bernardino County, which Certificate shall be conclusive evidence thereof in favor of any person relying thereon in good faith; provided, however, that said power of attorney shall not apply to the Secretary of the Department of Veterans Affairs, an Officer of the United States of America.

The proceeds from the partition or liquidation of the Project or from the termination of the Project shall be distributed among the Owners and the individual lenders by the Board as their respective interest may appear; provided that the balance then due on any valid encumbrance of record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Condominium is so encumbered. The proportionate interest of the Owners of the respective Condominiums sharing in any such distribution shall be based upon the respective fair market value that each of the Condominiums bears to the total fair market value of all of the Condominiums in the Project sharing in the distribution. The proportionate value of the Owners of the respective Condominiums for purposes of this Section shall be based upon the respective fair market value of each Condominium at the time of partition as determined by the Board based on an appraisal prepared by an appraiser who is a M.A.I. member of the American Institute of Real Estate Appraisers.

ARTICLE XIII

PROHIBITION AGAINST SEVERABILITY

OF COMPONENT INTEREST IN CONDOMINIUM

No Owner shall be entitled to sever their Unit from their equal undivided interest in the Common Area nor shall the respective undivided interests established and to be conveyed with each respective Unit be changed. The equal undivided interest or interests in the Common Area and the fee title to the respective Units conveyed therewith together with any exclusive easements appurtenant to each Unit shall not be separated, severed or separately conveyed, encumbered or otherwise transferred, and each such equal undivided interest in the Common Area shall conclusively be deemed to be conveyed, transferred or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit. It is intended hereby to restrict severability of the various components of a Condominium in the manner provided by Section 1359 of the California Civil Code. Nothing herein contained shall be construed to preclude an Owner of any Unit from creating a co-tenancy in the ownership of a Unit with any other person or persons.

ARTICLE XIV

RIGHT OF OWNERS OF CONDOMINIUMS TO MAKE IMPROVEMENTS

(California Civil Code Section 1360)

Subject to the provisions of this Declaration, the rules and regulations of the Association, and other provisions of applicable law, if the boundaries of the Condominium are contained within a building, the Owner of a Unit shall be entitled to do the following:

(a) Make any improvements or alterations within the boundaries of their Unit that do not impair the structural integrity or mechanical systems of the Unit, or lessen the support of any portions of the Common Property.

(b) Modify a Unit in the Project, at the Owner's expense, to facilitate access for persons who are blind, visually handicapped, deaf or physically disabled, or to alter conditions which could be hazardous to these persons. These modifications may also include modifications of the route from the public way to the door of the Unit for the purpose of this Article if the Unit is on the ground floor or already accessible by an existing ramp or elevator. The rights granted by this Article are subject to the following conditions: (i) the modifications shall be consistent with applicable Building Code requirements; (ii) the modifications shall be consistent with the intent of otherwise applicable provisions of this Declaration pertaining to safety or the aesthetic integrity of the Project; (iii) modifications which are external to the Unit shall not prevent reasonable passage by other residents, and shall be removed by the Owner when the Unit is no longer occupied by persons requiring those modifications who are blind, visually handicapped, deaf or physically disabled; (iv) any Owner who intends to modify a Unit pursuant to this Article shall submit their plans and specifications to the Architectural Committee of the Association for review to determine whether the modifications will comply with the provisions of this Article. The Association shall not deny approval of the proposed modifications under this paragraph without good cause; and (v) any change in the exterior appearance of a Unit shall be in accordance with the provisions of this Declaration and all applicable provisions of law.

ARTICLE XV

ARCHITECTURAL CONTROL

Section 1. Architectural Approval. No exterior Improvement or other structure shall be commenced, erected, altered or maintained upon the Project (except for all original Improvements constructed within the Project by Declarant) nor shall any exterior addition to or change or alteration to any Unit or patio or balcony area be made, nor shall any change in original exterior color and/or any structure be made until the plans and specifications showing the nature, kind, shape, height, materials and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to the existing design of the Project by the Architectural Committee as provided for in Section 3 of this Article. The Architectural Committee may condition its approval of proposals or plans and specifications for any Improvement (a) on such changes therein as it deems appropriate, (b) upon the agreement by the person submitting the same ("applicant") to grant appropriate easements to the Association for the maintenance of the Improvement, or (c) upon the agreement of the applicant to reimburse the Association for the cost of such maintenance, or all three, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. In the event said Committee or its designated representatives, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with.

Section 2. Appointment of Architectural Committee. The Declarant shall initially appoint the Architectural Committee, consisting of not less than three (3) members as shall be determined by the Board, who shall remain in office until the first anniversary date of the issuance of the original Public Report on the Property. Thereafter, the Declarant shall have the right to appoint a majority of the members of the Architectural Committee and the Board of Directors of the Association shall have the power to appoint one member of the Architectural Committee until such time as ninety percent (90%) of the Condominiums in the Property have been sold, or until the fifth (5th) anniversary date of the issuance of the original Public Report on the Property, whichever first occurs. From and after such time or event, as the case may be, the Architectural Committee shall be appointed by the Board of Directors of the Association and shall be composed of three (3) or more representatives who must be Members of the Association. Any member appointed to the Architectural Committee by Declarant need not be a Member of the Association. In the event of the death or resignation of any member of the Committee prior to the time when the Board of Directors of the Association is vested with authority, the Declarant shall have the right to appoint such member's successor. In the event of the death or resignation of any member of the Committee who has been appointed by the Board, the Board shall have the right to appoint such member's successor.

Section 3. Approval and Conformity of Plans. The Board shall, from time to time, adopt and promulgate Architectural Standards to be administered through its Architectural Committee. Failure to comply with the requirements for Architectural Committee approval shall be deemed sufficient basis for the Architectural Committee to refuse to review the submission. If the Architectural Standards so provide, no Improvement, alteration, or addition shall be commenced, erected or maintained upon the Property, nor shall there be any addition to or change in the exterior of any Unit, structure or other Improvement, unless plans and specifications therefor have been submitted to and approved by the Architectural Committee. The Architectural Standards shall include among other things those restrictions and limitations upon the Owners set forth below:

(a) Time limitations for the completion of the architectural Improvements for which approval is required pursuant to the Architectural Standards;

(b) Detail in plans and specifications submitted for its review as the Architectural Committee deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors;

(c) Conformity of completed architectural improvements to plans and specifications approved by the Architectural Committee; provided, however, as to purchasers and encumbrancers in good faith and for value, unless notice of noncompletion or nonconformance identifying the violating Unit and its Owner and specifying the reason for the notice, executed by the Architectural Committee, shall be filed of record in the Office of the County Recorder of San Bernardino County, California, and given to such Owner within thirty (30) days of the expiration of the time limitation described in subsection (a) above, or unless legal proceedings shall have been instituted to enforce compliance or completion within said thirty (30) day period, the completed architectural improvements shall be deemed to be in compliance with plans and specifications approved by the Architectural Committee and in compliance with the Architectural Standards of the Association, but only with respect to purchasers and encumbrancers in good faith and for value;

(d) A fee may be required to be payable to the Association for review and approval of plans to accompany each application. The Architectural Committee may provide that the amount of such fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. An additional fee may be collected to cover costs of hiring an architect or other professional to evaluate the proposed modifications to ensure that they are consistent with existing architectural standards or site conditions.

(e) Such other limitations and restrictions as the Board in its reasonable discretion shall adopt, including, without limitation, the regulation of the following: construction, reconstruction, exterior addition, change or alteration to or maintenance of any building, including, without limitation, the nature, kind, shape, height, materials, exterior color and surface and location of such dwelling or structure.

Section 4. No Waiver of Future Approvals. The approval of the Architectural Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Architectural Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

Section 5. Nonliability of Architectural Committee Members. Neither Declarant, the Architectural Committee nor any member of the Architectural Committee, the Board nor their duly authorized representative, shall be liable to the Association, or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Architectural Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Architectural Committee. The Architectural Committee shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Property generally. The Architectural Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Architectural Committee's approval or disapproval shall be based solely on the considerations set forth in this Article, and the Architectural Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plans or design from the standpoint of structural safety or conformance with building or other codes.

Section 6. General Provisions. The members of such committee shall not be entitled to any compensation for services performed pursuant to this covenant. The powers and duties of such committee shall cease upon the termination of this Declaration. Thereafter the approval described in this covenant shall not be required unless, prior to said date and effective thereon, a written instrument shall be executed and duly recorded by the then record Owners of a majority of the Units appointing a

representative or representatives who shall thereafter exercise the same powers previously exercised by said committee. Said representatives may be members of the Board of Directors of the Association.

Section 7. Appeal. In the event plans and specifications submitted to the Architectural Committee are disapproved thereby, the party or parties making such submission may appeal in writing to the Board. The written request must be received by the Board not more than thirty (30) days following the final decision of the Architectural Committee. The Board shall submit such request to the appropriate Architectural Committee for review, whose written recommendations will be submitted to the Board. In the event plans and specifications submitted to the Architectural Committee are approved, such decision shall be final unless the decision is appealed to the Board within ten (10) days of the decision by the Architectural Committee. Such decision may be appealed by any member of the Board, the Architectural Committee or any Owner. Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. The failure of the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the decision made by the Architectural Committee.

Section 8. Nonapplicability to Declarant. The provisions of this Article shall not apply to any portion of the Property owned by Declarant prior to the construction on such Property by Declarant of a residential dwelling unit or prior to the conveyance of such Unit by Declarant to a member of the public.

Section 9. Government Requirements. The application to and the review and approval by the Architectural Committee or the Board of any proposals, plans or other submittals shall in no way be deemed to be to the satisfaction of or in compliance with any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the respective Owner.

ARTICLE XVI

RIGHTS OF MORTGAGEES

Notwithstanding any provisions to the contrary as may be provided elsewhere in this Declaration, First Mortgagees shall have the following rights:

Section 1. Notice to Mortgagees. Any First Mortgagee, insurer or guarantor of any First Mortgage on a Condominium shall be entitled to receive, upon delivery of written request to the Association, written notice of:

- (a) Any condemnation or casualty loss that affects either a material portion of the Project or the Unit securing its mortgage;
- (b) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which it holds the First Mortgage;
- (c) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (d) Any proposed action that requires the consent of a specified percentage of First Mortgagees.

Written request to the Association for the above-referenced information must include the following: Mortgagee's name and address, the address and/or Unit number of the Unit for which it holds, insures or guarantees the Mortgage.

Section 2. Assessments on Foreclosure. Any First Mortgagee who comes into possession of any Condominium pursuant to the remedies provided in the Mortgage, or through foreclosure of the Mortgage, shall take title to such Condominium free of any claims for unpaid assessments or charges against such Condominium which accrued prior to the time the Mortgagee acquired title to the Condominium.

Section 3. Material Amendments to Declaration.

(a) Limitations on Amendments of a Material Nature. Amendments of a material nature must be approved by Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Association and Mortgagees who represent at least fifty-one percent (51%) of the votes of Condominiums that are subject to Mortgages held by First Mortgagees. A change to any of the provisions of this Declaration governing the following shall be considered as material:

- (1) Voting rights;
- (2) Increases in assessments that raise the previously assessed amount by more than 25 percent, assessment liens, or the priority of assessment liens;
- (3) Reductions in reserves for maintenance, repair and replacement of Common Property;
- (4) Responsibility for maintenance and repairs;
- (5) Reallocation of interests in the Common Area, or rights to their use;

- (6) Redefinition of any Unit boundaries;
- (7) Convertibility of Units into Common Property or vice versa;
- (8) Expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project;
- (9) Hazard or fidelity insurance requirements;
- (10) Imposition of any restrictions on the leasing of Condominiums;
- (11) Imposition of any restrictions on a Condominium Owner's right to sell or transfer their Condominium;
- (12) A decision by the Association of a project that consists of 50 or more units to establish self-management if professional management had been required previously by this Declaration or by a First Mortgagee;
- (13) Restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in this Declaration or otherwise provided by statute;
- (14) Any action to terminate the legal status of the Project after substantial destruction or condemnation occurs, except as otherwise provided by statute; or
- (15) Any provisions that expressly benefit First Mortgagees, insurers or guarantors.

The approval of First Mortgagees representing at least sixty-seven percent (67%) of the votes of the mortgaged Units is required for termination of the legal status of the Project for reasons other than substantial destruction or condemnation of the Property.

For purposes of this section, whenever the approval of a specified percentage of First Mortgagees is required, it shall be deemed to mean the vote or written consent of a specified percentage only of those First Mortgagees which have delivered written notice to the Board requesting to be notified of any proposed action that requires their consent. When written approval or consent of First Mortgagees is required pursuant to the terms of this Section, such approval may be implied when such First Mortgagee fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

(b) Limitations on Actions of Association. Except as provided by statute, in case of condemnation or substantial loss to the Units and/or Common Property of the Project, unless at least sixty-seven percent (67%) of the First Mortgagees (based on one vote for each First Mortgage owned) or Owners (other than the Declarant) of the individual Condominium Units have given their prior written approval, the Association may not:

- (1) By act or omission seek to abandon or terminate the Condominium status of the Project, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;
- (2) Change the pro rata interest or obligations of any Condominium for the purposes of levying assessments and charges or allocating distributions of hazard insurance proceeds or condemnation awards, or determining the pro rata share of ownership of each Unit in the Common Area;

(3) Partition or subdivide any Condominium or the Common Property of the Project;

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

(5) Use hazard insurance proceeds for losses to any portion of the Project (whether to Units or to Common Property) for other than the repair, replacement or reconstruction of such Improvements, except as provided by statute in case of substantial loss to the Units and/or Common Property of the Project;

(6) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design of the exterior appearance of the Units, the exterior maintenance of the Units, the maintenance of the Common Property, including walks, fences, driveways and landscaping;

(7) Fail to maintain fire and extended coverage on insurable Common Property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost).

Section 4. Additional Rights of First Mortgagees. Any First Mortgagee, or insurer or guarantor of a First Mortgage, will, upon written request, be entitled to: (a) inspect the books and records of the Association during normal business hours; and (b) receive an annual audited financial statement of the Association within one hundred twenty (120) days following the end of any fiscal year of the Association if such financial statement is required of the Association pursuant to the terms of this Declaration or the California Civil Code; and (c) written notice of all meetings of Owners of the Association and be permitted to designate a representative to attend all such meetings.

Section 5. Right of First Refusal. Any First Mortgagee who comes into possession of a Unit pursuant to the remedies provided in such Mortgage, or foreclosure of the Mortgage, or deed (assignment) in lieu of foreclosure, shall be exempt from any right of first refusal, and any right of first refusal shall not impair the rights of a First Mortgagee to:

- Mortgage, or
- (a) Foreclose or take title to a Unit pursuant to the remedies provided in the
 - (b) Accept a deed (or assignment) in lieu of foreclosure in the event of default by the trustor or mortgagor of the Mortgage, or
 - (c) Sell or lease a Unit acquired by the Mortgagee.

Section 6. Priority on Distribution of Proceeds. No Owner or any other party shall have priority over any rights of First Mortgagees on individual Condominiums pursuant to their Mortgages in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Units and/or Common Property.

Section 7. Insurance. The Owners and the Association shall procure and maintain fire and liability insurance and such other insurance as may from time to time be required by First Mortgagees on Condominiums within the Project. All such insurance shall contain loss payable clauses naming the Mortgagees which encumber a Condominium by a First Mortgage, as their interests may appear.

Section 8. Notice of Condemnation and Destruction. The Association shall provide to all First Mortgagees who have requested it written notice of any condemnation proceedings or casualty loss affecting a material portion of the Project or the Unit securing the Mortgage. The Association shall also provide to all First Mortgagees who have requested it, in writing, written notice of substantial damage to or destruction of any Unit or any portion of the Common Property of the Project.

Section 9. Notice of Loss or Condemnation to FHLMC. The Association agrees to give written notice to the Federal Home Loan Mortgage Corporation ("FHLMC") or its designated representative (if designated in writing) of any loss to, or taking of, the Common Property of the Project if such loss or taking exceeds \$10,000.00 or damage to or taking of a Unit covered by a First Mortgage purchased in whole or in part by the FHLMC if such loss or taking exceeds \$1,000.00.

Section 10. No Obligation to Cure Default. Any First 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 practical or feasible to cure.

Section 11. Information. Any First Mortgagee is authorized to furnish information to the Board of Directors concerning the status of any loan encumbering a Condominium.

Section 12. Priority of Mortgage Lien. No breach of the covenants, conditions or restrictions contained in this Declaration, nor the enforcement of any lien provisions created herein, shall affect, impair, 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, with respect to a Condominium.

Section 13. FHLMC and FNMA Insurance Requirements. If any loan secured by a Mortgage encumbering a Condominium is owned by the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC"), or their successors or assigns, or is tendered to FNMA or FHLMC, or their successors or assigns, for purchase, the Association and the Owners shall obtain and maintain in full force and effect all insurance coverages which may at any time and from time to time be required by FNMA or FHLMC, or their successors or assigns, and shall otherwise comply in all respects with all insurance requirements of FNMA or FHLMC which may be in effect at any time and from time to time.

Section 14. Payment of Taxes or Premiums by First Mortgagees. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Property, unless such taxes or charges are separately assessed against the Owners, in which case the rights of First Mortgagees shall be governed by the provisions of their Mortgages. First Mortgagees may, jointly or singly, also pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Property and the First Mortgagee making such payments shall be owed immediate reimbursement therefor from the Association.

Section 15. Priority of this Article. If there is any conflict between any provision of this Article and any other provision in this Declaration, the provisions contained in this Article shall control.

ARTICLE XVII

ENFORCEMENT OF BONDED OBLIGATIONS

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

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

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

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

ARTICLE XVIII

DESTRUCTION OF IMPROVEMENTS

Section 1. Restoration of Project. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Project, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to this Declaration shall be used for such purpose, unless otherwise provided herein. The Board of Directors shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. Any reconstruction or repair of a Condominium undertaken pursuant to this Article shall substantially conform to the Condominium Plan and the original construction plans if they are available, and any reconstruction or repair of the Common Property undertaken pursuant to this Article shall substantially conform to the original construction plans, if they are available, unless changes recommended by the Board have been approved in writing by sixty-seven percent (67%) of the voting power of the Association. If the amount available from the proceeds of such insurance policies for such restoration and repair is sufficient to cover at least eighty-five percent (85%) of the estimated cost of such restoration and repair, a Reconstruction Assessment shall be levied against each Owner by the Board of Directors to provide the additional funds required to cover such cost of restoration and repair over and above the amount of any insurance proceeds available for such purpose. The Reconstruction Assessment to be levied against an Owner for such purpose shall be levied on the basis that the ratio of the square footage of the floor area of the dwelling unit of such Owner bears to the total square footage of floor area of all dwelling units to be assessed. For purposes of this calculation, the square footage of the floor area of shared Exclusive Use Property, if any, shall be equally apportioned among the Units that share the use thereof. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be less than eighty-five percent (85%) of the estimated cost of restoration and repair, the Owners entitled to vote, in person or by proxy, at a duly constituted meeting of the Members of the Association shall, by the vote of not less than sixty-seven percent (67%) of the total voting power of the Association, together with the approval of sixty-seven percent (67%) of the First Mortgagees upon Units in the Project, determine whether the Association shall be authorized not to proceed with such restoration and repair. In the event of a determination by the Owners and the First Mortgagees as provided above that the cost of such restoration and repair would be substantial and that it would not be in their best interests to proceed with the same, the Owners may, at their discretion, proceed as provided in Section 2 below.

Section 2. Sale of Project. A certificate of the resolution authorizing such reconstruction shall be filed with the San Bernardino County Recorder within six (6) months from the date of such destruction and in the event of a failure to record such certificate within said period, it shall be conclusively presumed that the Owners have determined not to rebuild said Improvements. The insurance proceeds, if any, received by the Association as a result of such destruction shall be distributed among the Owners and the individual lenders by the Board as their respective interest may appear; provided that the balance then due on any valid encumbrance of record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Unit is so encumbered. The proportionate interest of the Owners of the respective Condominiums sharing in any such award shall be based upon the respective fair market value that each of the Condominiums bears to the total fair market value of all of the Condominiums in the Project sharing in the distribution. The proportionate value of the Owners of the respective Condominiums for purposes of this Section shall be based upon the respective fair market value of each Unit at the time of the destruction as determined by the Board based on an appraisal prepared by an appraiser who is a M.A.I. member of the American Institute of Real Estate Appraisers.

Section 3. Right to Partition. No Owner shall have the right to partition of their interest in their Unit and there shall be no judicial partition of the Project, or any part thereof; except that in the event that a certificate of a resolution to rebuild or restore has not been recorded as provided above, within six (6) months from the date of any partial or total destruction, or if restoration has not actually commenced within said period, then conditions for partition as set forth in Section 1359 of the

California Civil Code shall be deemed to have been satisfied. Nothing herein shall be deemed to prevent the partition of a cotenancy in any Unit. Except as provided above, each Owner and the successors of each Owner, whether by deed, gift, devise, or by operation of law, for their own benefit and for the Units and for the benefits of all other Owners, specifically waive and abandon all rights, interests and causes of action for a judicial partition of the tenancy in common ownership of the Project, and do further covenant that no action for such judicial partition shall be instituted, prosecuted or reduced to judgment.

Section 4. Interior Damage. Restoration and repair of any damage to the interior of any individual Unit, including without limitation all fixtures, cabinets and Improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of each Owner of the Unit so damaged. In the event of a determination to rebuild the Project after partial or total destruction, as provided in this Article, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Architectural Committee, as provided herein.

Section 5. Notice to Unit Owners and First Mortgagees. The Board of Directors, immediately upon having knowledge of any damage or destruction that affects a material portion of the Project, or a Unit securing a Mortgage, shall promptly notify all affected Owners, all affected First Mortgagees on Units in the Project, and all other affected Mortgagees who have filed a written request for such notice with the Board of Directors. In the event of a determination to rebuild the Project after partial or total destruction as provided in this Article, the number of Units in the Project as rebuilt may not exceed the number of Units as shown on the Condominium Plan.

Section 6. Amendment of Condominium Plan. In the event that reconstruction is to take place pursuant to this Article, the Board shall have the power to record an amendment to the Condominium Plan so that the Units conform to the Units as designed to be reconstructed; provided, however, the Board shall not file an amendment to the Condominium Plan without the prior authorization of all of the record fee Owners of the portion of the Property described on such Condominium Plan, and by either the trustee or the beneficiary of all of the recorded First Mortgages encumbering any Condominium shown on said Condominium Plan. In the event that the Board, together with said Owners and Mortgagees, if appropriate, decide to record such amendment to the Condominium Plan, all Owners within a Phase of the Project and the First Mortgagees in such Phase of the Project shall execute and acknowledge said amendment so that it will comply with Section 1351 of the California Civil Code or any similar statute then in effect. The Owners and First Mortgagees shall also execute such other documents or take such other actions as required to make such amendment effective.

ARTICLE XIX

EMINENT DOMAIN

Section 1. Definition of Taking. The term "taking" as used in this Article shall mean condemnation by eminent domain, or by sale under threat thereof, of all or part of the Project.

Section 2. Representation by Board in Condemnation Proceeding. In the event of a taking, the Board shall, subject to the right of all First Mortgagees who have requested the right to join the Board in the proceedings, represent all of the Members in an action to recover all awards. No Member shall challenge the good faith exercise of the discretion of the Board in fulfilling its duties under this Article. The Board is further empowered, subject to the limitations herein, as the sole representative of the Members, in all aspects of condemnation proceedings not specifically covered herein. In furtherance thereof, each Owner hereby appoints the Association, acting through its Board of Directors, as their attorney-in-fact for purposes of acting on behalf of each Owner in any proceedings, negotiations, settlements or agreements regarding condemnation matters.

Section 3. Award for Condominium. In the event of a taking of Condominiums, the Board shall distribute the award forthcoming from the taking authority according to the provisions of this Section after deducting therefrom fees and expenses related to the condemnation proceeding including, without limitation, fees for attorneys and appraisers and court costs. In the event that the taking is by judgment of condemnation and said judgment apportions the award among the Owners and their respective First Mortgagees, the Board shall distribute the amount remaining after such deductions among such Owners and First Mortgagees on the allocation basis set forth in such judgment. In the event that the taking is by sale under threat of condemnation, or if the judgment of condemnation fails to apportion the award, the Board shall distribute the award among the Owners based upon the proportionate fair market value that each of the Condominiums bears to the total fair market value of all of the Condominiums in the Project. The value of the respective Condominiums for purposes of this Section shall be based upon the relative estimated value of each Unit as determined by the Board based on an appraisal prepared by an appraiser who is a M.A.I. member of the American Institute of Real Estate Appraisers. Nothing contained herein shall entitle an Owner to priority over the First Mortgagee on their Condominium as to the portion of the condemnation award allocated to their Condominium. In no event shall any portion of such award be distributed by the Board to an Owner and/or the First Mortgagee on their Condominium in a total amount greater than the portion allocated hereunder to such Condominium.

Section 4. Inverse Condemnation. The Board is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

Section 5. Revival of Right to Partition. Upon a taking which renders more than fifty percent (50%) of the Condominiums in any Project incapable of being restored to at least ninety-five percent (95%) of their floor area and substantially their condition prior to the taking, the right of any Owner within such Project to partition through legal action as described in the Article hereof entitled "Partition" shall forthwith revive. The determination as to whether Condominiums partially taken are capable of being so restored shall be made by the Board, whose decision shall be final and binding on all Owners and First Mortgagees.

Section 6. Awards for Members' Personal Property and Relocation Allowances. Where all or part of the Property is taken, each Member shall have the exclusive right to claim all of the award made for their personal property, and any relocation, moving expense, or other allowance of a similar nature designed to facilitate relocation. Notwithstanding the foregoing provisions, the Board shall represent each Member in an action to recover all awards with respect to such portion, if any, of Members' personal property as is at the time of any taking, as a matter of law, part of the real estate comprising any Condominium, and shall allocate to such Member so much of any awards as is

attributable in the taking proceedings, or failing such attribution, attributable by the Board to such portion of Members' personal property.

Section 7. Notice to Members. The Board, immediately upon having knowledge of any taking or threat thereof with respect to the Property, or any portion thereof, shall promptly notify all Members.

Section 8. Change of Condominium Interest. In the event of a taking, the Board may amend the Condominium Plan to reflect the change in the Project affected by a taking. In the event that the Board decides to record such amendment to the Condominium Plan, all Owners within such Project or Projects and the record holders of all security interests in such Project or Projects shall execute and acknowledge said amendment so that it will comply with Section 1351 of the California Civil Code or any similar statute then in effect. Said Owners and First Mortgagees shall also execute such other documents or take such other actions as required to make such amendment effective. The Board shall cause a notice of change in the Condominium Plan to be sent to each Owner and First Mortgagee in the Project within ten (10) days of the filing of such amendments in the County Recorder's Office of San Bernardino County, California.

ARTICLE XX

EASEMENTS

Section 1. Utility Easements.

(a) Easements over the Project for the installation and maintenance of electric, telephone, water, fiber optic cables, gas and sanitary sewer lines and facilities, and for drainage facilities as shown on the recorded map of the Property, and as may be hereafter required or needed to service the Project are hereby created by Declarant for the benefit of each Owner and the Association.

(b) Wherever sewer connections, water connections, electricity, gas, fiber optic cables, telephone and cable television lines, drainage facilities or other utilities are installed within the Property, the Owners of Units served by such connections, lines or facilities shall have an easement to the full extent necessary for the full use and enjoyment of such portion of such connections which service their Unit, and to enter upon the Units owned by others, or to have utility companies enter upon the Units owned by others, in or upon which said connections, lines or facilities, or any portion thereof lie, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below, provided that such Owner or utility company shall promptly repair any damage to a Unit caused by such entry as promptly as possible after completion of work thereon.

Section 2. Encroachment Easement. The Declarant, its successors and assigns, and all future Owners of Condominiums, by acceptance of their respective deeds, covenant and agree as follows:

(a) If any portion of the Common Property encroaches upon the Units, a valid easement into the Unit in order to accommodate the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event a Unit is partially or totally destroyed, and then rebuilt, the Owners of Units agree that minor encroachments of parts of the Unit into the Common Property due to construction shall be permitted and that valid easements for said encroachment and the maintenance thereof shall exist.

(b) The Common Property and each Unit are and shall always be subject to easements for minor encroachments thereon of the Unit or the Common Property as a result of construction, reconstruction, repairs, shifting, settlement or movement of any portion of the Project, and a valid easement for the encroachment and for the maintenance of the same shall exist as long as the encroachment exists.

Section 3. Common Property Easements. Each Owner within the Property subject to this Declaration is hereby declared to have an easement over all of the Common Property, for the benefit of the Units, the Owners of the Units, and each of them, and for their respective families, guests, invitees, tenants and contract purchasers, for all of the purposes and uses set forth in this Article, and without limiting the generality of the foregoing, for ingress and egress over and through the Common Property. Additionally, the Owner and occupants of Condominiums in any Phase of the Development shall have reciprocal, nonexclusive easements for ingress, egress and use, over the Common Property located within each other annexed Phase, provided that a Notice of Completion, as defined in California Civil Code Section 3093, has been recorded for all of the Improvements in such respective Phase of the Development and Certificates of Occupancy have been issued by the appropriate governmental agency for Units within such Phase. Such ingress, egress and use shall further be subject to the terms, limitations, restrictions and conditions set forth in this Declaration, any Supplementary Declaration, or any rules and regulations adopted by the Board.

Section 4. Construction and Sales Easements. There is hereby reserved to Declarant, together with the right to grant and transfer the same to Declarant's sales agents and representatives and prospective purchasers of Units, over the Property as the same may from time to

time exist, easements for construction, display, maintenance, sales and exhibit purposes in connection with the erection and sale or lease of Units within the Property; provided, however, that such use shall not be for a period beyond the sale by Declarant of all Units within the Property, and provided further that no such use by Declarant and others shall otherwise restrict the Members in the reasonable use and enjoyment of the Property.

Section 5. Easements to Association. There is hereby reserved to Declarant, together with the right to grant and transfer the same to the Association, rights to grant easements for the following purposes: the right to (a) grant utility easements under, through or across Common Property, other than Exclusive Use Property, which are reasonably necessary to the ongoing development and operation of the Property; (b) grant and transfer easements over the Property for the purpose of permitting the Association to perform emergency repairs or to do other work reasonably necessary for the proper maintenance of the Property, and (c) discharge any other obligations and powers as described in this Declaration. Declarant's rights under this paragraph shall not be for a period beyond the earlier of (a) the expiration of the originally issued Final Subdivision Public Report from the California Department of Real Estate for the final Phase of the Property; or (b) the sale by Declarant of all Units within the Property; however, this limitation shall not restrict the right of the Association to grant permits, licenses and easements as set forth herein.

Section 6. Common Drive Area Easement. Declarant hereby reserves for the benefit of the Owners and Cucamonga Property owners, as that term is defined in the Shared Drive Agreement, a reciprocal easement ("Common Drive Area Easement") for vehicular and pedestrian access, ingress and egress over such Common Drive Area. The scope of the Common Drive Area Easement shall include those uses as set forth in the Shared Drive Agreement.

Section 7. Air Conditioning Easements. All air conditioning units installed by an owner within the Project adjacent to a Unit shall be the property of the Owner. An easement over the Common Property is hereby created where the air conditioning unit is installed outside the Condominium Unit. Each Owner shall bear full responsibility for the cost of maintaining their air conditioning unit.

Section 8. Internal and External Telephone Easements. Notwithstanding the provisions of this Declaration, each Owner of a Unit shall be entitled to reasonable access to the Common Property for the purpose of maintaining the internal and external telephone wiring which services their Unit. The access shall be subject to the consent of the Association, whose approval shall not be unreasonably withheld, and which may include the Association's approval of telephone wiring upon the exterior of the Common Property, and other conditions as the Association determines reasonable.

Section 9. Establishment of Easements. 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 all of the Units and the Common Property, as the case may be, superior to all other encumbrances applied against or in favor of any portion of the Property which is the subject of this Declaration, with the exception of easements created in favor of a public agency after the recordation of this Declaration. In furtherance of the easements provided for in this Declaration, the individual deeds to Units may, but shall not be required to, set forth said easements.

Section 10. Amendment to Eliminate Easements. This Declaration cannot be amended to modify or eliminate the easements reserved to Declarant without prior written approval of Declarant, and any attempt to do so shall have no effect. Any attempt to modify or eliminate this Section shall likewise require the prior written approval of Declarant.

ARTICLE XXI

ANNEXATION

Section 1. Annexation With Consent. Additional Units and Common Property may be annexed to the Property with the written consent of not less than 66-2/3% of the total voting power of the Association residing in Association members other than the Declarant unless the proposed annexation is in substantial conformance with a detailed plan submitted to the Department of Real Estate with the application for a Public Report for Phase 1 of the Property as set forth below.

Section 2. Annexation Without Consent. If, at any time the Declarant should develop additional lands within the Annexable Area, such additional lands may be annexed to the Property without the assent of the Class A members and be made subject to the Declaration and thereby become subject to the jurisdiction of the Association; provided, however, that the development of the additional lands described in this Section shall be in accordance with the general plan set forth in this Article. Detailed plans for the development of additional lands must be submitted to the California Department of Real Estate and the Department of Veterans Affairs prior to such development of additional lands. If either the California Department of Real Estate or the Department of Veterans Affairs determines that such detailed plans are not in accordance with the general plan on file and such agency so advises the Association and the Declarant, the annexation of the additional lands must be in accordance with Section 1 immediately above. A Supplementary Declaration covering all or any portion of the Annexable Area shall be executed and recorded by the Owner of such property to be annexed. All Units and Common Property to be annexed pursuant to this Article must be substantially complete prior to annexation and shall be consistent with all existing Improvements in terms of quality of construction.

Section 3. Supplementary Declaration. The additions authorized under the foregoing section shall be made by filing of record a Supplementary Declaration, or similar instrument, with respect to the additional property which shall extend the plan of this Declaration to such property. Such Supplementary Declarations contemplated above may contain such complementary additions or modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added property as are not inconsistent with the plan of this Declaration. In no event, however, shall any such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration within the existing Property, except as hereinafter otherwise provided. Upon the effective date of annexation as provided in Section 4 of this Article, that portion of the Annexable Area subject to such Supplementary Declaration shall become subject to this Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter all of the Owners of Units in such Annexable Area shall be Members of the Association, in accordance with the terms and provisions of this Declaration and such Supplementary Declaration. Upon the effective date of the annexation as provided in Section 4 of this Article, all Owners of Units within a Phase of the Property for which assessments have commenced shall have an equal and reciprocal right to the use of all of the Common Property within the Phases of the Property for which assessments have commenced. Nothing herein shall obligate Declarant to annex to the Project all or any portion of the Annexable Area hereto and any decision to effect such annexation shall be in the sole discretion of Declarant.

Section 4. Effective Date of Annexation. Notwithstanding anything to the contrary as may be contained herein, any annexation pursuant to the provisions of this Article shall only be effective upon the recordation of a Supplementary Declaration for a particular Phase in accordance with the provisions of this Declaration; provided, however, the powers, duties, obligations and other covenants, conditions and restrictions as set forth herein or in such Supplementary Declaration shall not commence as to such Phase until the first conveyance of a Condominium in a Phase, or the conveyance of the Common Property to the Association, whichever is first to occur.

Section 5. Commitment by Declarant to Pay Assessments.

(a) Declarant for itself and its successors and assigns covenants and agrees to pay to the Association, concurrently with the closing of the escrow for the first sale of a Unit in a Phase, appropriate amounts for reserves for replacement or deferred maintenance of Association Property improvements in the Phase necessitated by or arising out of the use and occupancy of the Units in such Phase under a rental program conducted by the Declarant which has been in effect for a period of at least one year as of the date of closing of escrow for the first sale of a Unit in the Phase.

(b) Declarant for itself and its successors and assigns further covenants and agrees to pay to the Association, concurrently with the closing of the escrow for the first sale of a Unit in a Phase, appropriate amounts for unfunded reserves for replacement or deferred maintenance of completed Association Property improvements in the Phase necessitated by or arising out of the use of such Association Property Improvements for a period of at least one year prior to the conveyance of such Association Property to the Association

Section 6. Deannexation by Declarant. Declarant may delete all or any portion of a Phase of the Project annexed to the Project from coverage of this Declaration as long as Declarant is the Owner of all of the real property within such Phase or portion of a Phase of the Project, and provided that (a) a Notice of Deletion of Territory or Termination of Supplementary Declaration is recorded in the Office of the San Bernardino County Recorder in the same manner as the applicable Supplementary Declaration was recorded as to such Phase of the Project; (b) Declarant has not exercised any Association vote with respect to any portion of such Phase of the Project; (c) assessments have not yet commenced with respect to any portion of such Phase of the Project; (d) no escrow has closed for the sale of any Unit requiring the delivery of a Final Subdivision Public Report in such Phase of the Project; (e) the Association has not made any expenditures or incurred any obligations with respect to any portion of such Phase of the Project; and (f) a draft of the Notice of Deletion of Territory or Termination of Supplementary Declaration is submitted to and approved by the Department of Veterans Affairs prior to recordation.

ARTICLE XXII

COMPLIANCE WITH CIVIL CODE SECTIONS 1350.7, 1354, 1365 AND 1365.5

Section 1. Budgets and Financial Statements. The Board of Directors of the Association shall have the below described financial information of the Association regularly prepared and distributed to all Members of the Association as provided herein regardless of the number of Members or the amount of assets of the Association, and to Declarant for a period terminating ten years after the closing of the final sale escrow for a Condominium in the Project:

(a) A pro forma operating budget for the immediately ensuing fiscal year of the Association which shall include at least the following information shall be distributed no more than sixty (60) days and not less than forty-five (45) days prior to the beginning of the fiscal year of the Association:

(1) Estimated revenue and expenses on an accrual basis;

(2) A summary of the Association's reserves based upon the most recent review or study conducted pursuant to Civil Code Section 1365.5, which shall be printed in boldface type, and shall include all of the following:

(A) The current estimated replacement cost, estimated remaining life, and estimated useful life of each major component;

(B) As of the end of the fiscal year for which the study is prepared, (1) the current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the major components; and (2) the current amount of accumulated cash reserves actually set aside to repair, replace, restore, or maintain major components;

(C) The percentage that the amount determined for purposes of subparagraph (B)(2) is of the amount determined for purposes of subparagraph (B)(1).

The summary as required by this subsection shall not be admissible in evidence to show improper financial management of the Association, provided that other relevant and competent evidence of the financial condition of the Association is not made inadmissible by this provision.

(3) A statement as to whether the Board of Directors of the Association has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace or restore any major component or to provide adequate reserves therefor;

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

(b) A balance sheet, as of a designated accounting date which shall be the last day of the month closest in time to six (6) months from the date of closing of escrow representing the first sale of a Unit in the Property, and an operating statement for the period from the date of the first closing to the designated accounting date, shall be distributed to each Member within sixty (60) days after the designated accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the Unit within the Property and the name of the person or entity assessed therefor.

(c) An annual report which shall consist of at least the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year of the Association:

- (1) A balance sheet as of the end of the fiscal year;
- (2) An operating (income) statement for the fiscal year;
- (3) A statement of changes in financial position for the fiscal year;

and

(4) For any fiscal year in which the gross income of the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00), a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the California State Board of Accountancy. Such financial report shall include any information required to be reported under Section 8322 of the California Corporations Code.

- (5) A summary as required by Civil Code Section 1354.

Section 2. Certification of Report. If the report referred to in subsection (c) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

Section 3. Alternative Financial Statements. In lieu of the distribution of the pro forma operating budget required by this Article, the Board of Directors may elect to distribute a summary of the items described in Section 1(c)(i) through (iv) above to all Members of the Association with a written notice that the pro forma operating budget is available at the business office of the Association or at another suitable location within the boundaries of the Project and that copies will be provided upon request and at the expense of the Association. If any Member requests that a copy of the pro forma operating budget, including items described in Section 1(c)(i), through (iv), be mailed to the Member, the Association shall provide such copies to the Member by first-class United States mail at the expense of the Association and mailed within five (5) days. The written notice that is distributed to each of the Association Members shall be in at least 10-point bold type on the front page of the summary of the budget.

Section 4. Minutes. The minutes, minutes proposed for adoption that are marked to indicate draft status, or a summary of the minutes of any meeting of the Board, other than an executive session, shall be available to Members within thirty (30) days of the meeting. The minutes, proposed minutes, or summary of the minutes shall be distributed to any Member of the Association upon request and upon reimbursement of the Association's costs in making that distribution. Members of the Association shall be notified in writing at the time that the pro forma budget, required in Section 1365 of the California Civil Code, is distributed, or at the time of any general mailing to the entire membership of the Association of their right to have copies of the minutes of meetings of the Board and how and where those minutes may be obtained.

Section 5. Policies on Remedies. In addition to financial statements, the Board of Directors shall annually distribute within sixty (60) days prior to the beginning of the fiscal year of the Association a statement of the Association's policies and practices in enforcing its lien rights and other legal remedies against Members for defaults in the payment of Regular and Special Assessments including the recording and foreclosing of liens against Members' Units.

Section 6. Summary of Insurance Coverage.

(a) The Board of Directors shall prepare and distribute to all Members a summary of the Association's general liability, earthquake and flood insurance and fidelity policies, which

shall be distributed within sixty (60) days preceding the beginning of the Association's fiscal year, and which shall include all of the following information about each policy:

- (1) The name of the insurer;
- (2) The type of insurance;
- (3) The policy limits of the insurance;
- (4) The amount of deductibles, if any.

(b) The Association shall, as soon as reasonably practical, notify its Members by first-class mail if any of the policies described in subparagraph (a) above have lapsed, been canceled, and are not immediately renewed, restored or replaced, or if there is a significant change, such as a reduction in coverage or limits, or an increase in the deductible for any of those policies. If the Association receives any notice of nonrenewal of a policy described in subparagraph (a) above, the Association shall immediately notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse.

(c) To the extent that any of the information required to be disclosed pursuant to subparagraph (a) above is specified in the insurance policy declaration page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to all of its Members.

(d) The summary distributed pursuant to subparagraph (a) shall contain, in at least 10-point boldface type, the following statement: "This summary of the Association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 of the California Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association Member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association Members should consult with their individual insurance broker or agent for appropriate additional coverage."

Section 7. Fiscal Duties of Board.

- (a) The Board of Directors of the Association shall do all of the following:
- (1) Cause a current reconciliation of the Association's operating accounts to be made and review the same on at least a quarterly basis;
 - (2) Cause a current reconciliation of the Association's reserve accounts to be made and review the same on at least a quarterly basis;
 - (3) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget;
 - (4) Review the most current account statements prepared by the financial institutions where the Association has its operating and reserve accounts; and

(5) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

Section 8. Withdrawal of Funds from the Association's Reserve Accounts.

(a) Withdrawal of funds from the Association's reserve accounts shall require the signatures of either:

(1) Three (3) directors; or

(2) Two (2) directors and an officer of the Association who is not also a director.

(b) The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement or maintenance of, major components which the Association is obligated to repair, restore, replace or maintain and for which the reserve fund was established.

However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses, provided the Board has made a written finding, duly recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund. The transferred funds shall be restored to the reserve fund within one (1) year of the date of the initial transfer, except that the Board may, upon making a finding supported by documentation that a temporary delay would be in the best interests of the Project, temporarily delay the restoration. The Board shall exercise prudent fiscal management in maintaining the integrity of the reserve account, and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limits required by this subparagraph. This Special Assessment is subject to the limitation imposed by Section 1366 of the Civil Code, as set forth in the Section entitled "Special Assessments for Capital Improvements and Limitation on Increases In Special Assessments" of the Article entitled "Covenant for Maintenance Assessments" of this Declaration. The Board may, at its discretion, extend the date the payment on the Special Assessment is due. Any extension shall not prevent the Board from pursuing any legal remedy to enforce the collection of an unpaid Special Assessment.

(c) When the decision is made to use reserve funds or to temporarily transfer money from the reserve fund to pay for litigation, the Association shall notify the Members of the Association of that decision in the next available mailing to all Members pursuant to Section 5016 of the Corporations Code, and of the availability of an accounting of those expenses. Unless the Association Management Documents impose more stringent standards, the Association shall make an accounting of expenses related to the litigation on at least a quarterly basis. The accounting shall be made available for inspection by Members of the Association at the Association's office.

(d) At least once every three (3) years, the Board shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore or maintain as part of a study of the reserve account requirements of the Project if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the Association which excludes the Association's reserve account for that period. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of that review. This reserve study shall at a minimum include:

(1) Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than 30 years;

(2) Identification of the probable remaining useful life of the components identified in subparagraph (i) above as of the date of the study;

(3) An estimate of the cost of repair, replacement, restoration or maintenance of the components identified in subparagraph (i) above during and at the end of their useful life;

(4) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain the components identified in subparagraph (i) above during and at the end of their useful life, after subtracting total reserve funds as of the date of the study.

(e) As used in this Section, "reserve accounts" means moneys that the Board has identified for use to defray the future repair or replacement of, or additions to, those major components which the Association is obligated to maintain.

(f) As used in this Section, "reserve account requirements" means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace or restore those major components which the Association is obligated to maintain.

Section 9. Delivery of Documents by the Association Pursuant to Civil Code Section 1350.7. Any document required by the terms of this Declaration, or the California Civil Code, to be delivered by the Association to an Owner shall be delivered by one or more of the following methods:

- (a) Personal delivery.
- (b) First-class mail, postage prepaid, addressed to a Member at the address last shown on the books of the Association or otherwise provided by the Member. Delivery is deemed to be complete on deposit into the United States mail.
- (c) E-mail, facsimile, or other electronic means, if the Member has agreed to that method of delivery. If a document is delivered by electronic means, delivery is complete at the time of transmission.
- (d) By publication in a periodical that is circulated primarily to Members of the Association.
- (e) If the Association broadcasts television programming for the purpose of distributing information on Association business to its Members, by inclusion in the programming.
- (f) A method of delivery provided in a recorded provision of the Association Management Documents.
- (g) Any other method of delivery, provided that the Member has agreed to that method of delivery.
- (h) A document may be included in or delivered with a billing statement, newsletter, or other document that is delivered by one of the methods provided above.
- (i) For the purposes of this delivery requirement, an unrecorded provision of the Association Management Documents providing for a particular method of delivery does not constitute agreement by a Member of the Association to that method of delivery.

ARTICLE XXIII

DISPUTE RESOLUTION

The purpose of this Article is to provide an expedited means of resolving any claims, disputes and disagreements which may arise between Owner or the Association and Declarant after the close of escrow concerning the Property (individually referenced to herein as "Dispute" and collectively as "Disputes"). Initially, Declarant will attempt to resolve any Dispute asserted by an Owner or the Association of which it is given notice. If the Dispute cannot be resolved between the parties in this manner, the parties will proceed to mediation, according to the procedures set forth below. If the matter is not resolved by the mediation process, it will be decided through the arbitration procedure as set forth below. Alternatively, Declarant, an Owner or the Association may elect to resolve such Disputes through a small claims court proceeding. THIS PROCESS INVOLVES WAIVER OF THE RIGHT TO A JURY TRIAL. BY EXECUTING THIS DECLARATION AND BY EXECUTING A DEED TO ANY PORTION OF THE PROPERTY, RESPECTIVELY, DECLARANT, EACH OWNER AND THE ASSOCIATION, AGREE TO BE BOUND BY THE PROVISIONS OF THIS ARTICLE.

Section 1. Mediation. Subject to the provisions of Section 2(g) below, and except for actions in small claims court or Disputes that have already been mediated, Owner and Declarant agree to submit any and all Disputes to mediation before commencing any arbitration. The cost of mediation shall be paid by Declarant. Each party to the mediation shall bear its own attorneys' fees and costs in connection with such mediation.

Section 2. Arbitration.

(a) Agreement to Arbitrate. If a Dispute is not resolved through mediation, the Association, each Owner and Declarant shall resolve such Dispute exclusively through binding arbitration in the county in which the Property is located. This arbitration provision shall apply to Disputes of any kind or nature regardless of the nature of the relief sought.

(b) Waiver of Trial by Judge or Jury. By agreeing to resolve all Disputes through binding arbitration, the Association, each Owner and Declarant each give up the right to have their respective claims and defenses decided by a judge or a jury. All claims and defenses shall instead be decided by the arbitrator, or by the appeal arbitrators if applicable.

(c) Rules Applicable to All Cases. The arbitration will be conducted by Judicial Arbitration and Mediation Services ("JAMS") in accordance with the JAMS rules ("JAMS Rules") then applicable to the claims presented, as supplemented by this Article. The following supplemental rules shall apply to all arbitration proceedings and shall govern in the event of a conflict between the rules set forth below and the rules of JAMS Rules.

(d) Qualifications of Arbitrators. The arbitrator shall be neutral and impartial and either a retired judge or a member or former member of the California State Bar with at least 15 years experience as a practicing lawyer.

(e) Appointment of Arbitrator. The arbitrator to preside over the Dispute shall be selected in accordance with the JAMS Rules, but no later than sixty (60) days after a notice of claim is filed.

(f) Expenses. All fees charged by JAMS and the arbitrator shall be advanced by the Declarant. If the Declarant is the prevailing party in the arbitration, the arbitrator may, in his or her discretion and only to the extent permitted by law and the JAMS Minimum Standards of

Procedural Fairness, direct the Owner or the Association, as applicable, to reimburse the Declarant all or part of the JAMS fee and arbitrator's fee advanced by the Declarant.

(g) Preliminary Procedures. If state or federal law requires the Association or an Owner or Declarant to take steps or procedures before commencing an action in court, then the Owner or Declarant must take such steps or follow such procedures, as the case may be, before commencing the arbitration. For example, any claims or Disputes pursuant to California Civil Code Section 895 et. seq., as hereafter amended may be subject to the non-adversarial procedures set forth in California Civil Code Section 910 through 938, prior to the initiation of any arbitration or small claims court proceeding against Declarant. In addition, nothing contained herein shall be deemed a waiver or limitation of the provisions of California Civil Code Sections 1368.4, 1375, 1375.05 or 1375.1.

(h) Participation by Other Parties. The Association, an Owner and Declarant, to the extent any such party is defending a claim in the arbitration, may, if it chooses, have all necessary and appropriate parties included as parties to the arbitration.

(i) Rules of Law. The arbitrator must follow California substantive law (including statutes of limitations) but strict conformity with the rules of evidence is not required, except that the arbitrator shall apply applicable law relating to privilege and work product. The arbitrator shall be authorized to provide all recognized remedies available at law or equity for any cause of action.

(j) Attorneys' Fees and Costs. Each party shall bear its own attorneys fees and costs (including expert witness costs) in the arbitration.

Section 3. Additional Rules Applicable To Certain Cases. In any arbitration in which a claim of Owner, the Association or Declarant exceeds \$250,000 in value, the following additional rules will supplement the JAMS Rules and govern in the event of a conflict between the following rules and the rules set forth above, the JAMS Rules, or both.

(a) Qualifications of Arbitrator. In addition to the requirements of Section 2(d) above, the arbitrator shall be a retired judge of the California Superior Court, a California Court of Appeal, or the California Supreme Court.

(b) Rules of Law. The California Evidence Code shall apply.

(c) Written Decision. Within thirty (30) days after the hearing is closed, the arbitrator must issue a written decision. If either Owner or Declarant requests it, the arbitrator must issue a reasoned award.

Section 4. Procedure for Appeal of Certain Cases. In any arbitration in which a claim or arbitration award of Owner, the Association or Declarant exceeds \$500,000 in value, Owner and Declarant hereby adopt and agree to the JAMS Optional Appeal Procedure. The following additional rules will supplement the JAMS Optional Appeal Procedure and govern in the event of a conflict between the following rules and the JAMS Optional Appeal Procedure.

(a) Right of Appeal. There shall be no right to appeal unless the oral evidence received by the arbitrator was preserved in a manner such that it can be converted to an accurate and reliable written transcript.

(b) Appellate Panel. An appeal shall be decided by one (1) neutral appeal arbitrator unless either party, within the time permitted for the appointment of the appeal arbitrator, elects to have the appeal decided by a panel of three (3) appeal arbitrators. Any party who elects to have an appeal decided by a panel of three (3) appeal arbitrators agrees to be

solely responsible for the cost of having two (2) additional appeal arbitrators. The sole appeal arbitrator, or at least one member of any panel of three (3) arbitrators, shall have prior experience as a member of an appellate panel of the California Court of Appeal.

(c) Issues on Appeal. The only issues that may be considered on appeal are: (1) the award of money was excessive; (2) the award of money was insufficient; (3) the arbitrator awarded non-monetary relief that was inappropriate; (4) a party who received non-monetary relief should have received other or additional relief. A majority of the appeal arbitrators may affirm the arbitration award or make any alternative award they find to be just, but they must not reject the arbitrator's decisions (a) that a particular party is entitled to relief of some nature or amount or (b) that a particular party is responsible to provide relief of some nature or amount.

(d) Expenses and Costs on Appeal. The fees charged by JAMS and the appeal arbitrator(s) shall be advanced by the Declarant, except as provided in Section 4(b) above. The party who files the appeal must, at its sole expense, provide JAMS and all non-appealing parties with a certified copy of the hearing transcript, and must provide JAMS with copies of all documentary evidence and all other tangible evidence received by the arbitrator. If more than one party appeals, the appealing parties must share equally the cost of the transcript and copies of all other documentary and tangible evidence received by the arbitrator. The appeal arbitrators may, within thirty (30) days of the award costs of the nature provided in the Federal Rules of Appellate Procedure. If the Declarant is the prevailing party on appeal, the appeal arbitrator(s) may, in his, her or their discretion and only to the extent permitted by law and JAMS Minimum Standards Of Procedural Fairness, include all or part of the JAMS fee and arbitrator's fee advanced by the Declarant in the award of costs on appeal.

(e) New Evidence. The appeal arbitrators must not receive new evidence. The appeal arbitrators must make their decision based only on the evidence that was presented to the arbitrator, except that the appeal arbitrators may visit any site involved in the Dispute.

Section 5. Federal Arbitration Act. Because many of the materials and products incorporated into the home are manufactured in other states, the development and conveyance of the Property evidences a transaction involving interstate commerce and the Federal Arbitration Act (9 U.S.C. §1, et seq.) now in effect and as it may be hereafter amended will govern the interpretation and enforcement of the arbitration provisions set forth herein.

Section 6. AGREEMENT TO ARBITRATION AND WAIVER OF JURY TRIAL.

A. ARBITRATION OF DISPUTES. BY EXECUTING THIS DECLARATION, DECLARANT AND BY ACCEPTING A DEED TO ANY PORTION OF THE PROPERTY, EACH OWNER AND THE ASSOCIATION AGREE TO HAVE ANY DISPUTE DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT, AND OWNER AND DECLARANT ARE GIVING UP ANY RIGHTS DECLARANT, OWNER AND THE ASSOCIATION MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. DECLARANT, OWNER AND THE ASSOCIATION ARE GIVING UP THEIR RESPECTIVE JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS ARTICLE. IF DECLARANT, ANY OWNER OR THE ASSOCIATION REFUSES TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, SUCH PARTY MAY BE COMPELLED TO ARBITRATE UNDER THE FEDERAL ARBITRATION ACT AND THE CALIFORNIA ARBITRATION ACT, TO THE EXTENT THE CALIFORNIA ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT.

B. WAIVER OF JURY TRIAL. IN THE EVENT THE FOREGOING ARBITRATION PROVISION IS HELD NOT TO APPLY OR IS HELD INVALID, VOID OR UNENFORCEABLE IN ITS ENTIRETY FOR ANY REASON, ALL DISPUTES SHALL BE TRIED BEFORE A JUDGE IN A COURT OF COMPETENT JURISDICTION WITHOUT A JURY. THE JUDGE IN SUCH COURT OF

COMPETENT JURISDICTION SHALL HAVE THE POWER TO GRANT ALL LEGAL AND EQUITABLE REMEDIES AND AWARD COMPENSATORY DAMAGES. DECLARANT, BY EXECUTING THIS DECLARATION AND EACH OWNER AND THE ASSOCIATION BY ACCEPTING A DEED TO ANY PORTION OF THE PROPERTY, HEREBY WAIVE AND COVENANT NOT TO ASSERT THEIR CONSTITUTIONAL RIGHT TO TRIAL BY JURY OF ANY DISPUTES, INCLUDING, BUT NOT LIMITED TO, DISPUTES RELATING TO CONSTRUCTION DEFECTS, MISREPRESENTATION OR DECLARANT'S FAILURE TO DISCLOSE MATERIAL FACTS. THIS MUTUAL WAIVER OF JURY TRIAL SHALL BE BINDING UPON THE RESPECTIVE SUCCESSORS AND ASSIGNS OF SUCH PARTIES AND UPON ALL PERSONS AND ENTITIES ASSERTING RIGHTS OR CLAIMS OR OTHERWISE ACTING ON BEHALF OF DECLARANT, ANY OWNER, THE ASSOCIATION OR THEIR RESPECTIVE SUCCESSORS AND ASSIGNS.

(a) Final and Binding Award. The decision of the arbitrator or, if an appeal is heard, the decision of the appeal arbitrators, shall be final and binding. A petition to confirm, vacate, modify or correct an award may be filed in any court of competent jurisdiction in the county in which the Property is located, but the award may be vacated, modified or corrected only as permitted by the Federal Arbitration Act.

(b) Severability. In addition to and without limiting the effect of any general severability provisions of this Agreement, if the arbitrator or any court determines that any provision of this Article is unenforceable for any reason, that provision shall be severed, and proceedings agreed to in this Article shall be conducted under the remaining enforceable terms of this Article.

(c) Application of Award. Any proceeds awarded to the Association arising from any Dispute by settlement, award or otherwise shall be applied in accordance with the provisions of Article of this Declaration entitled "EMINENT DOMAIN" and the provisions of Section entitled "Priority on Distribution" of the Article of this Declaration entitled "RIGHTS OF MORTGAGEES".

ARTICLE XXIV

GENERAL CONDITIONS

Section 1. Enforcement of Restrictions. The Association and each aggrieved Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration or any amendment thereto; and the Association's Articles of Incorporation and Bylaws; provided, however, that with respect to assessment liens, the Association shall have the exclusive right to the enforcement thereof. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any action to enforce the terms of this Declaration, the prevailing party shall be awarded reasonable attorneys' fees and costs. Prior to filing a civil action by either the Association or by an Owner solely for declaratory relief or injunctive relief, or for declaratory relief or injunctive relief in conjunction with a claim for monetary damages other than Association assessments, related to the enforcement of the Association Management Documents, the parties may be required to comply with Civil Code Section 1354, if applicable. Failure to comply with the prefiling requirements of Section 1354 of the Civil Code may result in the loss of the right to sue regarding enforcement of the Association Management Documents. Upon motion by any party for attorney's fees and costs as the prevailing party, the court, in determining the amount of the award, may consider a party's refusal to participate in alternative dispute resolution prior to the filing of the action.

Section 2. Enforcement by the City. Notwithstanding any provisions herein to the contrary, the City and all its agents, departments and employees shall have the unrestricted right and authority to enforce the provisions of these protective covenants that were required pursuant to City Resolution 03-171.

Section 3. Severability of Covenants. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 4. Terms of Declaration. The covenants and restrictions of this Declaration shall run with and bind the Property and the Project, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns, until December 31, 2054, after which time said covenants, conditions and restrictions shall automatically be extended for successive periods of ten (10) years, unless an instrument signed by a majority of the then Owners of the Condominiums has been recorded agreeing to terminate said covenants, conditions and restrictions in whole or in part.

Section 5. Construction of Declaration. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a Condominium residential community and for the maintenance of the community recreational facilities and Common Property. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 6. Amendments.

(a) Subject to the rights of lenders as set forth in the Article hereof entitled "RIGHTS OF MORTGAGEES," this Declaration of Covenants, Conditions and Restrictions may be amended only by the affirmative assent or vote of both (a) sixty-seven percent (67%) of the voting power of the Association, including the voting power of the Declarant, and (b) sixty-seven percent (67%) of the voting power of Members other than Declarant; provided, however, that the percentage of voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause; provided further, if the two-class voting structure as provided by this Declaration is still in effect, this Declaration may not be amended without the vote or written assent of sixty-seven percent (67%) of the voting power of each class of Members. This amendment provision shall not be amended to allow amendments by the assent or vote of less than the prescribed percentage of voting power required for amendments hereof; provided, however, that in compliance with California Civil Code Section 1356(a), the Board of Directors of the Association or any Owner of a Unit may petition the Superior Court of San Bernardino County for an order reducing the percentage of the affirmative votes necessary for such amendment. An amendment or modification shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment or modification has been approved as hereinabove provided, and recorded in the Official Records of San Bernardino County, California. Notwithstanding the foregoing, no provision of this Declaration that was required by the City Resolution 03-171 may be amended without the prior written approval of the City, which may be withheld in its sole and absolute discretion.

(b) Notwithstanding anything to the contrary contained this Declaration, no provision of this Declaration pertaining to maintenance requirements pursuant to the Maintenance Manual or the duties and powers of the Association or the Owners relating to construction defect procedures and claims, shall be amended without the vote or approval by written ballot of at least (a) ninety percent (90%) of the voting power of the Members of the Association other than Declarant, and (b) at least ninety percent (90%) of the Mortgagees.

Section 7. Nonliability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, or any other committees of the Association or any member of such Board or committee shall be liable to any Member of the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or persons reasonably believed to be the scope of their duties.

Section 8. Violation of Declaration. The result of every act or omission, whereby any provision, condition, restriction, covenant, easement or reservation contained in this Declaration is violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, and may be exercised by the Architectural Committee and the Association. Such remedy shall be deemed cumulative and not exclusive.

Section 9. Association Management Document Conflicts. In case of any conflict between the provisions of one Association Management Document with the provisions of another Association Management Document, the order of superiority of such documents shall be as follows: (a) Declaration, (b) Articles of Incorporation, (c) Bylaws, (d) Architectural Standards, and (5) Association Rules, and the provisions of such document shall be superseded by the provisions of the document shown to be the superior of such document to the extent of such conflict.

Section 10. Common Plan Declaration. The covenants, conditions and restrictions set forth in this Declaration constitute a general scheme for the development, protection and maintenance of the property to enhance the value, desirability and attractiveness of the Condominiums for the benefit of all Owners of Condominiums therein. By acceptance of a deed or by acquiring any ownership interest in any Condominium subject to this Declaration, each person or entity, for themselves, their heirs, personal representatives, successors, transferees and assigns, agrees to be subject to all of the

provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the Improvement and development of the Property covered hereby, and hereby evidences their intent that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

Section 11. FHA and VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration and the Department of Veterans Affairs: Annexation of additional properties, or merger or consolidation of the Association and any Amendment of this Declaration, a draft of which shall be submitted to and approved by the Department of Veterans Affairs prior to recordation.

Section 12. Statutory References. Any reference to a specific statute or law in this Declaration shall be deemed to include a reference to any successor statutes and/or regulations which may be adopted or applied to implement such statute or law.

Section 13. Compliance with Conditions of Approval. Declarant acknowledges that the City has reviewed this Declaration and that its review is limited to a determination of whether the provision of this Declaration properly implement the requirements of the conditions of approval for Tentative Tract Map No. SUBTT16612. The City's consent to this Declaration does not contain or imply any approval of the appropriateness or legality of the other provision of this Declaration, including, without limitation, use restrictions, private easements and encroachments, private maintenance requirements, architecture and landscape controls, assessment levying and enforcement procedures and mechanisms, resolution of disputes or procedural matters.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, executed this Declaration the day and year first above written.

D. R. HORTON LOS ANGELES HOLDING
COMPANY, INC., a California corporation

By: _____


Its: Stephen H. Fitzpatrick
Division President

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On April 9, 2004, before me, Linda K. Richards, Notary Public
personally appeared Stephen H. Fitzpatrick
same, title of officer - e.g., "JANE DOE, NOTARY PUBLIC"

~~X~~ personally known to me OR proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Linda K. Richards
Notary Public



EXHIBIT "A"

ANNEXABLE AREA

That certain real property located in the City of Rancho Cucamonga, County of San Bernardino, State of California, described as follows:

All of Lot 1 of said Tract No. 16612, in the Office of the County Recorder of San Bernardino County, California, excepting therefrom Phase 1 of the Property, as recorded in Book 298, Pages 67-69, inclusive, records of San Bernardino County.

F:\REAL\622130615045\CC&R\sv6.doc
3/12/2004

EXHIBIT "A"

ANNEXABLE AREA

That certain real property located in the City of Rancho Cucamonga, County of San Bern-
California, described as follows:

All of Lot 1 of said Tract No. 16612, in the Office of the County Recorder of Sa:
California, excepting therefrom Phase 1 of the Property.

old

EXHIBIT "B"

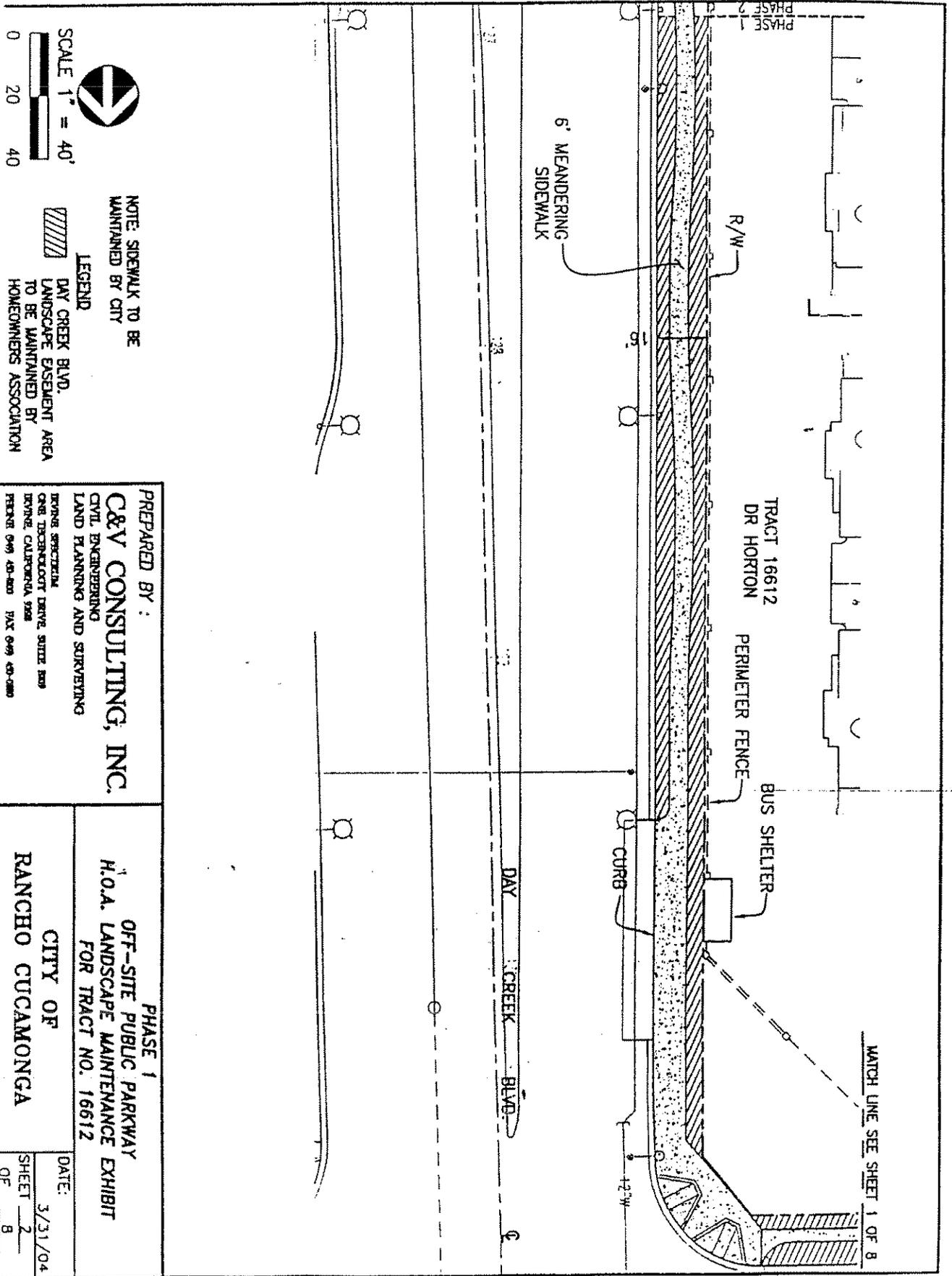
ASSOCIATION EASEMENT AREA

(The Association Easement Areas as depicted in this Exhibit are not necessarily drawn to scale and shall be governed by fencing or other boundaries as may be imposed in the field.)

(Any drawings representing areas other than Association Easement Areas within the Properties are contained herein for informational purposes only and shall not be binding as to any representation of product type, location of building, grading, Association maintenance responsibilities or scale.)

Any Association Easement Area depicted on this Exhibit which is applicable to subsequent Phases is subject to change, and in the event of any discrepancies between the Association Easement Area depicted on this Exhibit and any Association Easement Area described or depicted in a Supplementary Declaration, the Supplementary Declaration shall control.

[TO BE ATTACHED]

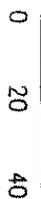


NOTE: SIDEWALK TO BE MAINTAINED BY CITY

LEGEND

-  DAY CREEK BLVD. LANDSCAPE EASEMENT AREA TO BE MAINTAINED BY HOMEOWNERS ASSOCIATION

SCALE 1" = 40'



PREPARED BY:
C&V CONSULTING, INC.
 CIVIL ENGINEERING
 LAND PLANNING AND SURVEYING

IRONDEQUETTE
 ONE TECHNOLOGY DRIVE, SUITE 300
 IRVINE, CALIFORNIA 92618
 PHONE 949 433-8000 FAX 949 433-0880

PHASE 1
 OFF-SITE PUBLIC PARKWAY
 H.O.A. LANDSCAPE MAINTENANCE EXHIBIT
 FOR TRACT NO. 16612

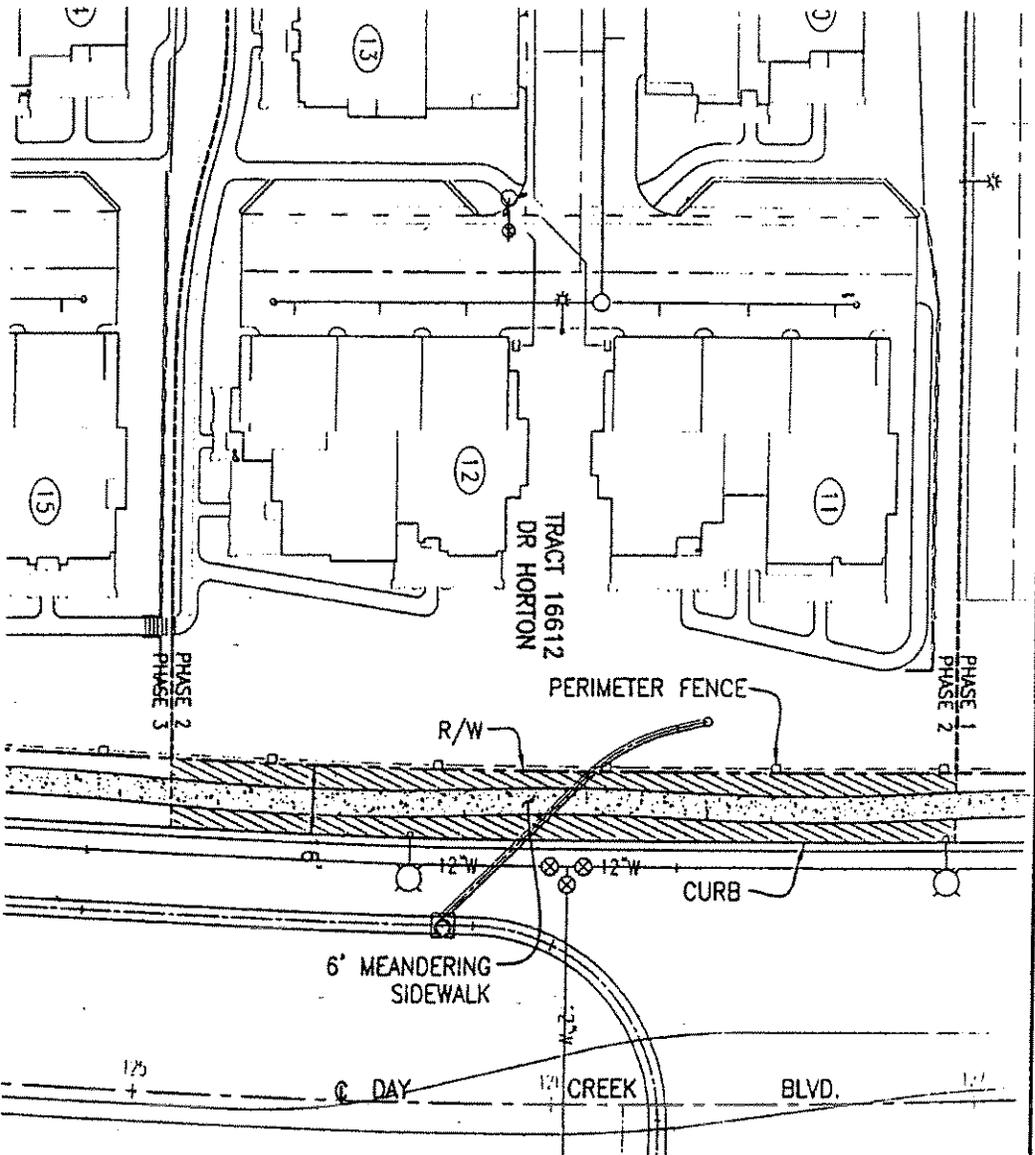
CITY OF
 RANCHO CUCAMONGA

DATE:

3/31/04

SHEET 2 OF 8

MATCH LINE SEE SHEET 1 OF 8



SCALE 1" = 40'



NOTE: SIDEWALK TO BE MAINTAINED BY CITY

LEGEND

- DAY CREEK BLVD. LANDSCAPE EASEMENT AREA TO BE MAINTAINED BY HOMEOWNERS ASSOCIATION

PREPARED BY :

C&V CONSULTING, INC.
 CIVIL ENGINEERING
 LAND PLANNING AND SURVEYING

IRVINE BRANCH
 ONE TECHNOLOGY DRIVE, SUITE 200
 IRVINE, CALIFORNIA 92614
 PHONE (949) 451-8000 FAX (949) 451-0880

PHASE 2

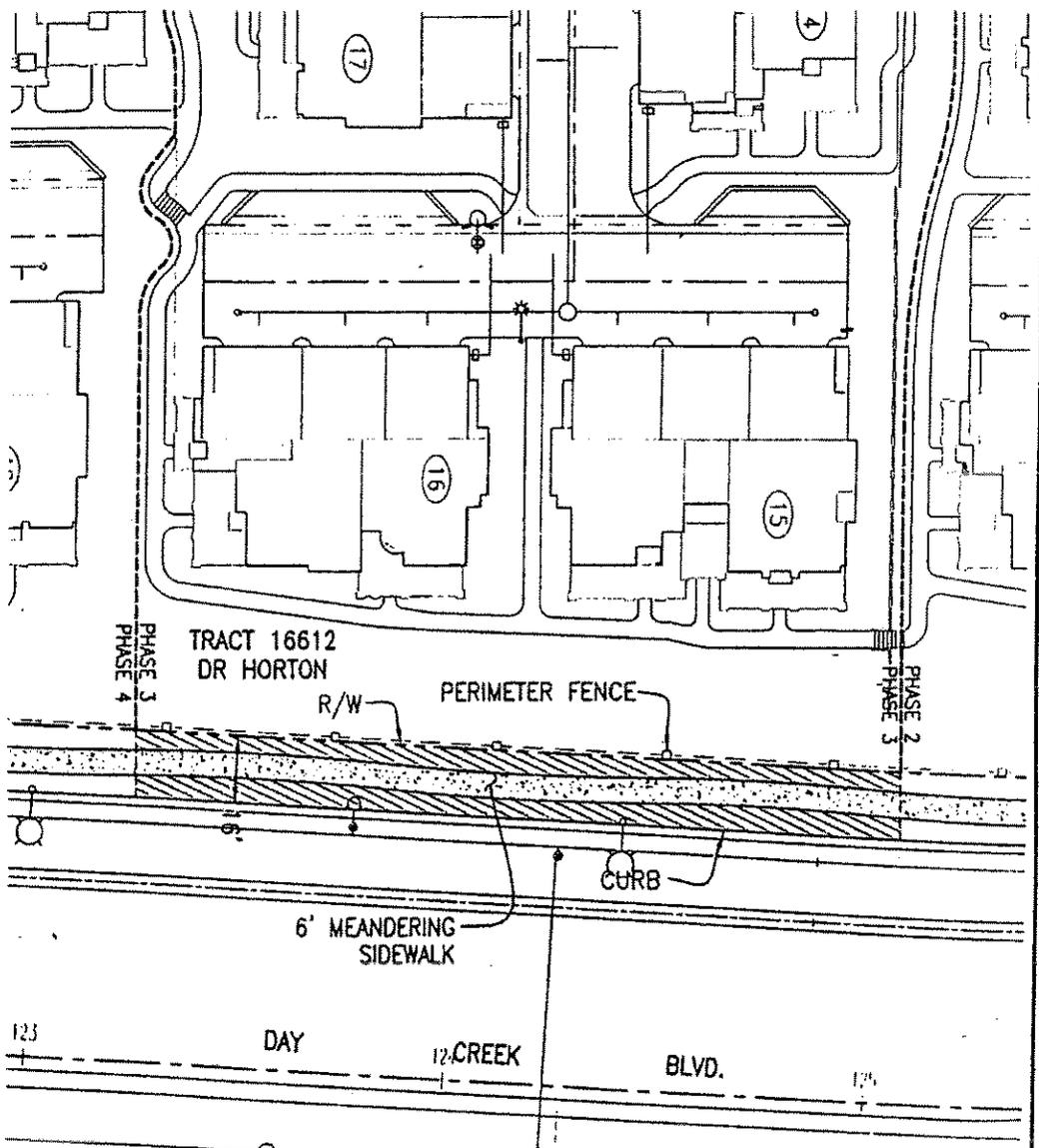
OFF-SITE PUBLIC PARKWAY
 H.O.A. LANDSCAPE MAINTENANCE EXHIBIT
 FOR TRACT NO. 16612

CITY OF
 RANCHO CUCAMONGA

DATE:

3/31/04

SHEET 3
 OF 8



SCALE 1" = 40'

0 20 40

NOTE: SIDEWALK TO BE MAINTAINED BY CITY

LEGEND

DAY CREEK BLVD. LANDSCAPE EASEMENT AREA TO BE MAINTAINED BY HOMEOWNERS ASSOCIATION

PREPARED BY :

C&V CONSULTING, INC.

CIVIL ENGINEERING
LAND PLANNING AND SURVEYING

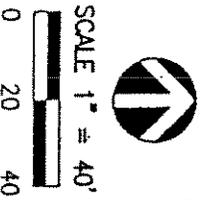
ENGINE SPECIUM
ONE TECHNOLOGY DRIVE, SUITE 100
IRVINE, CALIFORNIA 92618
PHONE (949) 48-8800 FAX (949) 48-8800

PHASE 3

OFF-SITE PUBLIC PARKWAY
H.O.A. LANDSCAPE MAINTENANCE EXHIBIT
FOR TRACT NO. 16612

CITY OF
RANCHO CUCAMONGA

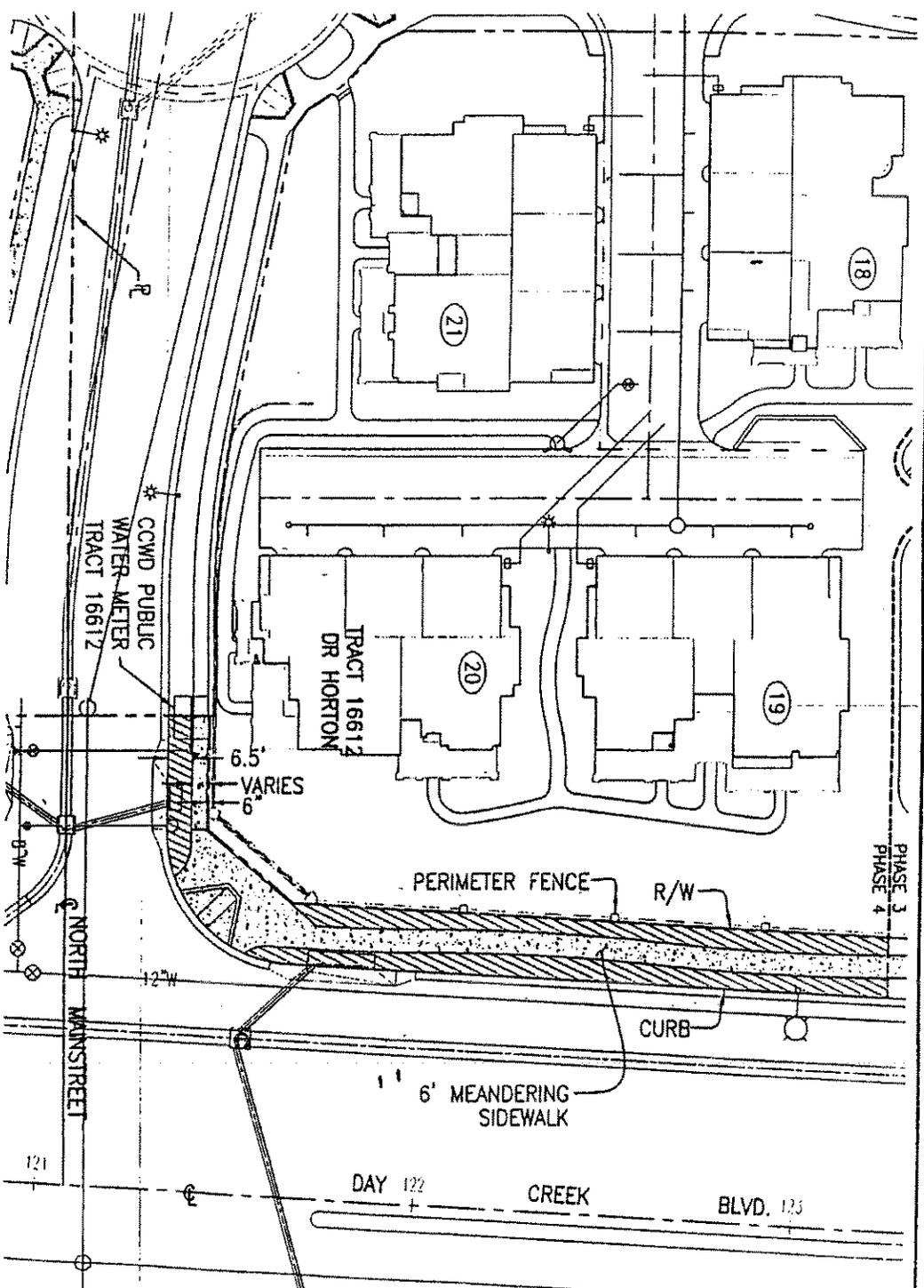
DATE: 3/31/04
SHEET 4 OF 8



LEGEND

DAY CREEK BLVD. & NORTH MAINSTREET LANDSCAPE EASEMENT AREA TO BE MAINTAINED BY HOMEOWNERS ASSOCIATION

NOTE: SIDEWALK TO BE MAINTAINED BY CITY



PREPARED BY :

C&V CONSULTING, INC.
 CIVIL ENGINEERING
 LAND PLANNING AND SURVEYING

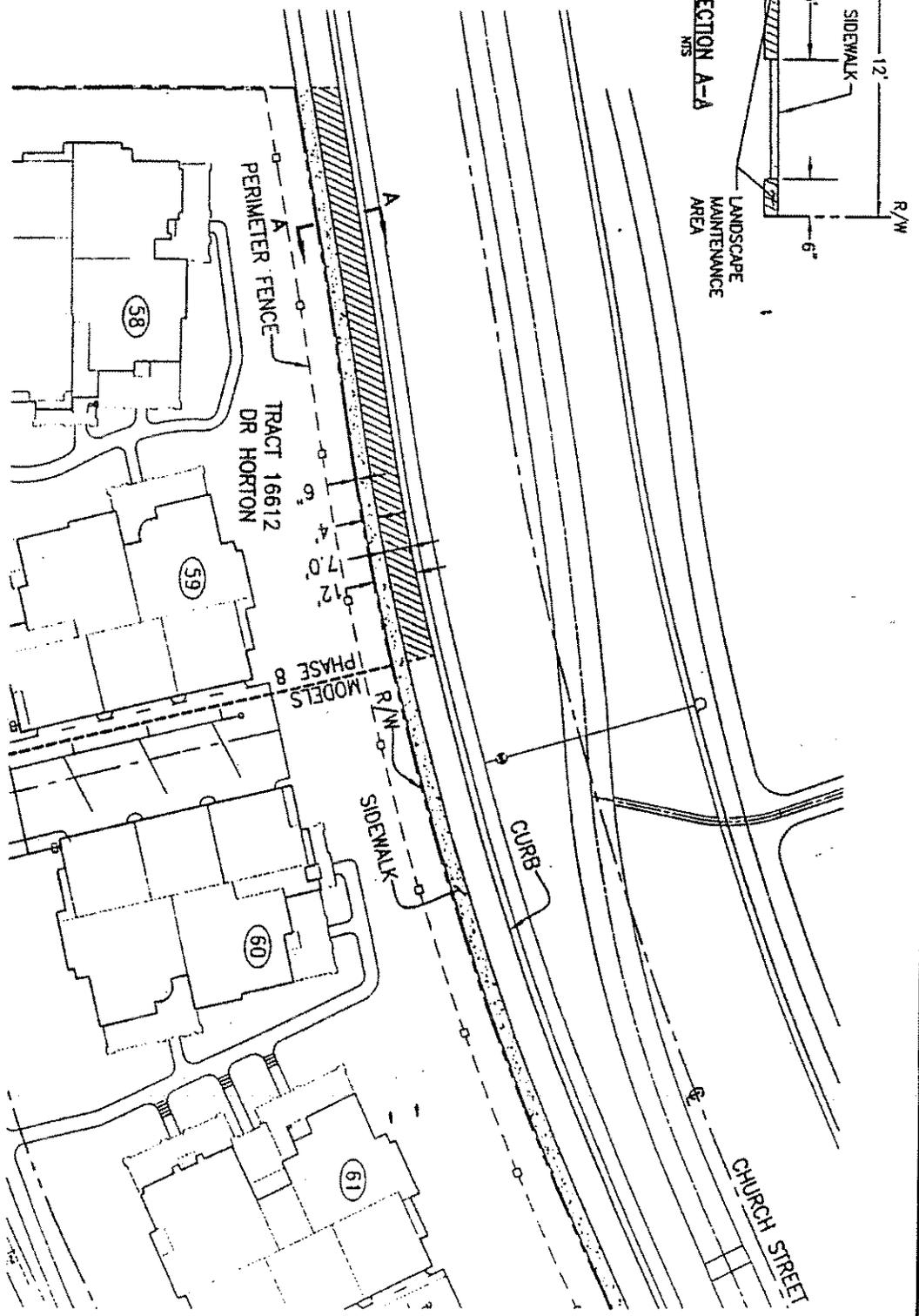
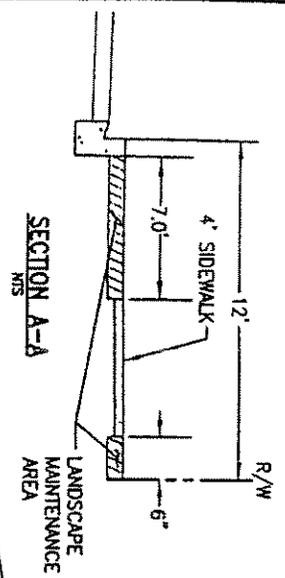
IRVINE OFFICE
 ONE TECHNOLOGY DRIVE, SUITE 200
 IRVINE, CALIFORNIA 92618
 PHONE (949) 45-8300 FAX (949) 45-0880

PHASE 4

OFF-SITE PUBLIC PARKWAY
 H.O.A. LANDSCAPE MAINTENANCE EXHIBIT
 FOR TRACT NO. 16612

CITY OF RANCHO CUCAMONGA

DATE: 3/31/04
 SHEET 5 OF 8



SCALE 1" = 40'



LEGEND

- CHURCH STREET LANDSCAPE EASEMENT AREA TO BE MAINTAINED BY HOMEOWNERS ASSOCIATION

NOTE: SIDEWALK TO BE MAINTAINED BY CITY

PREPARED BY :

C&V CONSULTING, INC.
 CIVIL ENGINEERING
 LAND PLANNING AND SURVEYING

DRIVE STRUCTURE
 ONE TECHNOLOGY DRIVE, SUITE 300
 IRVINE, CALIFORNIA 92618
 PHONE (949) 40-3000 FAX (949) 40-0880

PHASE 8

OFF-SITE PUBLIC PARKWAY
 H.O.A. LANDSCAPE MAINTENANCE EXHIBIT
 FOR TRACT NO. 16612

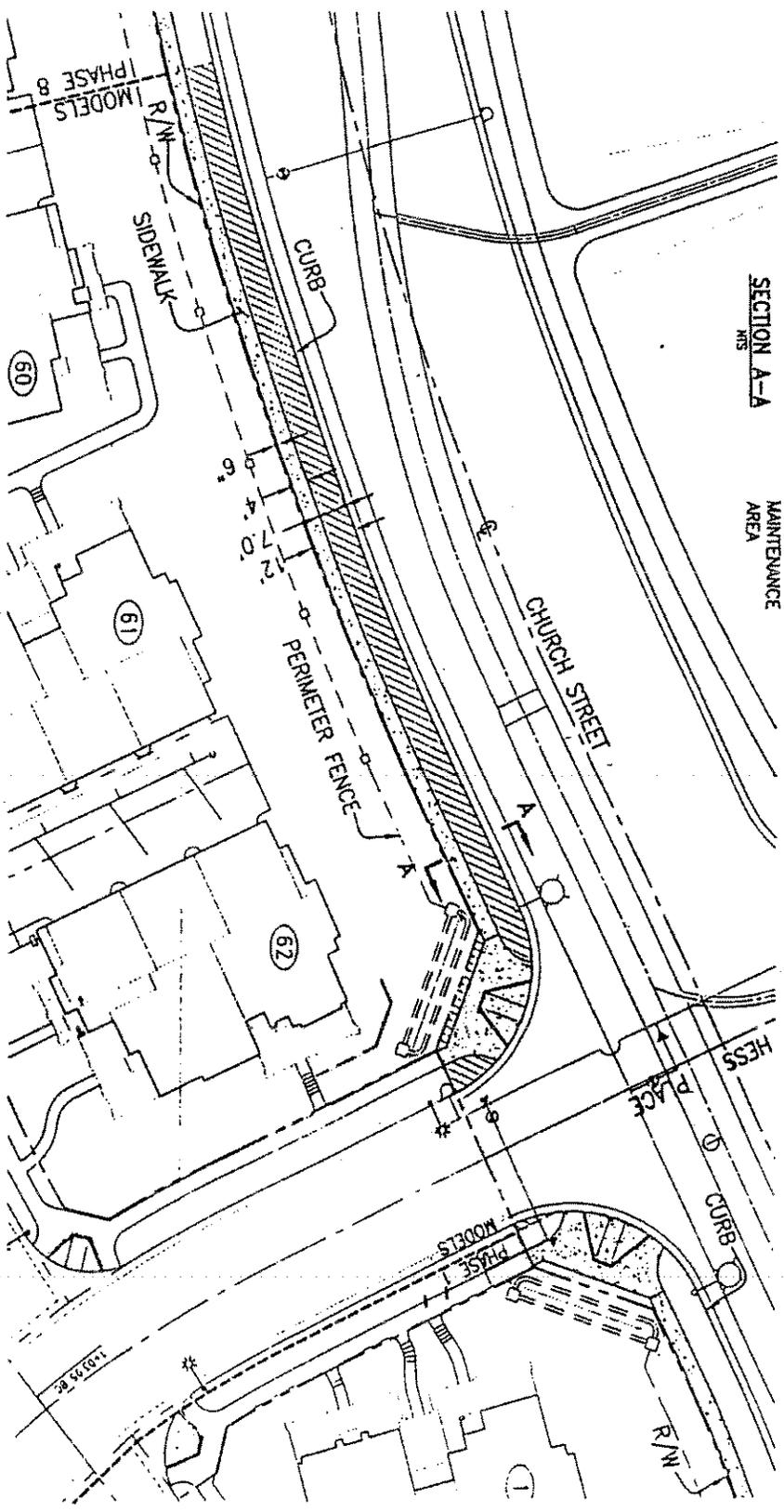
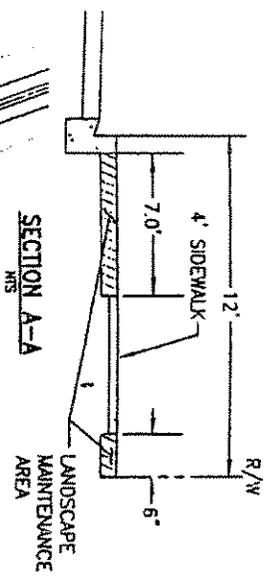
CITY OF
 RANCHO CUCAMONGA

DATE:

3/31/04

SHEET 5

OF 8



SCALE 1" = 40'



NOTE: SIDEWALK TO BE MAINTAINED BY CITY

LEGEND

- CHURCH STREET LANDSCAPE EASEMENT AREA TO BE MAINTAINED BY HOMEOWNERS ASSOCIATION

PREPARED BY :

C&V CONSULTING, INC.
 CIVIL ENGINEERING
 LAND PLANNING AND SURVEYING

IRVING STREET
 ONE TERRACEWAY DRIVE, SUITE 200
 IRVING, CALIFORNIA 92614
 PHONE 949 43-8833 FAX 949 43-8838

MODELS

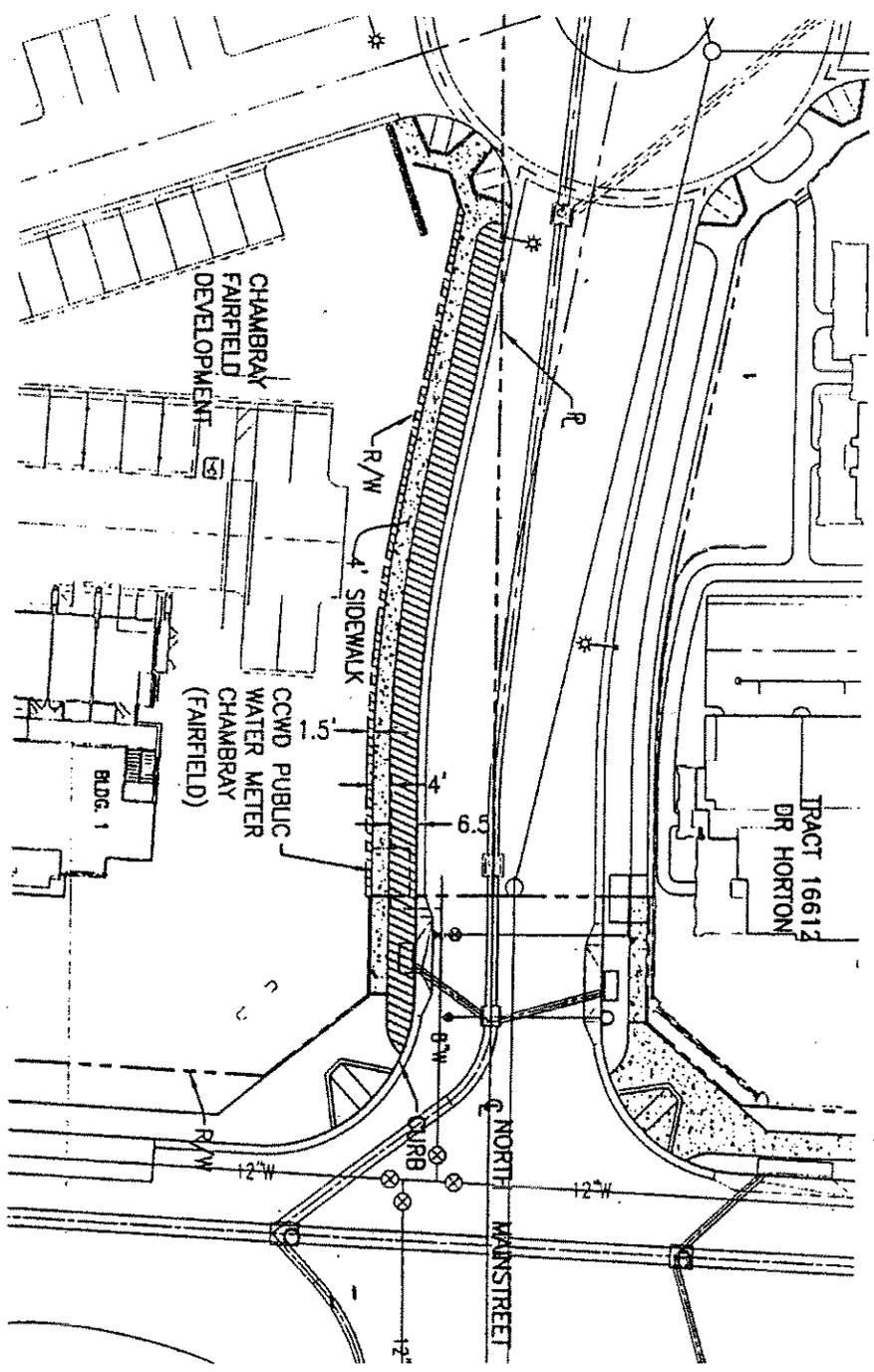
OFF-SITE PUBLIC PARKWAY
 H.O.A. LANDSCAPE MAINTENANCE EXHIBIT
 FOR TRACT NO. 16612

CITY OF
 RANCHO CUCAMONGA

DATE:

3/31/04

SHEET 7 OF 8



SCALE 1" = 40'

0 20 40



LEGEND

 NORTH MAINSTREET
LANDSCAPE EXEMPT AREA
TO BE MAINTAINED BY
HOMEOWNERS ASSOCIATION

PREPARED BY :

C&V CONSULTING, INC.
CIVIL ENGINEERING
LAND PLANNING AND SURVEYING

IRVINE SECTION
ONE TECHNOLOGY DRIVE SUITE 202
IRVINE, CALIFORNIA 92618
PHONE (949) 43-8800 FAX (949) 43-0880

OFF-SITE SHARED DRIVEWAY
H.O.A. LANDSCAPE MAINTENANCE EXHIBIT
FOR TRACT NO. 16612

CITY OF
RANCHO CUCAMONGA

DATE: 3/31/04
SHEET 8
OF 8

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3/12/2004

EXHIBIT "C"

FIRE LANES

[TO BE ATTACHED]