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BOOK 1400316
PAGE 77

DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS
REFUGIO VALLEY MAINTENANCE ASSOCIATION

Sellers
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I N D E X

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"If this document contains any restriction based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status."

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After Recording
Please return to:

Standard Pacific of Northern California
6990 Village Parkway, Suite 201
Dublin, California 94568

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
REFUGIO VALLEY MAINTENANCE ASSOCIATION
CONTRA COSTA COUNTY, CALIFORNIA

THIS DECLARATION made on the date hereinafter set forth by
Standard Pacific, L.P., a Delaware Limited Partnership, its
successors and assigns, hereinafter referred to as "Declarant."

RECITALS

A. The Common Interest Development that is the subject of
this Declaration is a planned development of single family resi-
dences.

B. Declarant is the fee owner of the initial Covered Proper-
ty and the Annexation Property which may from time to time be
annexed pursuant to this Declaration and become a part of the
Covered Property as such terms are defined in the Article entitled
"Definitions" of this Declaration. This Declaration is being
imposed by Declarant upon the Covered Property.

C. Declarant has deemed it desirable to establish covenants,
conditions and restrictions upon the Covered Property and each and
every portion thereof, which will constitute a general scheme for
the management of the Covered Property, and for the use, occupancy
and enjoyment thereof, all for the purpose of enhancing and
protecting the value, desirability and attractiveness of the
Covered Property and enhancing the quality of life within the
Covered Property.

D. It is desirable for the efficient management of the
Covered Property and the preservation of the value, desirability
and attractiveness of the Covered Property to create a corporation

to which should be delegated and assigned the powers of managing the Covered Property, maintaining and administering the Community Property, administering and enforcing these covenants, conditions and restrictions, collecting and disbursing funds pursuant to the assessment and charges hereinafter created and referred to, and to perform such other acts as shall generally benefit the Covered Property.

E. Refugio Valley Maintenance Association, a nonprofit, mutual benefit corporation, has been incorporated under the laws of the State of California for the purpose of exercising the powers and functions aforesaid.

F. Declarant will hereafter hold and convey title to all of the Covered Property subject to certain protective covenants, conditions and restrictions hereafter set forth.

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that all of its interest as the same may from time to time appear in the Covered Property shall be held and conveyed subject to the following covenants, conditions, restrictions and easements which are hereby declared to be for the benefit of said interests in the Covered Property, and the owners of said interests, their successors and assigns. These covenants, conditions restrictions and easements shall run with said interests and shall be binding upon all parties having or acquiring any right or title in said interests or any part thereof, and shall inure to the benefit of each owner thereof and are imposed upon said interests and every part thereof as a servitude in favor of each and every of said interests as the dominant tenement or tenements.

ARTICLE I

DEFINITIONS

Unless the context clearly indicates otherwise, the following terms used in this Declaration are defined as follows:

Section 1.01. "Annexation Property" shall mean and refer to that real property in the City of Hercules, County of Contra Costa, State of California described as follows:

See Exhibit "A" attached hereto and made a part hereof.

Section 1.02. "Architectural Committee" shall mean and refer to the committee or committees provided for in the Article hereof entitled "Architectural Control".

Section 1.03. "Articles" and "Bylaws" shall mean and refer to the Articles of Incorporation and Bylaws of the Association as the same may from time to time be duly amended.

Section 1.04. "Assessments" shall mean Cable Television Service Assessments, Capital Improvement Assessments, Reconstruction

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Assessments, Regular Assessments and Special Assessments, as each is defined in the Article entitled "Assessments" of this Declaration.

Section 1.05. "Association" shall mean and refer to Refugio Valley Maintenance Association, a nonprofit mutual benefit corporation incorporated under the laws of the State of California, its successors and assigns.

Section 1.06. "Association Management Documents" shall mean and refer to the Articles, Bylaws, Declaration and the Association Rules and any amendments to any of the foregoing.

Section 1.07. "Association Rules" shall mean rules adopted by the Association pursuant to the Section entitled "Association Rules" of the Article entitled "Discipline of Members" of the Bylaws.

Section 1.08. "Board" shall mean the Board of Directors of the Association.

Section 1.09. "Common Expenses" shall mean and refer to the actual and estimated costs or amounts paid for:

(a) maintenance, management, operation, repair and replacement of the Community Property, and all other areas which are maintained by the Association pursuant to the provisions of this Declaration;

(b) unpaid Assessments;

(c) maintenance by the Association of areas within the public right-of-way of public streets in the vicinity of the Covered Property as provided in this Declaration or pursuant to agreements with the City;

(d) management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees;

(e) utilities, trash pickup and disposal, gardening and other services which generally benefit and enhance the value and desirability of the Covered Property;

(f) fire, casualty, flood, liability, worker's compensation and other insurance required to be maintained by the Association pursuant to the Articles entitled "Insurance" of this Declaration;

(g) any other insurance obtained by the Association;

(h) premiums on all bonds required in this Declaration for the Association (except for premiums on fidelity bonds obtained by a management agent for its officers, employees and agents);

(i) reasonable reserves as deemed appropriate by the Board;

- (j) taxes paid by the Association;
- (k) discharge of any lien or encumbrance levied against the Community Property or portions thereof;
- (l) expenses incurred by the Architectural Committee or other committees established by the Board;
- (m) other expenses incurred by the Association for any reason whatsoever in connection with the Community Property, or the costs of any other item or items designated by the Association Management Documents, or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association.

Section 1.10. "Community Property" shall mean all real property and the improvements thereon, owned or leased from time to time by the Association for the common use and enjoyment of the Members. The Initial Community Property within the Project is described as:

Parcel B of Subdivision 6436 as shown on that certain subdivision map filed for record in the office of the Recorder of Contra Costa County, State of California on June 18, 1987, in Book 313, Page 17.

Subsequent Community Property will be identified in supplements to this declaration to be recorded at the time of annexation of additional phases.

Section 1.11. "County" shall mean and refer to the Contra Costa County, State of California.

Section 1.12. "Covered Property" shall mean and refer to the Initial Covered Property and, subsequent to the annexation thereof pursuant to the Article of this Declaration entitled "Annexations," any real property which shall become subject to this Declaration.

Section 1.13. "Declarant" shall mean and refer to:

- (a) Standard Pacific, L.P., a Delaware Limited Partnership, its successors and assigns, by merger, consolidation or by purchase of all or substantially all of its assets;
- (b) any person or entity, his or its successors and assigns, who purchases or ground leases from the Declarant named in subsection (a) of this Section five (5) or more Residences or one or more unimproved lots or parcels shown on a map filed for record in the County, within the Development for the purpose of selling or leasing Residences to the public and, if applicable, conveying Community Property to the Association, if such purchaser or lessee agrees in writing with Declarant to accept assignment of

Declarant's rights and duties as to the portion of the Covered Property purchased and such writing is recorded against such portion purchased.

Section 1.14. "Development" shall mean and refer to the Initial Covered Property and the Annexation Property.

Section 1.15. "Exhibit" shall mean and refer to any document so designated herein and attached hereto and each of such Exhibit is by this reference incorporated in this Declaration. If additional property is annexed pursuant to the article entitled "Annexations" of this Declaration, exhibits similar to any exhibit attached to this Declaration may be attached to such Supplementary Declarations pertaining to the annexed property, and each of such exhibits shall thereby be incorporated in this Declaration.

Section 1.16. "Federal Agencies" shall mean and refer to collectively one or more of the following agencies and the following agencies and the following letter designation for such agencies shall mean and refer to respectively the agency specified within the parentheses following such letter designation: FHA (Federal Housing Administration), FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association), VA (Veterans Administration).

Section 1.17. "Final Subdivision Public Report" shall refer to that report issued by the Department of Real Estate of the State of California pursuant to Section 11018.2 of the California Business and Professions Code or any similar statute hereafter enacted.

Section 1.18. "Improvement" shall mean all:

(a) structures and appurtenances thereto of every type and kind, including but not limited to, buildings, out buildings, walkways, sprinkler and sewer pipes or lines, garages, carports, swimming pools and other recreational facilities, roads, driveways, parking areas, fences, screening walls, retaining walls, awnings, patio and balcony covers, stairs, decks, landscaping, hedges, slopes, windbreaks, the exterior surfaces of any visible structure, trees and shrubs, poles, signs, solar or windpowered energy systems or equipment, and water softener or heater or air conditioning and heating fixtures and equipment;

(b) the demolition or destruction by voluntary action of any structure or appurtenance thereto of every type and kind;

(c) the grading, excavation, filling, or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern or change of stream bed;

(d) landscaping, planting, clearing, or removing of trees, shrubs, grass, or plants; and

(e) any change or alternation of any previously approved Improvement including any change of exterior appearance, color or texture.

Section 1.19. "Initial Covered Property" shall mean and refer that real property in the City of Hercules, County of Contra Costa, State of California described as:

Lots 1 - 102 inclusive, and Parcel B of Tract 6436, which Map was filed for record in the office of the Recorder for Contra Costa County on June 18, 1987, in Book 313, Page 17.

Section 1.20. "Lot" shall mean and refer to a lot shown on a final map or a parcel shown on a parcel map filed for record in the county to the extent such lots or parcels are part of the Covered Property.

Section 1.21. "Member" shall mean and refer to every person or entity who qualifies for membership pursuant to the Article of this Declaration entitled "Association Membership," including Declarant so long as Declarant qualifies for membership pursuant to said Article.

Section 1.22. "Mortgage" and "Mortgagee" shall mean and refer respectively to any duly recorded mortgage or deed of trust encumbering a Residence and the holder of the mortgagee's or beneficiary's interest under any such Mortgage. "First Mortgage" and "First Mortgagee" shall mean and refer respectively to a Mortgage which has priority over all other Mortgages encumbering a specific Residence and the holder of any such First Mortgage.

The following additional terms describe Mortgagees or insurers or guarantors of Mortgages who are entitled to specific rights described in the Association Management Documents.

"Eligible Mortgage Holder" shall mean a First Mortgagee who is entitled to receive notification from the Association and has the right to vote or approve any proposed amendment or action that requires the consent of a percentage of Eligible Mortgage Holders. Such Eligible Mortgage Holder shall be entitled to receive such notification and to vote on such matters only if such Eligible Mortgage Holder delivered to the Board a prior written request therefor. Wherever the approval of all or a specified percentage of Eligible Mortgage Holders is required it shall be deemed to mean the vote or approval of all or a specified percentage only of those First Mortgagees who have become Eligible Mortgage Holders by reason of having

provided such notification to the Board. Wherever the vote or written approval of Eligible Mortgage Holders is required, it shall be deemed to mean such vote or approval of the percentage specified based on one (1) vote for each First Mortgage held.

"Requesting Mortgagee, Insurer or Guarantor" shall mean the Mortgage, or insurer or guarantor of a Mortgage entitled to receive timely written notification from the Association of certain matters as provided elsewhere in the Association Management Documents. To be entitled to receive such notification, the Mortgagee, insurer or guarantor must deliver to the Association a written request therefor stating the name and address of such Mortgagee, or insurer or guarantor and the address or other identification of the Residence encumbered by the Mortgage held, insured or guaranteed by such Mortgagee, or insurer or guarantor.

Section 1.23. "Owner" shall mean and refer to one or more persons or entities who are alone or collectively the record owner of a fee simple title to a Residence including Declarant, excluding those having any such interest merely as security for the performance of an obligation. If a Residence 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 Residence. If a Residence 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 Residence is owned other than by Declarant, the Owner of the fee title and not the lessee of such Residence shall be deemed the Owner regardless of the term of the lease.

Section 1.24. "Phase" shall mean and refer to each increment of the Covered Property on which the Department of Real Estate of the State of California has issued a Final Subdivision Public Report.

Section 1.25. "Residence" shall mean and refer to a Lot together with a residential dwelling unit, garages, structures and other improvements on the same Lot. Residence shall not include any Community Property.

Section 1.26. "Supplementary Declaration" shall mean a writing annexing additional property extending the plan of this Declaration to such additional property as provided in the Article entitled "Annexations" of this Declaration. Such writing which must be recorded in the Official Records of the County shall incorporate by reference all of the covenants, conditions, restrictions, easements and other provisions of this Declaration, and shall contain such other provisions set forth in this Declaration as relating to Supplementary Declarations, and such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary

to reflect the different character, if any, of the Annexed Property and as are not inconsistent with the plan of this Declaration.

Section 1.27 - "Homeowners Association Maintenance Area" shall be the area of landscape easements over private lots maintained by the Homeowners Association. These areas are set forth on Exhibit "C1 through C15" attached hereto and made a part hereof.

ARTICLE II

RIGHTS OF OWNERSHIP AND EASEMENTS

Section 2.01 - Reservation of Easements. During the five year period following the conveyance of the first lot in the final phase, Declarant shall reserve to itself the easements set forth in this article.

Section 2.02 - Nature of Easements. Unless otherwise set forth herein, any easement reserved to Declarant herein shall be nonexclusive.

Section 2.03 - Development Rights and Easements Reserved to Declarant.

(a) Utilities. Easements over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities as are needed to service the Covered Property are hereby reserved by Declarant together with the right to grant and transfer the same; provided, however, such easements shall not unreasonably interfere with the use and enjoyment by the Members of their Residences of the Community Property. The Declarant shall repair any damage to and complete any restoration of the Covered Property caused or necessitated by such installation and maintenance within a reasonable time after the occurrence of such damage or need for restoration.

(b) Cable Television. There is hereby reserved to Declarant over the Covered Property, together with the right to grant and transfer the same, the right to emplace on, under or across the Covered Property transmission lines and other facilities for a community antenna television system and thereafter to own, and convey such lines and facilities and the right to enter upon the Covered Property to service, maintain, repair, reconstruct and replace said lines or facilities; provided, however, that the exercise of such rights shall not unreasonably interfere with any Owner's reasonable use and enjoyment of his Residence. Any contracts for cable T.V. or satellite dish equipment must conform with the provisions of Section 6.03 of this declaration.

(c) Construction and Sales. 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 Residences, over the Community 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 Residences within the Covered Property provided, however, that such use shall not be for a period beyond the sale by Declarant of all Residences within the Development and provided further that no such use by Declarant and others shall otherwise unreasonably restrict the Member in the reasonable use and repair and damage to and complete any restoration of the Covered Property caused or necessitated by such construction, display, maintenance, sales and exhibit purposes within a reasonable time after the occurrence of such damage or need for restoration.

(d) Public Bicycle and Pedestrian Trails. There is hereby reserved to Declarant, together with the right to grant and transfer the same, an easement for public ingress and egress over any bicycle, pedestrian, equestrian or other trails shown on any recorded final tract or parcel map covering the Covered Property. The reservation of this easement shall not imply any right of public use of the Covered Property or improvements.

(e) Utilities Shown on Tract Map. There is hereby reserved to Declarant, together with the right to grant and transfer the same, easements over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities as shown on any recorded final tract or parcel map covering the Covered Property.

(f) Land Easements shown on Tract Map. There is hereby reserved to Declarant, together with the right to grant and transfer the same, easements over the Covered Property and also more specifically on the privately owned lots and public right of ways for the installation and maintenance of landscaping. Such easement shall be to the full extent necessary to provide and maintain such landscaping as shown and marked on Exhibits "C1 through C35" attached hereto, on any recorded final tract map, parcel map or as shown on Exhibit "B" and "C" attached hereto covering the Covered Property.

Section 2.04 - Certain Easements for Owners.

(a) Rights and Duties: Utilities and Cable Television. Wherever sanitary sewer house connections, air conditioning connections or ducts, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Covered Property, the Owners of any Residence served by said connections, lines or facilities shall have the right, and there is hereby reserved to Declarant, together with the right to grant and transfer the same to said Owners, an easement to the full extent necessary for the full use and enjoyment of such portion of

such connections which service his Residence, and to enter upon the Residences owned by others, or to have utility companies enter upon the Residences 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 Residence caused by such entry as promptly as possible after completion of work thereon. Entry into a Residence for emergency purposes may be immediate. Entry into a Residence for other than emergency repairs shall be made only after notice has been given to the Owner as required under the provisions of the Bylaws. Entry in either event shall be made with as little inconvenience as possible to the Owner.

(b) Ingress, Egress and Recreational Rights.

Declarant hereby reserves to itself, its successors and assigns, and agrees that it will grant to all Owners together with the right of such Owners to grant and transfer same, nonexclusive appurtenant easements for ingress, egress, use and enjoyment (which includes, without limitation, the unrestricted right of ingress and egress, use and enjoyment Owner's Residence) on and upon the Community Property described in this Declaration or in any Community Property annexed pursuant to a Supplementary Declaration. These right shall be subject to control and management by the Association as more particularly provided in the Section entitled "General Powers of the Association" of the Article entitled "Duties and Powers of the Association" of this Declaration, and to all of the easements, covenants, conditions, restrictions and other provisions contained in this Declaration.

Section 2.05 - Certain Easements for Association

(a) Association Rights. There is hereby reserved to Declarant easements over the Covered Property, together with the right and obligation to grant and transfer the same to the Association, for purpose of permitting the Association to discharge its obligations and powers as described in the Association Management Documents including without limitation a right of entry for such purpose as provided in the Article entitled "Powers and Duties of the Board of Directors" of the Bylaws. Such easements shall specifically include the landscaping easements described in Section 203(f).

(b) Rights and Duties: Utilities and Cable Television.

Wherever sanitary sewer house connections, water house connections, air conditioning connections or ducts, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Covered Property, and said connections, lines or facilities serve the Community Property, the Association shall have the right, and there is hereby reserved to Declarant, together with the right to grant and transfer the same to the Association, an easement to the full extent necessary for the full use and enjoyment of such portion of such connections which service

the Community Property and to enter upon the Residences owned by others, in or upon which said connection, 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 the Association or utility company shall promptly repair any damage to a Residence caused by such entry as promptly as possible after completion of work thereon.

Section 2.06 - Support, Settlement and Encroachment.

There is hereby reserved to Declarant, together with the right to grant and transfer the same, the following reciprocal easements for the purposes set forth below:

- (a) An easement appurtenant to each Residence which is contiguous to another Residence or the Community Property which Residence shall be the dominant tenement and the contiguous Residence or Community Property shall be the servient tenement.
- (b) An easement appurtenant to the Community Property contiguous to a Residence, which Community Property shall be the dominant tenement and which contiguous Residence shall be the servient tenement.
- (c) It is provided, however, that in the event the Community Property is the dominant tenement in an easement described in this Section, Declarant shall have the right to transfer said easement to the Association and not to Owners.

(d) Said easements shall be for the purpose of:

- (i) engineering errors, errors in construction reconstruction, repair, support, and accommodation of the natural settlement or shifting of any portion of the improvements and for the maintenance thereof;
- (ii) minor encroachments by reason of a roof or eave overhang from a Residence and for the maintenance of such roof or eave overhang by the Owner of the dominant tenement for as long as such encroachments exist; and
- (iii) encroachment of fireplaces, doorsteps, foundations, footings, garage doors, utilities and other appurtenances or fixtures and the maintenance thereof by the Owner of the dominant tenement, which, in the construction of the structures upon the dominant tenement or from any reconstruction or modifications of such structures, project beyond the external surface of the outer walls of such structures.

The rights and obligations of Owners shall not be altered in any way by said encroachments, settlement or shifting provided, however, that in no event shall an easement for encroachment be

created in favor of an Owner if said encroachment occurred due to the willful misconduct of any Owner. In the event any portion of a structure on the Covered Property is partially or totally destroyed and then repaired or rebuilt, each Owner agrees that minor encroachments over adjoining Residences or Community Property shall be easements for the maintenance of said encroachments as long as they shall exist.

Section 2.07 - Delegation of Use. Any Member may delegate his right of enjoyment to the Community Property to the members of his family or his tenants who reside on his Residence, or to his guests, or to a vendee under a land sales contract subject to the rules and regulations adopted by the Board. In the event and for so long as an Owner delegates said rights of enjoyment to his tenants, or a vendee said Owner shall not be entitled to the use and enjoyment of any facilities or equipment belonging to or controlled by the Association for the use and enjoyment of its Members.

Section 2.08 - Waiver of Use. No Member may exempt himself from personal liability for Assessments duly levied by the Association, or release the Residence owned by him from the liens, charges and other provisions of the Association Management Documents by waiver of the use and enjoyment of the Community Property or the abandonment of his Residence.

ARTICLE III

DUTIES AND POWERS OF THE ASSOCIATION

Section 3.01 - General Duties and Powers. In addition to the duties and powers enumerated in its Articles and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the specific duties and powers specified in this Article.

Section 3.02 - General Duties of the Association. The Association through the Board shall have the duty and obligation to:

(a) maintain and otherwise manage the following:

(i) all easements and real property and all facilities, improvements and landscaping thereon in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association, said easements shall be specifically the landscaping easements on the streets that shall be dedicated to the City, the landscaping easements on the privately owned lots marked Exhibits "C1 through C35", the area set forth on Exhibit "B" and any landscaping easements over future community property;

(ii) all personal property in which the Association holds an interest, subject to the terms of

any instrument transferring such interest to the Association; and

(iii) all property, real or personal, which the Association is obligated to repair or maintain pursuant to this Declaration, including, without limitation, the Articles of this Declaration entitled "Repair and Maintenance."

(b) establish and maintain a contingency fund pursuant to the Section entitled "Reserves" of the Article entitled "Assessments" of this Declaration;

(c) within ten (10) days of the delivery of written request, provide the Owner with a copy of the Association Management Documents, together with a true statement in writing as to the amount of any delinquent Assessments, penalties, attorneys' fees, and other charges therein as provided by the Association Management Documents. A reasonable fee may be imposed for providing such documents and statement, but in no event shall the fee exceed the reasonable cost to prepare and reproduce the requested documents.

Section 3.03 - General Powers of the Association. Subject to limitations contained in the Article entitled "Powers and Duties of the Board" of the Bylaws, and the Article entitled "Mortgage Protection" of this Declaration, and elsewhere in the Association Management Documents, the Association, through the Board, shall have the power but not the obligation to:

(a) acquire interests in real or personal property for offices or other facilities that may be necessary or convenient for the management of the Covered Property, the administration of the affairs of the Association or for the benefit or enjoyment of the Members;

(b) limit the number of guests of Members and to limit the use of the recreational facilities, if any, on the Community Property by persons not in possession of a Residence but owning a portion of the interest in a Residence required for membership;

(c) establish reasonable rules and regulations pertaining to the use of the Community Property;

(d) impose temporary suspensions of an Owner's rights or other appropriate discipline for failure to comply with the Association Management Documents provided that the Association has complied with the requirements for notice and hearing as set forth in the Section entitled "Notice and Hearing; Correction of Violation" of the Article entitled "Discipline of Members" of the Bylaws. Notwithstanding the foregoing, the Association shall not have the right hereunder to suspend any Member's right to use any portion of the Covered Property necessary for such Member to gain access to his Residence and cannot be empowered to cause a

forfeiture or abridgement of an Owner's right to the full use and enjoyment of his Residence on account of the failure by the Owner to comply with provisions of the Association Management Documents except by judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power or sale for failure of the Owner to pay Assessments duly levied by the Association;

(e) subject to the approval rights of Eligible Mortgage Holders and Owners pursuant to the Article hereof entitled "Mortgage Protection," dedicate or transfer all or any part of the Community Property to any public agency, authority or utility or other entity;

(f) establish in cooperation with the County a special tax assessment district for the performance of all or a portion of the maintenance and other functions now within the responsibility of the Association, together with the right of the Association to convey, lease or otherwise transfer, subject to the provisions of this Section, all or any portion of the Community Property to said district;

(g) grant permits, licenses and easements on, over and under the Community Property to public utilities or governmental entities or agencies for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Covered Property; provided that such permits, licenses and easements shall not unreasonably interfere with the right of any Owner to the use and enjoyment of his Residence and the Community Property;

(h) negotiate and enter into contracts with Mortgagees and mortgage insurers and guarantors as may be necessary and desirable to facilitate the availability of loans secured by Mortgages within the Covered Property.

Section 3.04 - Pledge of Assessment Rights. The Association shall have the power to pledge the right to exercise its Assessment powers in connection with obtaining funds to repay a debt of the Association provided however, any such pledge shall require the prior affirmative vote or written assent of a majority of the voting power of the Association residing in members other than the Declarant. Said power shall include, but not be limited to, the ability to make an assignment of Assessments which are then payable to or which will become payable to the Association, which assignment may be then presently effective but shall allow said Assessments to continue to be paid to and used by the Association as set forth in this Declaration, unless and until the Association shall default on the repayment of the debt which is secured by said assignment. The Association may levy Special Assessments against the Members to obtain such funds. Upon the failure of any Member to pay said Special Assessment when due, the Association may exercise all rights, including, without limitation, the right to foreclose its lien pursuant to the Article hereof entitled

"Enforcement of Assessment Liens". Without limiting the generality of the foregoing, any pledge of Assessment rights in excess of an amount equal to twenty percent (20%) of the total Regular Assessments collected by the Association in the then preceding fiscal year shall require the prior written approval of fifty-one percent (51%) of the Eligible Mortgage Holders. The levying of Special Assessments pursuant to this Section must also comply with the requirements of the Section entitled "Maximum Assessments" of the Article entitled "Assessments" of this Declaration.

Section 3.05 - Power of Attorney. In addition to any other rights, duties, obligations and powers granted to the Association herein, and not in limitation of any such rights, duties, obligations and powers, each Owner appoints the Association as attorney-in-fact for the purpose of handling any losses or proceeds from condemnation, destruction or liquidation of all or any part of the Covered Property to the extent such functions are the obligation of the Association as such obligations are more particularly described in the Association Management Documents. All such proceeds shall be retained in the general funds of the Association.

Section 3.06 - Association to Defend Certain Actions. In the event that a lawsuit is filed against all or substantially all of the Owners as Members, or a lien is levied against all or substantially all of the Covered Property, the Association, upon a majority vote of the Members named as defendants or those Members whose property is covered by the lien, shall defend such lawsuit or cause such lien to be removed. The costs of such litigation or removal shall be a Special Assessment against all Members joined as defendants in such lawsuit or whose property is covered by the lien, provided, however, in the event that an insurance carrier is obligated to provide such defense under a policy of insurance carried by the Association, the Association shall be relieved of the obligation to provide such defense. Nothing contained herein shall in any way limit the rights of any Member or Members to retain counsel of their choice to represent them in such lawsuit at their own expense. In the event that a Member so chooses, he shall not be relieved of liability for the Special Assessment provided for in this Section.

ARTICLE IV

ASSOCIATION MEMBERSHIP

Section 4.01 - Membership. Every Owner including the Declarant as long as Declarant continues to be an Owner by virtue of holding title to a Residence shall be a Member. The terms and provisions set forth in this Declaration, which are binding upon all Owners, are not exclusive, as Owners shall, in addition, be subject to the terms and provisions of the Articles, Bylaws and Association Rules to the extent the provisions thereof are not in conflict with this Declaration. Membership of Owners shall be appurtenant to and may not be separated from the interest of such Owner in any Residence.

Ownership of a Residence shall be the sole qualification for membership; provided, however, a Member's rights or privileges may be regulated or suspended for failure to comply with the Association Management Documents after notice and hearing as provided in the Section entitled "Notice and Hearing; Correction of Violation" of the Article entitled "Discipline of Members" of the Bylaws.

Section 4.02 - Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except that such membership shall automatically be transferred to the transferee of the interest of an Owner required for membership. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. The Association shall have the right to record the transfer upon the books of the Association without any further action or consent by the transferring Owner.

Section 4.03 - Plural Memberships. A Member may own more than one membership in the Association by complying with the qualifications of membership as to more than one (1) Residence as set forth in this Article and the Section entitled "Owner" of the Articles entitled "Definitions" of the Declaration.

ARTICLE V

MEMBERSHIP VOTING RIGHTS

Section 5.01 - Voting Rights. All voting rights shall be subject to the restrictions and limitations provided in the Association Management Documents and shall commence at the time specified in the Section entitled "Vesting of Voting Rights" of the Article entitled "Assessments" of this Declaration.

Section 5.02 - Classes of Voting Membership. The Association shall have two (2) classes of voting membership.

Class A. Class A Members shall be all Owners with the exception of the Declarant until the Class B membership has been converted to Class A membership, and after such conversion all Owners shall be Class A Members. Class A Members shall be entitled to one (1) vote for each Residence in which they hold the interest required for membership. When more than one person owns a portion of the interest in a Residence required for membership, each such person shall be a Member and the vote for such Residence shall be exercised as they among themselves determine, but in no event shall more than one (1) Class A vote be cast with respect to any Residence. The Association may, but shall not be obliged to, refuse 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 of 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 Residence in which it holds the interest required for membership; provided that Class B membership shall forever cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest;

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

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

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

Section 5.03 - Voting Requirements for Special Actions. As long as there is a Class B membership, the actions indicated below in this Section shall require the percentage of the Class B as well as the Class A voting power of the Association prescribed in the Association Management Documents. After the Class B membership has converted to Class A membership, such actions shall require the prescribed percentage of the voting power of the Association together with the prescribed percentage of the total voting power of Members other than Declarant.

(a) Assessment Increase. Increasing the amount of the Regular Assessment or levying any other Assessment to defray the cost of any act or undertaking of the Association in any fiscal year in excess of the amounts permitted under the Section entitled "Maximum Assessments" of the Article entitled "Assessments" of the Declaration;

(b) General Limitations. Taking any of the actions specifically prohibited under the provisions of the Section entitled "General Limitations and Restrictions of the Powers of the Board" of the Article entitled "Powers and Duties of the Board of Directors" of the Bylaws;

(c) Amendments. Amending any provision of the Articles, Bylaws or the Declaration;

(d) Annexation. Annexing real property to the plan of the declaration other than the annexation of the Annexation Property in accordance with the provisions of the Section entitled "Annexation Without Approval and Pursuant to General Plan" of the Article entitled "Annexations" of the Declaration.

Section 5.04 - Special Voting Rights. Notwithstanding the provisions of this Article, from the first election of directors,

and thereafter for as long as a majority of the voting power of the Association resides in the Declarant, or as long as there is a Class B membership, not less than twenty percent (20%) of the directors shall have been elected solely by the votes of Owners other than the Declarant.

Section 5.05 - Approval of All Members. With the exception of enforcement of bonded obligations, no regulation which requires the approval of a prescribed majority of the voting power of members other than the Declarant for action to be taken by the Association is intended to preclude the declarant from casting votes attributable to subdivision interests which it owns. Unless elsewhere otherwise specifically provided in this Declaration, any provision of this Declaration which requires the vote or written assent of either the voting power of the Association or any class or classes of membership shall be deemed satisfied by the following:

(a) The vote in person or by proxy of the specified percentage of all of the votes which are entitled to be cast by either the entire membership of the Association or any class or classes of membership, as the case may be. Said vote shall be at a meeting duly called and noticed pursuant to the provisions of the Bylaws dealing with annual or special meetings of the Members;

(b) Written consents signed by the specified percentage of all of the votes which are entitled to be cast by either the entire membership of the Association or any class or classes of membership, as the case may be. Said vote by written consent shall be solicited pursuant to the procedures provided in the Bylaws.

ARTICLE VI

ASSESSMENTS

Section 6.01 - Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Subdivision Interest owned within the Project, hereby covenants, and each owner of a Subdivision interest by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) regularly assessments or charges; and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The regular and special assessments, together with any interest, costs, and reasonable attorney's fees that may be added for assessments not timely made, shall be a charge on the subdivision interest and shall be a continuing lien upon the subdivision interest against which each such assessment is made, the lien to become effective upon recordation of a notice of assessment. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such subdivision interest at the time when the assessment fell due. No owner of a subdivision interest

may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the Community Property or by the abandonment of his subdivision interest.

Section 6.02 - Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the entire Project and for the improvement and maintenance of the Community Property for the common good of the Project.

Section 6.03 - Cable Television Service Assessments. "Cable Television Service Assessment" shall mean a charge against an Owner and his Residence for cable television services. The Board may but shall not be obligated to contract with a cable television service company to provide service for the benefit of Members who subscribe for such service. In the event the Board makes such election, Cable Television Service Assessments shall be levied against Owners who have subscribed with the Association for such service and shall be payable in full or in installments, and at the times designated by the Board. The Board shall have the power to contract for cable T.V. equipment or satellite dish equipment, provided that the contract does not exceed five (5) years in duration and provided that the supplier is not an entity in which the declarant has a direct or indirect ownership interest of ten percent (10%) or more.

Section 6.04 - Reconstruction Assessments. "Reconstruction Assessment" shall mean a charge against each Member and his Residence representing a portion of the cost to the Association for the repair, replacement of reconstruction of any portion or portions of the Community Property.

Section 6.05 - Regular Assessments.

(a) "Regular Assessment" shall mean the charge levied against each Member and his Residence representing such Member's proportionate share of the estimated Common Expenses for the forthcoming fiscal year. Prior to the beginning of each fiscal year, as more particularly provided in the Bylaws, the Board shall distribute to each Member a pro forma operating statement or budget for the upcoming fiscal year which shall estimate the total Common Expenses to be incurred for such fiscal year. The Board shall at that time determine the amount of the Regular Assessment and the installments thereof, to be paid by each Member. Each such installment shall be due and payable on a date established by the Board in the written notice sent to Members.

(b) In the event the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it shall then immediately determine the approximate amount of such inadequacy, issue a supplemental estimate of the Common Expenses and to the extent permitted in the Section entitled "Maximum Assessments" of

this Article, determine the revised amount of the Regular Assessment and installments thereof, if applicable, against each Member, and the date or dates when due.

(c) The Regular Assessment levied against each Member for the initial fiscal year of the Association shall be the amount set forth in the Final Subdivision Public Report, as amended if applicable, in effect on the date of the first conveyance of a Residence by Declarant.

Section 6.06 - Special Assessments. In addition to the annual assessments authorized above, the Association through the Board of Directors may levy, in any assessment year, a special assessment applicable to that year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Community Property, including fixtures and personal property related thereto, provided that any such special assessment shall have the vote or written assent of fifty-one percent (51%) of members other than the Declarant, when the amount of the special assessment exceeds five percent (5%) of the budgeted gross expenses for the year.

Section 6.07 - Maximum Annual Assessments. The initial maximum annual assessment shall be set by the Board of Directors. The initial maximum annual assessments shall apply until December 1 of the year immediately following the year in which the conveyance of the first lot occurred.

The governing body of the Association may not, without the vote or written assent of a majority of the voting power of the Association residing in members other than the subdivider, impose a regular annual assessment per subdivision interest which is more than twenty percent (20%) greater than the regular assessment for the immediately preceding fiscal year.

Section 6.08 - Assessment Allocation. Assessments shall be fixed at an equal amount for each Residence for Regular Assessments, Reconstruction Assessments and Special Assessments levied against all Residences for an act or undertaking of the Association not covered under Regular Assessments and Capital Improvement Assessments.

The provisions of this Section do not apply to an assessment levied by the Board to reimburse the Association for costs incurred in bringing the Member and his Residence into compliance with the provisions of the Association Management Documents but any such Assessment shall be subject to the provisions of the Section entitled "Costs and Charges Not Subject to Lien" of this Article.

All Assessments may be collected at intervals selected by the Board.

Section 6.09 - Costs and Charges Not Subject to Lien. A monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Association Management Documents or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Community Property for which the Member was allegedly responsible or in bringing the Member and his Residence into compliance with the Association Management Documents may not be characterized nor treated as an Assessment which may become a lien against such Member's Residence enforceable of the Article entitled "Enforcement of Assessment Liens" of the Declaration. Nothing in this Declaration, however, shall prevent the Association from bringing an action at law or in equity against a Member to collect any monetary penalty imposed by the Association for any of the foregoing reasons.

Section 6.10 - Certificate of Payment. The Association shall, upon demand, furnish to any Member liable for Assessments a certificate in writing signed by an officer or authorized agent of the Association setting forth whether the Assessments on such Owner's Residence have been paid, and the amount of delinquency, if any. A reasonable charge may be collected by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 6.11 - Date of Commencement of Regular Assessments. The Regular Assessments shall commence with respect to all Residences in a Phase on the first day of the month following the first conveyance of a Residence within such Phase. The first Regular Assessment shall be adjusted according to the number of months remaining in the fiscal year. The Regular Assessment amount shall be fixed by the Board and written notice sent to every Owner subject thereto. In the event the amount budgeted to meet Common Expenses for then current year proves to be excessive in light of the actual Common Expenses, the Board in its discretion may either reduce the amount of the Regular Assessment or may abate collection of Regular Assessments as it deems appropriate.

Section 6.12 - Vesting of Voting Rights. An Owner's right to vote shall vest immediately upon the date Regular Assessments are levied against the Phase in which such Owner's Residence is located.

Section 6.13 - Reserves.

(a) The Regular Assessments which are payable in regular installments as established by the Board include an adequate reserve fund established by the Board for the periodic maintenance, repair and replacement of Community Property improvements that may be required to be maintained by the Association pursuant to this Declaration.

(b) 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, and may be in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by the United States of America. The reserve fund is for the purpose of effecting replacements for structural elements and mechanical equipment of any recreational or other facilities owned by the Association or owned in common by the Members and maintained by this Declaration, or for any other purposes as may be determined by the Board. Such reserves shall be deemed a contribution to the capital account of the Association by the Member.

Section 6.14 - Transfer of Unit by Sale or Foreclosure: A lien of non-payment of assessments shall be subordinate to any first encumbrance (first Deed of Trust of first mortgage) recorded against the subdivision interest. The transfer of a subdivision interest as a result of the exercise of a power of sale or a judicial foreclosure involving a default under the first encumbrance shall extinguish the lien of assessments which were due and payable prior to the transfer of the subdivision interest. No transfer of a subdivision interest as the result of a foreclosure or exercise of power of sale shall relieve the new owner, whether it be the former beneficiary or another person from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VII

ENFORCEMENT OF ASSESSMENT LIENS

Section 7.01 - Delinquency. Any Assessment not paid within thirty (30) days after the due date shall bear interest at the rate of ten percent (10%) per annum from the due date until paid. A regular or special assessment and any interest assessed in accordance with Section 1366 of the Civil Code, shall be a lien on the owners interest in the common interest development from and after the time the association causes to be recorded with the Contra Costa County Recorder. A notice of delinquent assessment, which shall state the amount of the assessment and other sums imposed in accordance with Section 1366 of the Civil Code, a description of the owner's interest in the common interest development against which the sums are levied, the name of the record owner of the levied interest, and, in order for the lien to be enforced by nonjudicial foreclosure as provided in Section 7.02, 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 president of the association. Upon payment of the sums specified in the notice of delinquent assessment, the association shall cause to be recorded a further notice stating the satisfaction and release of lien thereof.

Section 7.02 - Foreclosure Sale. A lien created pursuant to Section 7.02 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 the provisions of Civil Code Section 2924, 2924b, and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trust. Nothing in this section or in subdivision (a) of Civil Code Section 726 prohibits actions against the owner of a separate interest to recover sums for which a lien is created pursuant to this section or prohibits an association from taking a deed in lieu of foreclosure.

ARTICLE VIII

USE RESTRICTIONS

The following use restrictions are legally unenforceable equitable servitudes.

Section 8.01 - Commercial Use. Subject to the Section entitled "Construction and Sales" of the Article entitled "Rights of Ownership and Easements" of this Declaration, 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 Community Property as it deems appropriate for the enjoyment of the Community Property or for the benefit of the Members.

Section 8.02 - Signs. No sign or billboard of any kind shall be displayed to the public view on any portion of the Covered Property except such signs as may be used by Declarant or its sales agents in connection with the development of the Covered Property and sale of the Residences; provided, however, that a Member may display on his Residence a sign advertising the sale or lease of his Residence so long as such sign is of reasonable dimensions. The Declarant shall repair any damage to or complete any restoration of the Covered Property caused or necessitated by the display of signs by Declarant or its sales agents within a reasonable time after the occurrence of such damage or need for restoration.

Section 8.03 - Nuisance. No noxious or offensive trade or activity shall be permitted upon any Residence or any part of the Covered Property, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of his respective Residence, or which shall in any way increase the rate of insurance on any Residence or the Covered Property.

Section 8.04 - Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other

out-building shall hereafter be used on any Residence at any time, either temporarily or permanently.

Section 8.05 - Vehicles.

(a) Except as provided in this Section, no commercial vehicle, recreational vehicle or equipment shall hereafter be permitted to remain upon the Covered Property unless placed or maintained in the rear or on the side of a Residence within an enclosed area, or unless obscured from view of adjoining Residences, streets, or alleys by a solid wall or fence or appropriate screen. This restriction shall not be deemed to prevent temporary parking for loading and unloading of vehicles or the temporary parking of commercial vehicles providing maintenance or repair services to the Residence.

(b) No automobile, recreational vehicle or equipment, commercial vehicle or any other motorized vehicle may be dismantled, rebuilt, repaired, serviced or repainted on the Covered Property unless performed within a completely enclosed garage or other structure located on a Residence which completely screens the sight and sound of such activity from streets, Community Property and neighboring Residences. The foregoing restriction shall not be deemed to prevent temporary parking for washing and polishing and those activities normally incident to washing and polishing of vehicles.

(c) As used in this Section, "recreational vehicle or equipment" shall include, without limitation, trailers, boats, campers, trailer coaches, buses, house cars, cap cars, motor homes (if a size larger than seven (7) feet in height and/or greater than one hundred twenty-four (124) inches in wheel base length), or any other similar type of equipment or vehicle.

(d) As used in this Section, "commercial vehicle" shall be defined as a truck of greater than three-quarter (3/4) ton capacity.

(e) Temporary parking shall mean parking of vehicles belonging to guests of Owners and commercial vehicles being used in the furnishing of services to the Association or the Owners and parking vehicles belonging to or being used by Owners for loading and unloading purposes.

(f) The Board may adopt rules for the regulation of the admission and parking of vehicles within the Covered Property, including the assessment of charges to Owners who violate, or whose invitees violate, such rules. Such rules may permit parking of recreational and commercial vehicles and equipment for limited periods of time on a non-recurring basis.

(g) Any fence, screen or structure required under this Section shall comply with any standards established pursuant to the Article entitled "Architectural Control" of this Declaration.

as to size, color, or other qualification for permitted fences or screens.

Section 8.06 - Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept upon the Covered Property, except that dogs, cats or other household pets may be kept on the Residences, provided they are not kept, bred or maintained for any commercial purpose, or in numbers deemed unreasonable by the Board.

Notwithstanding the foregoing, no animals may be kept on the Residences which in the good faith judgment of the Board, or a committee selected by the Board for this purpose, result in any annoyance or are obnoxious to residents in the vicinity. All animals permitted to be kept by this Section shall be kept on a leash when on any portion of the Covered Property except within a Residence.

Section 8.07 - Oil and Mineral Rights. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in the Covered Property nor, subsequent to the recording of this Declaration, shall oil wells, tanks, tunnels, or mineral excavations or shafts be installed upon the surface of the Covered Property or within five hundred (500) feet below the surface of such properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Covered Property.

Section 8.08 - Unsightly Items. All weeds, rubbish, debris, or unsightly material or objects of any kind shall be regularly removed from the Residences and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, trash cans, wood-piles, storage areas, machinery and equipment shall be prohibited upon any Residence unless obscured from view of adjoining streets or portions of the Covered Property from a height of six (6) feet or less.

Section 8.09 - Fences. Any fence or screen required by Section 8.08 or otherwise erected or constructed on the Covered Property shall comply with the standards established pursuant to the Article entitled "Architectural Control" of this Declaration as to size, color, design, and location, or other qualification for permitted fences or screens. No fence or screen shall exceed 6 ft. in height and be composed of any building materials other than wood, masonry, or wrought iron.

Section 8.10 - Antennae And Other Roof Structures. No television, radio, or other electronic towers, aerials, antennae or devices of any type for the reception or transmission of radio or television broadcasts or other means of communication shall hereafter be erected, constructed, placed or permitted to remain on the Covered Property unless and until the same shall have been approved in writing by the Architectural Committee, or unless the same be

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contained within a building or underground conduits. No appliances or installations on exterior roofs of structures including, without limitation, roof-top turbine ventilators, shall be permitted unless they are installed in such a manner that they are not visible from streets, Community Property, or neighboring Residences, except that attic ventilator and solar panels which are architecturally treated in conformity with guidelines contained in the Architectural Standards and which have been approved by the Architectural Committee pursuant to the provisions of the Article entitled "Architectural Control" of this Declaration shall be permitted.

Section 8.11 - Drainage. All drainage of water from any Residence shall drain or flow into adjacent streets or alleys and shall not be allowed to drain or flow upon, across, or under any other portion of the Covered Property unless an easement for such purpose is granted. An Owner shall not alter the drainage of water which exists pursuant to the drainage plan originally created at the time of the initial sale of his Residence by Declarant except through the use of a positive drainage device which does not materially affect the concentration or flow direction of drainage water under said drainage plan.

Section 8.12 - Garages. No Garage doors shall be permitted to remain open except for a temporary purpose, and the Board may adopt rules for the regulation of the opening of Garage doors, including the assessment of charges to Owners who violate or whose invitees violate such rules.

Section 8.13 - Window Covers. Curtains, drapes, shutters or blinds may be installed as window covers. No window shall be covered with aluminum foil, newspapers or other material not designed for use as a window cover.

Section 8.14 - Recreational Facilities. The Board may adopt rules and regulations regarding the installation of any sports and recreational facilities and equipment on the Residences, including, without limitation, the mounting of basketball backboards.

Section 8.15 - Leases. Any agreement for the leasing or rental of a Residence (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 agreements 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 Residence has the duty and obligation to furnish the Board with the name or names of the individuals currently leasing or renting said Residence and to maintain with the Association a record of the current mailing address of said Owner. Any Owner who shall lease his Residence shall be responsible for assuring compliance by such Owner's lessee with the Association Management Documents.

No Residence shall be leased for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days or any rental whatsoever if the occupants of the Residence are provided customary hotel services such as room service for food and beverage, maid service, furnishing laundry and linen and bellboy service.

ARTICLE IX

REPAIR AND MAINTENANCE

Section 9.01 - Repair and Maintenance by Association. Except to the extent that an Owner may be obligated to maintain and repair as hereinafter provided, and without limiting the generality of the statement of duties and powers contained in the Association Management Documents, the Association acting through its Board and its officers shall have the duty to accomplish the following upon the Covered Property or other land in such manner and at such times as the Board shall prescribe:

(a) manage, operate, control, maintain, repair, restore, replace and make necessary improvements to the Community Property, including, without limitation, the following:

(i) private walkways, bicycle paths, trails or other pedestrian paths;

(ii) drainage facilities and easements in accordance with the requirements of the County Flood Control District;

(b) maintain slopes, install and maintain fuel modification landscaping and irrigation systems.

(c) maintain all other areas, facilities, equipment, services or aesthetic components of whatsoever nature as may from time to time be requested by the vote or written consent of a majority of the voting power of the Association.

The costs of any such maintenance and repair pursuant to this Section shall be paid out of the general funds of the Association, except as otherwise specified in this Declaration as payable by the particular Owners.

Section 9.02 - Repair and Maintenance by Owner. Each Owner shall:

(a) maintain in good condition and repair the exterior of his Residence including without limitation, the walls, fences and roof of such Residence; and

(b) install and thereafter maintain in attractive condition yard landscaping in accordance with the provisions of this Article.

Section 9.03 - Noncompliance by Owner. In the event that an Owner fails to accomplish any installation, maintenance or repair required by this Article, the Board shall give notice to the Owner describing the deficiency and setting a date for a hearing before the Board for such purpose. The procedure for such notice and hearing and for correction of the violation is described in the Section entitled "Notice and Hearing; Correction of Violation" of the Article entitled "Discipline of Members" of the Bylaws.

Section 9.04 - Standards for Maintenance and Installation.

(a) Maintenance of the exterior of the Residences, including without limitation, walls, fences and roof shall be accomplished in accordance with the Architectural Standards and, if required by the Architectural Standards, only after approval of the Architectural Committee.

(b) All portions of the yard of a Residence which are unimproved and visible from the street on which said Residence fronts shall be landscaped by the Owner thereof on or before a date six (6) months from the original conveyance of such Residence by Declarant. Thereafter, such landscaping shall be maintained by the Owner in an attractive condition and according to any rules promulgated by the Board.

(c) All slopes or terraces on any Residence shall be maintained as to prevent any erosion thereof upon adjacent streets or adjoining property.

Section 9.05 - Maintenance of Public Utilities. Nothing contained herein shall require or obligate the Association to maintain, replace or restore the underground facilities or public utilities which are located within easements in the Community 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 9.06 - Transfer of Title and/or Control.

(a) The Community Property which will be Parcel B of subdivision 6436 adjacent to the Initial Covered Property shall be conveyed to the Association prior to or concurrently with the first conveyance of a Residence located within the Initial Covered Property. Any real property denominated as "Community Property" in a Supplementary Declaration shall be conveyed to the Association prior to or concurrently with the first conveyance of a Residence located within the real property which is annexed to the coverage hereof by such Supplementary Declaration. Declarant shall convey the Community Property to the Association free of all liens and encumbrances except current real property taxes (which taxes shall be prorated as of the date of conveyance), title exceptions of record as shown on the most current preliminary title report, such exceptions are not encumbrances that are placed

on record to secure the payment of an obligation and the covenants, conditions, reservations and restrictions contained in this Declaration and the instrument which conveys the Community Property to the Association.

(b) The Declarant may notify the board when the common area improvements (including landscaping) for a particular phase or some portion thereof have been completed. Within 30 days after the later to occur of (i) Declarant's giving of such notice and (ii) the date on which members other than representatives of Declarant constitute a majority of the board, Declarant and the board shall jointly select an independent and qualified engineer or architect to perform an inspection of improvements on the Community Property or other property to be maintained by the Association pursuant to this Declaration. If Declarant and the board are unable or fail to agree on the selection within thirty (30) days, shall each select a licensed engineer or architect and the persons so selected, within fifteen (15) days after both are selected, shall jointly select a third engineer or architect. If either Declarant or the board fails to select an engineer or architect within the time provided, then that party shall be deemed to have irrevocably waived its right to select, and the inspection shall be performed by the engineer or architect selected by the other party. If the engineers or architects selected by Declarant and the board shall fail to select a third person within the time provided, then either Declarant or the board may petition any court of competent jurisdiction for appointment of such a third person. Each person elected or appointed pursuant to this paragraph is referred to herein as an "Inspector," and all Inspectors are referred to collectively as the "Inspector." Declarant shall pay the reasonable compensation of the Inspector.

(1) Promptly upon the selection of the Inspector as provided in subsection (b), the Inspector shall inspect the common area improvements as to which Declarant has given notice of completion and requested inspection. Declarant and the board may accompany the Inspector during the inspection. The inspection shall be limited to a visual inspection, and under no circumstances shall improvements be uncovered. The Inspector shall not be responsible for identifying latent defects. Promptly after the inspection is completed, the inspector shall submit a written report (the "Report") to Declarant and the board specifying the respects, if any, in which the improvements do not conform to the plans and specifications therefor and are defective, and if there are no such defects, the Report shall state that the improvements conform to the plans and specifications therefor. The Report shall constitute conclusive and binding evidence that, except as otherwise provided therein and except for latent defects, if any, the improvements have been constructed in accordance with the plans and specifications therefor, and thereafter Declarant shall have no further liability, duty or obligation with respect to such improvements, except to remedy any defects specified in the Report and except with respect to latent defects, if any, and the

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separate repair obligations of Declarant under express written warranty, if any.

(2) Declarant shall correct any defects specified in the Report, and the Inspector shall reinspect such improvements within thirty (30) days after Declarant's request. Such reinspection shall be performed in the same manner as provided for the first inspection. Promptly after the reinspection is completed, the Inspector shall submit another written report (the "Reinspection Report") to Declarant and the board specifying the defects specified in the Report which have not been corrected, if any, and if all such defects have been corrected the Reinspection Report shall state that the improvements conform to the plans and specifications therefor. The Reinspection Report shall constitute conclusive and binding evidence that, except as otherwise provided therein and except for latent defects, if any, the improvements have been constructed in accordance with the plans and specifications therefor, and thereafter Declarant shall have no further liability, duty or obligation with respect to such improvements, except to remedy and defects specified in the Reinspection Report and except with respect to latent defects, if any, and the separate repair obligations of Declarant under express written warranty, if any.

(3) Additional inspections and Reinspection Reports shall be made, if necessary, all in accordance with and with the same effect as provided hereinabove.

(4) If the improvements to be inspected are landscaping improvements, then notwithstanding anything to the contrary contained herein, the Inspector shall be a horticulturalist or landscape architect. In all other respects, the provisions of this section shall apply to the inspection of landscaping improvements.

(5) Within ten (10) days after all defects have been corrected, as evidenced by a Report or Reinspection Report, the board shall accept the improvements in writing, accept such property for maintenance and shall release in writing any and all rights under any and all payment and performance, labor and material, and completion bonds pertaining to the improvements.

(c) Declarant, its subcontractors and the agents and employees of the same shall have the right to come on the Community Property to complete the construction of any landscaping or other improvement to be installed on the Community Property, and if any excess of Assessments collected over actual Common Expenses incurred by the Association is caused by reason of construction or maintenance pursuant to this Section, or otherwise, such excess shall be placed in reserve to offset the future expenses of the Association in any manner designated by the Board. Declarant shall repair any damage to and complete any restoration of the Covered Property caused or necessitated by such construction

within a reasonable time after the occurrence of such damage or need for reconstruction.

ARTICLE X

ARCHITECTURAL CONTROL

Section 10.01 - Architectural Committee.

(a) The Architectural Committee shall consist of not less than three (3) nor more than five (5) persons as fixed from time to time by resolution of the Board. The Declarant shall initially appoint the Architectural Committee. The Declarant shall retain the right to appoint, augment or replace all members of the Architectural Committee until one (1) year after the date of the issuance of a Final Subdivision Public Report covering the Initial Covered Property. The Declarant shall retain the right to appoint, augment or replace a majority of the members of the Architectural Committee until five (5) years after the date of the issuance of said Final Subdivision Public Report, or until ninety percent (90%) of the Residences within the Development have been conveyed by the Declarant, whichever shall first occur.

(b) Notwithstanding the foregoing, commencing one (1) year following the issuance of said Final Subdivision Public Report, the Board shall have the right but not the obligation to appoint the remaining persons to the Architectural Committee. Five (5) years after the date of the issuance of said Final Subdivision Public Report, or when ninety percent (90%) of the Residences within the Development have been conveyed by Declarant, whichever shall first occur, the right to appoint, augment or replace all members of the Architectural Committee shall automatically be transferred to the Board. Persons appointed by the Board to the Architectural Committee must be Members; however, persons appointed by Declarant to the Architectural Committee need not be Members, in Declarant's sole discretion.

(c) The address of the Architectural Committee shall be the address established for giving notice to the Association. Such address shall be the place for the submittal of plans and specifications and the place where the current Architectural Standards shall be kept.

Section 10.02 - Architectural Standards. The Board may, from time to time, adopt and promulgate Architectural Standards to be administered through the Architectural Committee. The Architectural Standards may include among other things those restrictions and limitations upon the Owners set forth below:

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

(b) Conformity of completed Improvements to plans and specifications approved by the Architectural Committee; provided however, as to the purchasers and encumbrances in good faith and for value unless notice of noncompletion or nonconformance identifying the violating Residence and its Owner and specifying the reason for the notice, executed by the Architectural Committee, shall be filed for record in the Office of the County Recorder of the County, and given to such Owner within one (1) year 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 one (1) year period, the completed 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, only with respect to purchasers and encumbrances in good faith and for value. The Owner to whom a notice of noncompletion or noncompliance has been issued shall be bound by such notice regardless of whether such notice has been filed of record in the Office of the County Recorder. Each Owner hereby is deemed to have consented to an authorized the recordation against his Residence of such a notice of noncompletion or nonconformance executed only by the Architectural Committee or its delegate.

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

(d) A description of the types of such construction, reconstruction, additions, alterations or maintenance which, if completed in conformity with the Architectural Standards, do not require the approval of the Architectural Committee.

Section 10.03 - Functions of Architectural Committee.

(a) It shall be the duty of the Architectural Committee to consider and act upon proposals or plans submitted pursuant to the terms of the Declaration or the Architectural Standards, and to perform such other duties delegated to it by the Board.

(b) The Architectural Committee may delegate its plan review responsibilities to one or more members of such Architectural Committee. Upon such delegation, the approval or disapproval of plans and specifications by such persons shall be equivalent to approval or disapproval by the entire Architectural Committee.

(c) The Architectural Committee may, from time to time, subject to the approval of the Board, adopt, amend and repeal Architectural Committee Rules and may assess a reasonable fee as appropriate for the type and nature of the Improvement, in connection with the review of plans and specifications for proposed

Improvements, including without limitation, a procedure and approval of preliminary plans and drawings, as well as final approval, the number of sets of plans to be submitted, and may require such detail as it deems proper, including without limitation, floor plans, site plans, elevation drawings, and descriptions or samples of exterior material and colors. Unless any such rules are complied with, such plans and specifications shall be deemed not submitted.

(d) the establishment of the Architectural Committee and the systems herein for architectural approval shall not be construed as changing any rights or restrictions upon Owners to maintain, repair, alter or modify or otherwise have control over the Residences as may otherwise be specified in the Association Management Documents.

Section 10.04 - Approval of Plans.

(a) No Improvement shall be constructed, installed, expanded, made, planted, commenced, erected or maintained upon the Covered Property except in compliance with plans and specifications therefor which have been submitted to and approved by the Architectural Committee.

(b) The Architectural Committee shall review and approve or disapprove all plans and specifications submitted to it for any proposed Improvement solely on the basis of compliance with the Architectural Standards, aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Development 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.

(c) The Architectural Committee shall approve plans and specifications submitted for its approval only if it deems that the proposed Improvement will not be detrimental to the appearance of the Development as a whole; that the Improvement complies with the Architectural Standards; that the appearance of any Improvements will be in harmony with the surrounding structures; that the construction of any Improvement will not detract from the beauty and attractiveness of the Development or the enjoyment thereof by the Members; that views within the Development will be preserved; that the upkeep and maintenance of any Improvement will not become a burden on the Association; and that no violations of the use restrictions set forth in the Article entitled "Use Restrictions" of this Declaration exist.

(d) The Architectural Committee may condition its approval of plans and specifications for any Improvement on such changes therein as it deems appropriate or may determine that such Improvement cannot be approved because of its effect on existing drainage, utility or other easements, or may condition its approval of any such Improvement by the appropriate governmental entity,

and may require submission of additional plans and specifications or other information or materials prior to approving or disapproving plans and specifications submitted. Any Architectural Committee approval conditioned upon the approval by a governmental entity shall not imply the Association is enforcing any government codes or regulations, nor shall the failure to make such conditional approval imply that any such governmental agency approval is not required.

(e) In the event the Architectural Committee fails to approve or disapprove such plans and specifications within forty-five (45) days after the same have been duly submitted in accordance with any rules regarding such submission adopted by the Architectural Committee, such plans and specifications will be deemed approved.

Section 10.05 - Nonliability for Approval of Plans. Plans and specifications shall be approved by the Architectural Committee as to style, exterior design, appearance and location, and are not approved for engineering design or for compliance with zoning and building ordinances, and other applicable statutes, ordinances or governmental rules or regulations, the requirements of any public utility, or any easements or other agreement, and by approving such plans and specifications neither the Architectural Committee, the members thereof, the Association, the Members, the Board nor Declarant nor agents, employees, attorneys or consultants of any of the foregoing, assume liability or responsibility therefor, or for any defect in any improvement constructed from such plans and specifications.

Section 10.06 - 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 shall be received by the Board not more than fifteen (15) days following the final decision of the Architectural Committee. The Board shall submit such request to the Architectural Committee for review, whose written recommendations are to be submitted to the Board. 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 appellant.

Section 10.07 - Inspection and Evidence of Approval.

(a) The Architectural Committee shall cause an inspection to be undertaken within forty-five (45) days of a request therefor from any Owner as to his Residence, and if such inspection reveals that the improvement has been completed in compliance with this Article, the President and the Secretary of the Association, or any other officer or officers authorized by resolution of the Board, shall provide to such Owner a notice of such approval in recordable form which shall be conclusive evidence of compliance

with the provisions of this Article as to the Improvement described in such notice, but as to such Improvement only.

(b) If for any reason the Architectural Committee fails to cause an inspection to be made within forty-five (45) days of being notified by the Owner of the completion of an Improvement or fails to notify the Owner of any noncompliance within thirty (30) days after an inspection, the Improvement shall be deemed to be completed in substantial conformance with approved plans and specifications. In such event, the Owner shall be entitled to receive a notice of compliance in recordable form upon request, executed by the President and the Secretary of the Association, or any other officer or officers authorized by resolution of the Board. Such notice of compliance shall be conclusive evidence of compliance with the provisions of this Article as to the Improvements described in the notice.

Section 10.08 - Failure to Submit Plans; Nonconformity. The Association has the right to enter the Residence pursuant to the provisions of the Section entitled "Powers and Duties" of the Article entitled "Powers and Duties of the Board of Directors" of the Bylaws for the purpose of inspecting an Improvement constructed or being constructed upon such Residence. In the event an Improvement was commenced without the required approval of the Architectural Committee, or, if such Improvement was not completed in substantial conformance with the approved plans and specifications, the Architectural Committee shall give notice of the violation to the violating Owner, which notice shall briefly describe the violation and shall set a date for a hearing before the Board, or a committee selected by the Board for such purpose. The procedure for notice and hearing and for the correction of any violation is described in the Section entitled "Notice and Hearing; Correction of Violation" of the Article entitled "Discipline of Members" of the Bylaws.

Section 10.09 - Variances. In the event the Board finds in favor of the Architectural Committee upon appeal of a disapproval of plans and specifications pursuant to the Section entitled "Appeal" of this Article or in the event the Board finds a noncompliance with the provisions of this Article upon review of a decision by the Architectural Committee after an inspection pursuant to the Section entitled "Failure to Submit Plans; Nonconformity" of this Article, the Board may authorize a variance from compliance with the Architectural Controls set forth in this Article when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental consideration may require; provided, however, that no variance from the use restrictions contained in the Article entitled "Use Restrictions" of this Declaration may be granted. Such variances must be evidenced in writing, must be signed by a majority of the members of the Architectural Committee, and shall become effective upon recordation in the Office of the County Recorder of the County. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with

respect to the matter for which the variance was granted. The granting of such variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular Residence and particular provision of this Article covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all government laws and regulations affecting his use of his Residence including, but not limited to, zoning ordinances and lot setback lines or requirements imposed by any governmental or municipal authority.

ARTICLE XI

INSURANCE

Section 11.01 - Public Liability Insurance. The Association shall obtain and maintain in effect a comprehensive public liability insurance policy insuring the association against any liability incident to the ownership or use of the Community Property or any other areas under the supervision of the Association.

(a) Amount and Scope of Insurance. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000) for claims arising out of a single occurrence for bodily injury, deaths of persons and property damage. Coverage under this policy shall include without limitation, liability of the insureds for property damage, bodily injury and deaths of persons in connection with the operation, maintenance or use of the Community Property and legal liability arising out of lawsuits related to employment contracts of the Association.

(b) Supplemental Coverage. Such policy shall include, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured and a "severability of interest" clause or endorsement precluding the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners and such other coverage in kinds and amounts required by private institutional mortgage investors for projects similar in construction, location and use.

Section 11.02 - Fire and Casualty Insurance. The Association shall obtain and maintain in effect a policy of fire and casualty insurance covering all of the insurable improvements upon the Community Property, including fixtures and building service equipment to the extent that they are part of the Community Property as well as common personal property and supplies belonging to the Association.

(a) Amount of Coverage. The policy shall be in an amount equal to one hundred percent (100%) of the current replacement cost, without deduction for depreciation or coinsurance, of all of the property covered by the policy;

(b) Perils Covered. Such insurance must afford protection against at least loss or damage by fire and other perils normally covered by the standard extended coverage endorsement, and such other perils which are customarily covered and required by private institutional mortgage investors with respect to similar planned unit development projects in the area of the Covered Property, including all perils normally covered by the standard "all risk" endorsement, if available.

(c) Required Endorsements. Such policy must contain if required by any of the Federal Agencies:

(i) an Agreed Amount and Inflation Guard and replacement cost Endorsement;

(ii) Construction Code Endorsements (such as Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement and an Increased Cost of Construction Endorsement) if the Covered Property is subject to a construction code provision which would become operative and require changes to undamaged portions of the buildings, thereby imposing significant costs in the event of partial destruction of the Covered Property by an insured peril.

(d) Optional Endorsements. Such policy may contain vandalism and malicious mischief coverage, special form endorsement, a stipulated amount clause and a determinable cash adjustment clause, a similar clause to permit cash settlement covering full value of the improvements on the Covered Property in the event of destruction of improvements and a decision not to rebuild pursuant to the Article entitled "Destruction of Improvements" of this Declaration.

(e) Named Insured and Loss Payable. The policy shall name as insured the Association, for the use and benefit of the Owners.

(f) Mortgage Clause. Such policy shall contain the "standard mortgage 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 Covered Property is located, unless such coverage is prohibited by applicable law. A mortgage clause in favor of Mortgagees holding Mortgages on Residences is not required on a policy insuring the Community Property.

Section 11.03 - Fidelity Bonds. The Association shall obtain and maintain in effect a blanket fidelity bond covering dishonest 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. A management agent who handles funds for the Association should also be covered by its own fidelity bond.

(a) Amount of Coverage. 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. In addition, the fidelity bond shall be written in an amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, including reserves.

(b) Other Requirements. Fidelity bonds must also meet the following requirements:

(i) Fidelity bonds shall name the Association as obligee;

(ii) The bonds shall contain waivers of any defense based on the exclusion of person who serve without compensation from any definition of "employee" or similar expression.

Section 11.04 - Flood Insurance. If the Community Property or any portion thereof is located within an area having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program (NFIP), the Association shall obtain a policy of flood insurance on the buildings and any other property covered by the required form of policy (herein "insurable property").

(a) Amount of Coverage. The flood insurance policy shall be in an amount deemed appropriate, but not less than the lesser of: (1) the maximum coverage available under the NFIP for all such insurable property; or (2) 100% of current replacement cost of all such insurable property or in the amount of the aggregate of the outstanding principal balances of the Mortgage loans on the insurable property, whichever is the higher.

(b) Named Insured and Loss Payable. The policy shall name as the insured the Association for the use and benefit of the Owners. Such policy shall contain a standard mortgagee clause which provides that any proceeds shall be paid to the Association for the use and benefit of Mortgagees as their interest may appear.

Section 11.05 - Workers' Compensation Insurance. The Board shall purchase and maintain in force worker's compensation insurance, to the extent that the same shall be required by law, for all employees of the Association.

Section 11.06 - Notice of Cancellation or Modification. All insurance policies and fidelity bonds maintained by the Association must provide that such policies or bonds may not be

cancelled, reduced or substantially modified without at least ten (10) days' prior written notice to the Association and in the case of fidelity bonds to each mortgage servicing contractor acting on behalf of any of the Federal Agencies.

Section 11.07 - Waiver by Members. All insurance obtained by the Association shall be maintained by the Association for the benefit of the Association, the Owners and the Mortgagees as their interests may appear. As to each of said policies which will not be voided or impaired thereby, the Owners hereby waive and release all claims against the Association, the Board, other Owners, the Declarant and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only.

Section 11.08 - Premiums. Insurance and fidelity bond premiums for any such blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Association shall be a Common Expense to be included in the Regular Assessments levied by the Association.

Section 11.09 - Annual Insurance Review. The Board shall at least annually determine whether the amounts and types of insurance it has obtained provide adequate coverage in light of increased construction costs, inflation, practice in the area in which the Covered Property is located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interest of the Owners and of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 11.10 - Federal Requirements. Notwithstanding the foregoing provisions of this Article, the Association must obtain and shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity requirements for planned unit development projects established by any of the Federal Agencies, when any such Federal Agency first becomes and as long as it continues to be either a Mortgagee, Owner, or insurer or guarantor of a Mortgage within the Covered Property, except to the extent such coverage is not available or has been waived in writing by the foregoing entity.

ARTICLE XII

EMINENT DOMAIN

Section 12.01 - 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 Community Property.

Section 12.04 - Representation by Board in Condemnation Proceedings. In the event of a taking, the Members hereby appoint the Board and such persons as the Board may delegate to represent all of the Members in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action.

Section 12.03 - Award for Open Space Community Property. Any awards received on account of the taking of Community Property shall be paid to the Association and shall be retained in the general funds of the Association subject to the prior rights of any mortgagee holding an encumbrance upon any Community Property for which such award has been paid.

Section 12.04 - Inverse Condemnation Proceedings. 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 12.05 - Notice of Condemnation Proceedings. In the event that any Community Property and any improvements thereto or any portion thereof is made the subject of any condemnation proceedings in eminent domain or is otherwise sought to be acquired by a condemning authority, the Board shall notify all Owners and any Requesting Mortgagee, Insurer or Guarantor affected by such taking or threatened taking. As used herein, "taking" shall mean as defined in the subsection entitled "Destruction or Taking" of the Article entitled "Mortgagee Protection" of this Declaration.

ARTICLE XIII

ANNEXATIONS

Real property may be annexed to and become subject to this Declaration by any of the methods set forth hereinafter in this Article, as follows:

Section 13.01 - Development of the Covered Property. Declarant intends to subsequently develop the Annexation Property on a phased basis; however, Declarant may elect not to develop all or any part of such real property, to annex such real property to this Declaration in increments of any size whatsoever, or to develop more than one such increment at any given time and in any given order. Moreover, Declarant reserves the right to subject all or any portion of the Annexation Property to the plan of this Declaration or one or more separate declarations of covenants, conditions and restrictions which subjects said property to the jurisdiction and powers of a homeowner association or other entity with powers and obligations similar to the Association and which is not subject to the provisions of this Declaration. Although Declarant shall have the ability to annex the Annexation Property as provided in this Article, Declarant shall not be obligated to

annex all or any portion of such property, and such property, shall not become subject to this Declaration unless and until a Supplementary Declaration shall have been so executed and recorded.

Section 13.02 - Annexation Without Approval and Pursuant to the General Plan.

(a) Definitions: The following terms used in this Section are defined to mean as follows:

(i) "Annexed Property" shall mean the Annexation Property, or any portion thereof, described in a Supplementary Declaration that has been recorded in the Official Records of the County

(ii) "Budget" shall mean a pro forma operating budget that shall be distributed not less than 45 days nor more than 60 days prior to the beginning of the association's fiscal year.

- (1) The estimated revenue and expenses on an accrual basis.
- (2) The identification of the total cash reserves currently set aside.
- (3) The identification of the estimated life of, and the methods of funding used to defray the future repair, replacement, or additions to, those major components which the association is obligated to maintain.

(b) Conditions of Annexation. All or any part of the Annexation Property may be annexed to and become subject to this Declaration and subject to the jurisdiction of the Association without the approval, assent or vote of the Association or its Members, provided that:

(i) no proposed annexation will result in an overburdening of the common interests of the then existing Owners;

(ii) no proposed annexation will cause a substantial increase in Assessments against existing Owners which was not disclosed in Final Subdivision Public Reports under which pre-existing Owners purchased their interests;

(iii) the annexation of a new Phase must be effected prior to the third anniversary of the issuance of the original Final Subdivision Public Report for the immediately preceding Phase.

(iv) identification of the land proposed to be annexed

as more specifically set out in Exhibit "A" attached hereto and the total number of residential units then contemplated by the subdivider for the overall subdivision development.

(v) a written commitment by the subdivider to pay to the association, concurrently with the closing of the escrow for the first sale of a subdivision interest in an annexed phase, appropriate amounts for reserves for replacement or deferred maintenance of common area improvements in the annexed phase necessitated by or arising out of the use and occupancy of residential units under a rental program conducted by the subdivider which has been in effect for a period of at least one year as of the date of closing of the escrow for the first sale of a residential in the annexed phase.

All improvements annexed pursuant to this Section shall be consistent with the initial improvements in terms of quality of construction.

Section 13.03 - Annexation Pursuant to Approval. Upon approval in writing of the Association, pursuant to the vote or written assent of sixty-seven percent (67%) of (i) each class of membership or (ii) the total voting power of the Association as well as the vote or written assent of the same percentage of the total voting power of Members other than the Declarant as set forth in the Section entitled "Voting Requirements for Special Actions" of the Article entitled "Membership Voting Rights" of this Declaration, any person who desires to add real property other than the Annexation Property to the plan of this Declaration and to subject such property to the jurisdiction of the Association, may file or record a Supplementary Declaration. The provisions of this Section shall also apply to the Annexation Property subsequent to the expiration of the power of Declarant to annex such property without the approval of the Members as provided in this Article. The certificate of the President and the Secretary of the Association, or any other officer or officers authorized by resolution of the Board, attached to any Supplementary Declaration recorded pursuant to this Section certifying that the required voting power of the Association has approved the recordation of such Supplementary Declaration shall be deemed conclusive proof thereof.

Section 13.04 - Effectuation of Annexation. Upon the satisfaction of all of the conditions contained in either the Section entitled "Annexation Without Approval and Pursuant to Approval" of this Article, the recordation of a Supplementary Declaration shall constitute and effectuate the annexation of the real property described therein, making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter said annexed real property shall be part of the Covered Property and all of the Owners of Residences in said annexed real property shall automatically be Members. In no event, however, shall any such Supplementary Declaration revoke, modify or add to the covenants established by

this Declaration or by any prior Supplementary Declaration with respect to property covered by this Declaration at the time of the recording of the said Supplementary Declaration.

Section 13.05 - Mergers or Consolidations. Upon a merger or consolidation of the Association with another association which merger or consolidation must be approved by vote or written assent of sixty-seven percent (67%) of (1) each class of membership or (ii) the total voting power of the Association as well as the vote or written assent of the same percentage of the total voting power of Members other than the Declarant as set forth in the Section entitled "Voting Requirements for Special Actions" of the Article entitled "Membership Voting Rights" of this Declaration, the Association's properties, rights and obligations may, by operation of law, be transferred to the surviving or consolidated association, or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants, conditions and restrictions established upon any other property as one plan.

ARTICLE XIV

MORTGAGE PROTECTION

Section 14.01 - Priority of Mortgage Lien. No breach of the covenants, conditions or restrictions, nor the enforcement of any lien provisions contained in this Declaration, shall affect, impair, defeat or render invalid the lien or charge of any First Mortgage made in good faith and for value encumbering any Residence, 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 Residence.

Section 14.02 - Curing Defaults. A Mortgagee, or the immediate transferee of such Mortgagee, who acquires title by judicial foreclosure, deed in lieu of foreclosure or trustee's sale shall not be obligated to cure any breach of the provisions of this Declaration which is noncurable or of a type is not practical or feasible to cure. The determination of the Board made in good faith as to whether a breach is noncurable or not feasible to cure shall be final and binding on all Mortgagees.

Section 14.03 - Resale. It is intended that any loan to facilitate resale of any Residence after judicial foreclosure, deed in lieu of foreclosure or trustee's sale is a loan made in good faith and for value and entitled to all of the rights and protections afforded to other Mortgagees.

Section 14.04 - Vote of Eligible Mortgage Holders and Owners. Fifty-One percent (51%) written approval of the total voting power of Eligible Mortgage Holders and sixty-seven percent (67%) of the

voting power of the Association is required to amend a material provision of the Association Management Documents shown under subsection (a) of this Section, or to take such other actions shown under subsection (b) of this Section.

(a) Material Amendment of Association Management Documents.

A material provision in any of the Association Management Documents shall be defined as those provisions governing the following subjects:

- (i) Voting rights;
- (ii) Assessments, assessment liens or subordination of such liens;
- (iii) Reserves for maintenance, repair and replacement of the Community Property;
- (iv) Responsibility for maintenance and repair of the Covered Property;
- (v) Right to use of the Community Property;
- (vi) Boundaries of any Residence;
- (vii) Convertibility of Residence into Community Property or of Community Property into Residences;
- (viii) Expansion or contraction of the Covered Property or the addition, annexation or withdrawal of property to or from the covered Property;
- (ix) Insurance of fidelity bonds;
- (x) Leasing of Residence;
- (xi) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey such Owners' Residence;
- (xii) Any provision, which by its terms, is for the express benefit of Mortgagees or insurers or guarantors.

An amendment or addition shall not be considered material under this Section if it is for the purpose of correcting technical errors, or for clarification only. An Eligible Mortgage Holder who receives a written request to approve additions or amendments which are considered material who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

(b) Action and Decisions. Fifty-One percent (51%) written approval of the voting power of Eligible Mortgage Holders and

sixty-seven percent (67%) of the voting power of the Association is required for the following Actions and Decisions.

(i) Effectuate any decision to assume self-management of the Covered Property when professional management had been previously required by an Eligible Mortgage Holder;

(ii) Restoration or repair of the Covered Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Association Management Documents;

(iii) By any act or omission, abandon, partition, sell, alienate, subdivide, release, transfer, hypothecate or otherwise encumber the Community Property; provided, however, the granting of easements for public utilities or other public purposes consistent with the intended use of the Community Property shall not require such approval;

(iv) Change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner;

(v) Use hazard insurance proceeds for losses to any Community Property, for other than repair or replacement;

(vi) Fail to maintain fire and extended coverage insurance on the Community Property and the Improvements thereto in an amount less than one hundred percent (100%) of the insurable value based on current replacement cost;

(vii) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Residences, the exterior maintenance of Residences, the maintenance of the Community Property including, without limitation, the party walks or common fences and driveways, or the upkeep of lawns and plantings.

(c) Actions and Decisions. Sixty-Seven Percent (67%) written approval of the voting power of Eligible Mortgage Holders and sixty-seven percent (67%) of the voting power of the Association is required for the following Actions and Decisions.

(i) Termination of the legal status of the Development for any reason, including without limitation, the substantial destruction or condemnation of the Covered Property;

Section 14.05 - Rights of Requesting Mortgagees Insurers and Guarantors. A Requesting Mortgagee, Insurer or Guarantor shall be entitled to timely written notice of:

(a) Destruction or Taking. Destruction, taking or threatened taking of any Community Property and any improvements thereto or any portion thereof affecting the Mortgage held, insured or guaranteed by such Requesting Mortgagee, Insurer or Guarantor. As used in this Declaration, "damaged" or "taking" shall mean damage to or taking of the Community Property exceeding Ten Thousand Dollars (\$10,000). If requested in writing by such Requesting Mortgagee, or Insurer or Guarantor, the Association shall evidence its obligations under this subsection in written agreement in favor of such Requesting Mortgagee or Insurer or Guarantor.

(b) Default in Performance. Default in the performance of the obligations imposed by this Declaration by the Owner whose Residence is encumbered by a Mortgage held, insured or guaranteed by such Requesting Mortgagee or Insurer or Guarantor which default remains uncured for a period of sixty (60) days of a request therefor by the Association;

(c) Lapse, Cancellation or Modification of Insurance. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Action Requiring Consent. Any proposed action which under the Declaration or the Bylaws requires the consent of a specified percentage of the voting power of Eligible Mortgage Holders.

Section 14.06 - Mortgagees Furnishing Information. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage.

Section 14.07 - Conflicts. In the event of any conflict between any of the provisions of this Article and any of the other provisions of this Declaration, the provisions of this Article shall control.

Section 14.08 - Priority of Mortgages. Nothing in the Declaration, Articles or Bylaws shall give an Owner, or any other party, priority over the rights of a first Mortgagee in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of any Community Property.

Section 14.09 - Payment of Taxes or Premiums. Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Community Property unless such taxes or charges are separately assessed against the Owners, in which case the rights of Mortgagees shall be governed by the provisions of their Mortgages. 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 Community Property. Mortgagees making payments pursuant to this Section shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of any Mortgagee which requests the same to be executed by the Association.

ARTICLE XV

ENFORCEMENT OF BONDED OBLIGATIONS

In the event that the improvements to the Community Property have not been completed prior to the issuance of a Final Subdivision Public Report covering the Covered Property, and the Association is obligee under a bond or other arrangement (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 improvements in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Community 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, Members representing not less than five percent (5%) of the total voting power of the Association may present a signed petition to the Board or to the President or Secretary of the Association demanding a meeting 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 no more than forty-five (45) days after receipt by the Board of a petition for such meeting.

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

ARTICLE XVI

GENERAL PROVISIONS

Section 15.01 - Enforcement. The Association or any Owner shall

have the right of action against any Owner, and any Owner shall have a right of action against the Association to enforce by proceedings at law or in equity, all restrictions, conditions, covenants and reservations, now or hereafter imposed by the provisions of this Declaration or any amendment thereto, including the right to prevent the violation of such restrictions, conditions, covenants, or reservations and the right to recover damages or other dues for such violation except that Owners shall not have any right of enforcement with respect to Assessment liens. The Association or any Owner shall also have the right to enforce by proceedings at law or in equity the provisions of the Articles or Bylaws and any amendments thereto. With respect to Architectural Control and Association Rules, the Association shall have the exclusive right to the enforcement thereof unless the Association refuses or is unable to effectuate such enforcement, in which case any Owner who otherwise has standing shall have the right to undertake such enforcement.

Section 15.02 - No Waiver. Failure by the Association or by any Member to enforce any covenant, condition, restriction or reservation herein contained, or the Articles, Bylaws or Association Rules, in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future breach of the same or any other covenant, condition, restriction and reservation.

Section 15.03 - Cumulative Remedies. All rights, options and remedies of Declarant, the Association, the Owners or Mortgagees under this Declaration are cumulative, and no one of them shall be exclusive of any other, and Declarant, the Association, the Owners and the Mortgagees shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

Section 15.04 - Severability. Invalidation of any one or a portion of these covenants, conditions, restrictions or reservations by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 15.05 - Covenants to Run with the Land Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Covered Property and shall inure to the benefit of and be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by not less than sixty-seven percent (67%) of the then Owners and not less than fifty-one percent (51%) of the Eligible Mortgage Holders has been recorded at least one (1) year prior to the end of any such period, agreeing to terminate said covenants, conditions and restrictions in whole or in part.

Section 15.06 - Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan for the development of a residential community or tract and for the maintenance of the Covered 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 15.07 - Singular Includes Plural. Whenever the context of this Declaration requires the same, the singular shall include the plural and masculine shall include the feminine and the neuter.

Section 15.08 - Nuisance. The result of every act or omission where 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 private nuisance, shall be applicable against every such result, and may be exercised by the Association or any Member. Such remedy shall be deemed cumulative and not exclusive.

Section 15.09 - Attorneys' Fees. In the event action is instituted to enforce any of the provisions contained in this Declaration, the party prevailing in such action shall be entitled to recover from the other party thereto reasonable attorneys' fees and costs of such suit as determined by the court or by arbitration as part of the judgment.

Section 15.10 - Notices. Any notice to be given to an Owner, the Association, an Eligible Mortgage Holder or a Requesting Mortgagee, or Insurer or Guarantor under the provisions of this Declaration shall be in writing and may be delivered as follows:

(a) Notice to an Owner shall be deemed to have been properly delivered when personally delivered or delivered to a common carrier for personal delivery to the addressee, or delivered to a person giving such notice by electronic means, or when deposited in the United States mail, first class, postage prepaid and directed to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Residence. In the case of co-Owners any such notice may be delivered or sent to any one of the co-Owners on behalf of all co-Owners and shall be deemed delivery on all such co-Owners.

(b) Notice to the Association shall be deemed to have been properly delivered when placed in the first class United States mail, postage prepaid, to the address furnished by the Association or the address of its principal place of business.

(c) Notice to an Eligible Mortgage Holder or Requesting Mortgagee or Insurer or Guarantor shall be deemed to have been properly delivered when placed in the first class United States mail, postage prepaid, to the address furnished to the Association

by such Eligible Mortgage Holder or Requesting Mortgagee or Insurer or Guarantor for the purposes of notice.

The affidavit of an officer or authorized agent of the Association declaring under penalty of perjury that a notice has been mailed to any Owner or Owners, to any Mortgagee or Mortgagees, to any insurer or guarantor or to all Members of all Mortgagees, or all insurers or all guarantors to the address or addresses shown on the records of the Association, shall be deemed conclusive proof of such mailing, whether or not such notices are actually received.

Section 15.11 - Conflicts Between Association Management Documents

In the event of a conflict between any provisions of any of the Association Management Documents with the provisions of another Association Management Document, the provisions of the Controlling Document named below in the first column shall be deemed to supersede the provisions of the Subordinate document or Documents named below in the second column to the extent of any such conflict.

CONTROLLING DOCUMENTS

SUBORDINATE DOCUMENTS

(a) Articles

Declaration, Bylaw, and Association Rules

(b) Declaration

Bylaws and Association Rules

(c) Bylaws

Association Rules

Section 15.12 - Effect of Declaration. The Declaration is made for the purposes set forth in the Recitals to this Declaration and Declarant makes no warranties or representations, express or implied as to binding effect or enforce ability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances and regulations applicable thereto.

Section 15.13 - Personal Covenant. To the extent the acceptance or conveyance of a Residence creates a personal covenant between the Owner of such Residence and Declarant or other Owners, such personal covenant shall terminate and be of no further force or effect from or after the date when a person or entity ceases to be an Owner except to the extent this Declaration may provide otherwise with respect to the payment of money to the Association.

Section 15.14 - Nonliability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, and other committees of the Association or any member of such Board or committee shall be liable to any Member or 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 15.15 - Construction By Declarant. Nothing in this Declaration shall limit the right of Declarant to alter the Community Property or the Residences still owned by Declarant, or to construct such additional improvements as Declarant deems advisable prior to completion of improvements upon and sale of the entire Development. Such right shall include but shall not be limited to erecting, constructing and maintaining on the Covered Property such structures and displays as may be reasonably necessary for the conduct of the business of completing the work and disposing of the same by sale, lease or otherwise. Declarant shall repair any damage to and complete any restoration of the Covered Property caused or necessitated by such activities of Declarant within a reasonable time after the occurrence of such damage or need for restoration. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a purchase from Declarant to establish on the Covered Property additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Development. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. The rights of Declarant under this Declaration may be assigned in whole or in part to any successor or successors by an express assignment incorporated in a recorded instrument including but not limited to a deed, lease, option agreement, land sale contract or assignment as the case may be, transferring such interest to such successor. Declarant shall exercise its rights contained in this provision in such a way as not to unreasonably interfere with the Members' rights to use and enjoy the Covered Property.

Section 15.16 - Inapplicability to Government Property. The provisions of this Declaration shall not be applicable to any portion of the covered Property owned by a governmental entity, authority or agency and held for a public purpose, but shall apply to any Residence owned by such governmental entity, authority or agency.

Section 15.17 - Termination of Status of Covered Property. The Association shall have no right to abandon or terminate the maintenance of the Community Property, or any part thereof, by the association, except as expressly set forth in this Declaration.

ARTICLE XVII

AMENDMENT PROVISIONS

Section 16.01 - Vote of Association. Subject to the other provisions of this declaration, including, without limitation, the rights of Mortgagees, this Declaration may be amended as follows:

(a) Until such time as there is a Class A Membership pursuant to this Declaration, amendment or modifications shall be effective when executed by Declarant and when recorded in the Official Records of the County. Any Supplementary Declaration covering all or a portion of the Annexation Property may be cancelled or amended by Declarant until such time as there has been a conveyance of a Residence within the real property described in said Supplementary Declaration. Thereafter, any amendments shall require (i) the vote or written assent of sixty-seven percent (67%) of the voting power of each class of Members, or (ii) the majority of the total voting power of the Association and a sixty-seven percent (67%) majority of the votes of Members other than Declarant as set forth in the Section entitled "Voting Requirements for Special Actions" of the Article entitled "Membership Voting Rights" of this Declaration. Notwithstanding the above, any material amendment must have the vote or approval of the voting power of the Association and Eligible Mortgage Holders, as prescribed in the section entitled "Vote of Eligible Mortgage Holders and Owners" of the Article entitled "Mortgagee Protection" of this Declaration.

(b) An amendment or modification that requires the vote and written assent of Members as hereinabove provided shall be effective when executed by the President and Secretary of the Association, or any other officer or officers authorized by resolution of the Board, who shall certify that the amendment or modification has been approved as hereinabove provided, and when recorded in the Official Records of the County. The notarized signatures of the Members shall not be required to effectuate an Amendment of this Declaration.

(c) Notwithstanding the foregoing, any provision of the Association Management Documents which expressly requires the approval of a specified percentage of the voting power of the Association for action to be taken under said provision can be amended only with the affirmative vote or written assent of not less than the same percentage of the voting power of the Association.

Section 16.02 - Compliance with Applicable Law. Nothing in this Article shall excuse compliance with any applicable statutory or regulatory requirement, including without limitation Section 11018.7 of the California Business and Professions Code or any similar statute hereinafter enacted.

10/14/03 134

STANDARD PACIFIC, L.P., a
Delaware limited partnership

By: StanPac Corp., a Delaware
corporation, its Managing
Partner

By: Michael C. Cortney
MICHAEL C. CORTNEY
Authorized Representative

2005 v. 021 - Corporation as Partner of Partners, et al.
First American Title Company

STATE OF CALIFORNIA
COUNTY OF Contra Costa

On November 3, 1987

and State personally appeared Michael C. Cortney

before me, the undersigned, a Notary Public, in and for

personally known to me and known to me by

of satisfactory evidence to be the person who executed the within instrument as Authorized
Representative

Stanpac Corp.

the corporation therein named, and acknowledged to me that said
instrument executed for within instrument pursuant to the by
laws or articles of its incorporation or its certificate of incorporation
known to me to be the authorized representative of

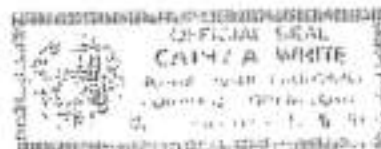
Standard Pacific L.P.

the partnership that executed the within instrument, and
acknowledged to me that said corporation executed the within
instrument as its partner and that such partnership executed the within

WITNE SS my hand and official seal

Notary

Michael C. Cortney



They are not notaries at natural state

ANNEXATION PROPERTY

EXHIBIT "A" PAGE 1

BOOK 140036 135

I

Parcels A, C, D and F, of Tract 6436 which Map was filed for record within the office of the Recorder of Contra Costa County, State of California on June 18, 1987 in Book 313, page 17;

II

Parcel "B" of Tract 6566 which Map was filed for record in the office of the Recorder of Contra Costa County, State of California on October 3, 1986 in Book 307 at page 25.

EXHIBIT "A" PAGE 1

SEPTEMBER 24, 1987

JOB NO. 1019-80-20

PARCEL 1

ALL THAT REAL PROPERTY IN THE CITY OF HERCULES, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THAT REAL PROPERTY BEING A PORTION OF PARCEL A AS SHOWN ON THE MAP OF SUBDIVISION 6436, RECORDED IN BOOK 313 OF MAPS AT PAGE 17, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT, SAID POINT BEING ON THE SOUTHERLY BOUNDARY OF SAID PARCEL A (313 M 17), SAID POINT BEING THE MOST SOUTHWESTERLY CORNER OF PARCEL F AS SHOWN ON SAID MAP (313 M 17), SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE, NORTH 19°10'07" EAST, 18.00 FEET; THENCE, LEAVING THE SOUTHERLY BOUNDARY OF SAID PARCEL A (313 M 17), SOUTH 70°01'41" EAST, 241.05 FEET; THENCE, SOUTH 76°37'21" EAST, 97.48 FEET; THENCE, SOUTH 50°49'22" EAST, 107.38 FEET; THENCE, SOUTH 85°26'08" EAST, 120.58 FEET; THENCE, SOUTH 76°05'11" EAST, 90.22 FEET; THENCE, SOUTH 70°36'08" EAST, 101.53 FEET; THENCE, NORTH 87°42'13" EAST, 99.46 FEET; THENCE, SOUTH 48°23'06" EAST, 113.60 FEET; THENCE, NORTH 82°50'38" EAST, 118.12 FEET; THENCE, SOUTH 77°49'35" EAST, 86.15 FEET; THENCE, SOUTH 52°25'07" EAST, 114.39 FEET; THENCE, SOUTH 62°41'02" EAST, 100.12 FEET; THENCE, SOUTH 59°02'40" EAST, 88.19 FEET TO A POINT, SAID POINT BEING ON THE SOUTHERLY BOUNDARY OF SAID PARCEL A (313 M 17); THENCE, ALONG SAID SOUTHERLY BOUNDARY NORTH 74°29'56" WEST, 822.00 FEET; THENCE, NORTH 67°09'57" WEST, 610.80 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 1.52 ACRES, MORE OR LESS.

ANNEXATION PROPERTY

SEPTEMBER 24, 1987

JOB NO. 1019-20-20

PARCEL 2

ALL THAT REAL PROPERTY IN THE CITY OF HERCULES, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THAT REAL PROPERTY BEING A PORTION OF PARCEL A AS SHOWN ON THE MAP OF SUBDIVISION 6436 RECORDED IN BOOK 313 OF MAPS AT PAGE 16 MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT, SAID POINT BEING THE SET STANDARD CITY STREET MONUMENT LOCATED NEAR THE EASTERLY TERMINUS OF REFUGIO VALLEY ROAD AS SHOWN ON THE MAP OF SUBDIVISION 6566, RECORDED IN BOOK 307 OF MAPS AT PAGE 25; THENCE, NORTH 15°30'04" EAST, 46.00 FEET, TO THE SOUTHERLY BOUNDARY OF SAID PARCEL A (313 M 16); THENCE, ALONG SAID SOUTHERLY BOUNDARY SOUTH 74°29'56" EAST, 30.00 FEET; THENCE, NORTH 15°30'04" EAST, 65.96 FEET; THENCE, SOUTH 75°04'07" EAST, 50.00 FEET, TO THE TRUE POINT OF BEGINNING; THENCE, LEAVING SAID SOUTHERLY BOUNDARY NORTH 62°47'28" EAST, 150.00 FEET; THENCE, NORTH 73°02'24" EAST, 50.00 FEET; THENCE, SOUTH 73°00'30" EAST, 146.69 FEET; THENCE, NORTH 89°49'51" EAST, 113.00 FEET; THENCE NORTH 79°30'21" EAST, 80.00 FEET, TO A POINT, SAID POINT BEING ON THE SOUTHERLY BOUNDARY OF SAID PARCEL A (313 M 16); THENCE, ALONG SAID SOUTHERLY BOUNDARY SOUTH 40°06'03" EAST, 31.75 FEET; THENCE, SOUTH 11°18'36" EAST, 60.00 FEET; THENCE, SOUTH 78°41'24" WEST, 107.71 FEET; THENCE, SOUTH 88°12'36" WEST, 160.67 FEET; THENCE, NORTH 81°52'12" WEST, 166.37 FEET; THENCE, NORTH 75°04'07" WEST, 118.49 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 1.08 ACRES, MORE OR LESS.

SEPTEMBER 24, 1987
JOB NO. 1019-80-20

PARCEL 3

ALL THAT REAL PROPERTY IN THE CITY OF HERCULES, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THAT REAL PROPERTY BEING A PORTION OF PARCEL C AS SHOWN ON THE MAP OF SUBDIVISION 6724 RECORDED IN BOOK 310 OF MAPS AT PAGE 49, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT, SAID POINT BEING THE SET STANDARD CITY STREET MONUMENT LOCATED NEAR THE EASTERLY TERMINUS OF REFUGIO VALLEY ROAD, AS SHOWN ON THE MAP OF SUBDIVISION 6666, RECORDED IN BOOK 307 OF MAPS AT PAGE 25; THENCE, NORTH 15°30'04" EAST, 46.00 FEET TO THE SOUTHERLY BOUNDARY OF PARCEL AS SHOWN ON THE MAP OF SUBDIVISION 6724, RECORDED IN BOOK 313 OF MAPS AT PAGE 16; THENCE, ALONG SAID SOUTHERLY BOUNDARY SOUTH 74°29'56" EAST, 30.00 FEET; THENCE, NORTH 15°30'04" EAST, 27.34 FEET TO A POINT, SAID POINT BEING ON THE EASTERLY BOUNDARY OF SAID PARCEL C (310 M 49); THENCE, ALONG THE BOUNDARY OF SAID PARCEL C (310 M 49), NORTH 15°30'04" EAST, 38.62 FEET; THENCE, SOUTH 75°04'07" EAST, 168.49 FEET; THENCE, SOUTH 81°52'12" EAST, 166.37 FEET; THENCE, NORTH 88°12'36" EAST, 100.67 FEET; THENCE, NORTH 78°41'24" EAST, 107.71 FEET; THENCE, LEAVING SAID

EXHIBIT "A" PAGE 5

ANNEXATION PROPERTY

14003 139

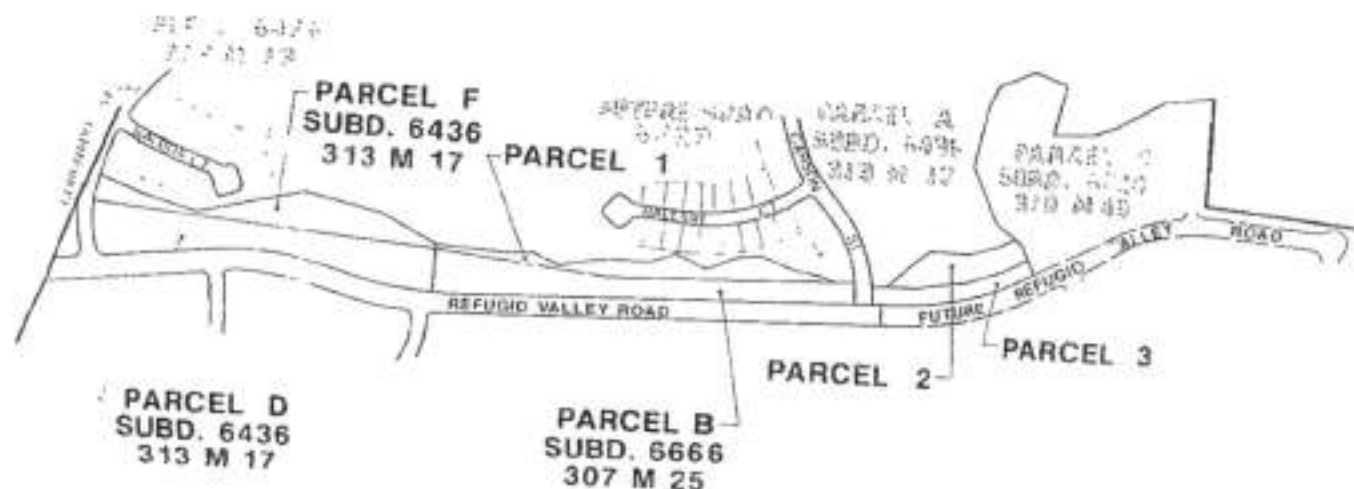
SEPTEMBER 24, 1987

JOB NO. 1019-80-20

BOUNDARY (310 M 49), SOUTH 11°18'36" EAST, 57.41 FEET; THENCE, SOUTH 79°30'21" WEST, 81.67 FEET, TO A POINT ON A CURVE CONCAVE TO THE NORTH, HAVING A RADIUS OF 932.00 FEET, WHICH CENTERPOINT BEARS NORTH 10°29'39" WEST; THENCE, ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25°59'43" AN ARC DISTANCE OF 422.85 FEET; THENCE, NORTH 74°29'56" WEST, 94.01 FEET, TO A POINT ON A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 35.00 FEET, WHICH CENTERPOINT BEARS NORTH 15°30'04" EAST; THENCE, ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 70°32'13", AN ARC DISTANCE OF 43.09 FEET TO A POINT, SAID POINT BEARS SOUTH 86°02'17" WEST FROM THE CENTERPOINT OF SAID CURVE, SAID POINT BEING THE TRUE POINT OF BEGINNING.

CONTAINING 0.87 ACRES, MORE OR LESS.

EXHIBIT "A" PAGE 5



POTENTIAL ADDITIONAL AREAS FOR HOME OWNERS ASSOCIATION MAINTENANCE



EXHIBIT "A"

HOMEOWNERS ASSOCIATION LANDSCAPE MAINTENANCE AREA

SEPTEMBER 24, 1987
JOB NO. 1019-80-20

1400370 141

LEGAL DESCRIPTION

SIXTY FOOT WIDE AREA

ALL THAT REAL PROPERTY IN THE CITY OF HERCULES, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THE REAL PROPERTY BEING A PORTION OF PARCEL A AND PARCEL F AS SHOWN ON THE MAP OF SUBDIVISION 6436 RECORDED IN BOOK 313 OF MAPS AT PAGE 17, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THAT REAL PROPERTY BEING A 60.00 FOOT WIDE STRIP, PARRALLEL WITH AND CONTIGUOUS TO THE FOLLOWING LOTS AND STREETS OF SUBDIVISION 6436, AS SHOWN ON SAID MAP (313 M 17): 1, 2, 3, 4, 5, BALBOA COURT, 6, 7, 20, 21, 22, 23, 24, 25, 26, 27, 28, DECATUR COURT, 29, 30, 56, FREMONT COURT, 57, 94 HALSEY COURT, 95, 96, 97, 98, 99, 101, 102; THE SIDELINES OF SAID 60.00 FEET WIDE STRIP SHALL BE LENGTHENED OR SHORTENED AS REQUIRED TO INTERSECT WITH CORONADO STREET AND THE PROLONGATION OF THE SOUTHERLY RIGHT-OF-WAY OF CARSON STREET AS SHOWN ON SAID MAP (313 M 17).

EXCEPTING THEREFROM ANY PORTION THEREOF LYING WITHIN PARCEL D OF SUBDIVISION 6436 (314 M 17).

EXHIBIT "B"



LANDSCAPE ESMT = H.O.A. MAINTENANCE AREA

EXHIBIT C-1

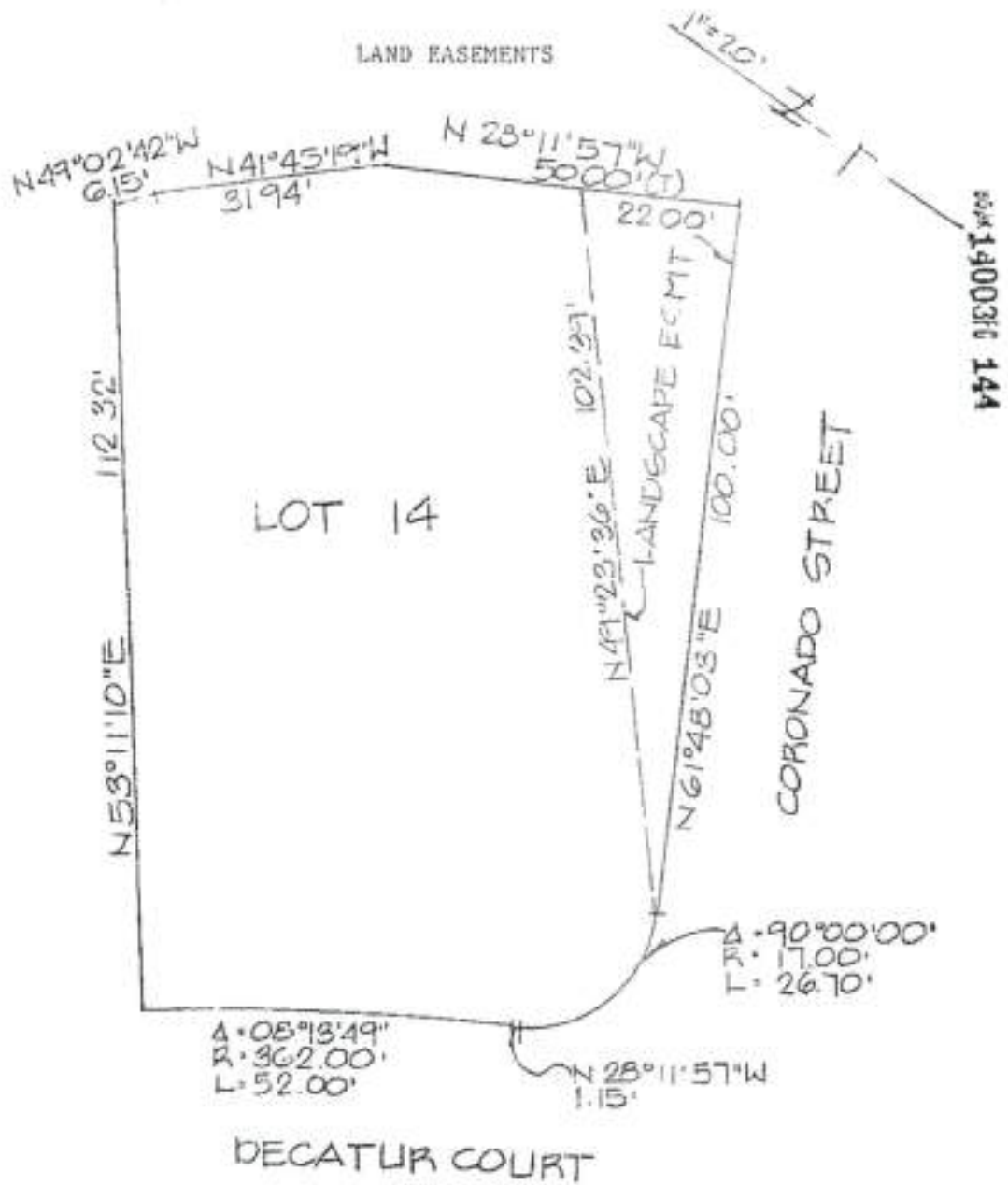
STEDMAN & ASSOCIATES, INC.
 CIVIL ENGINEERS/SURVEYORS/PLANNERS
 1646 N. CALIFORNIA BLVD. SUITE 240
 WILMUT CREEK, CALIFORNIA 94596 • (415) 935-9140



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EXHIBIT C-2

LAND EASEMENTS



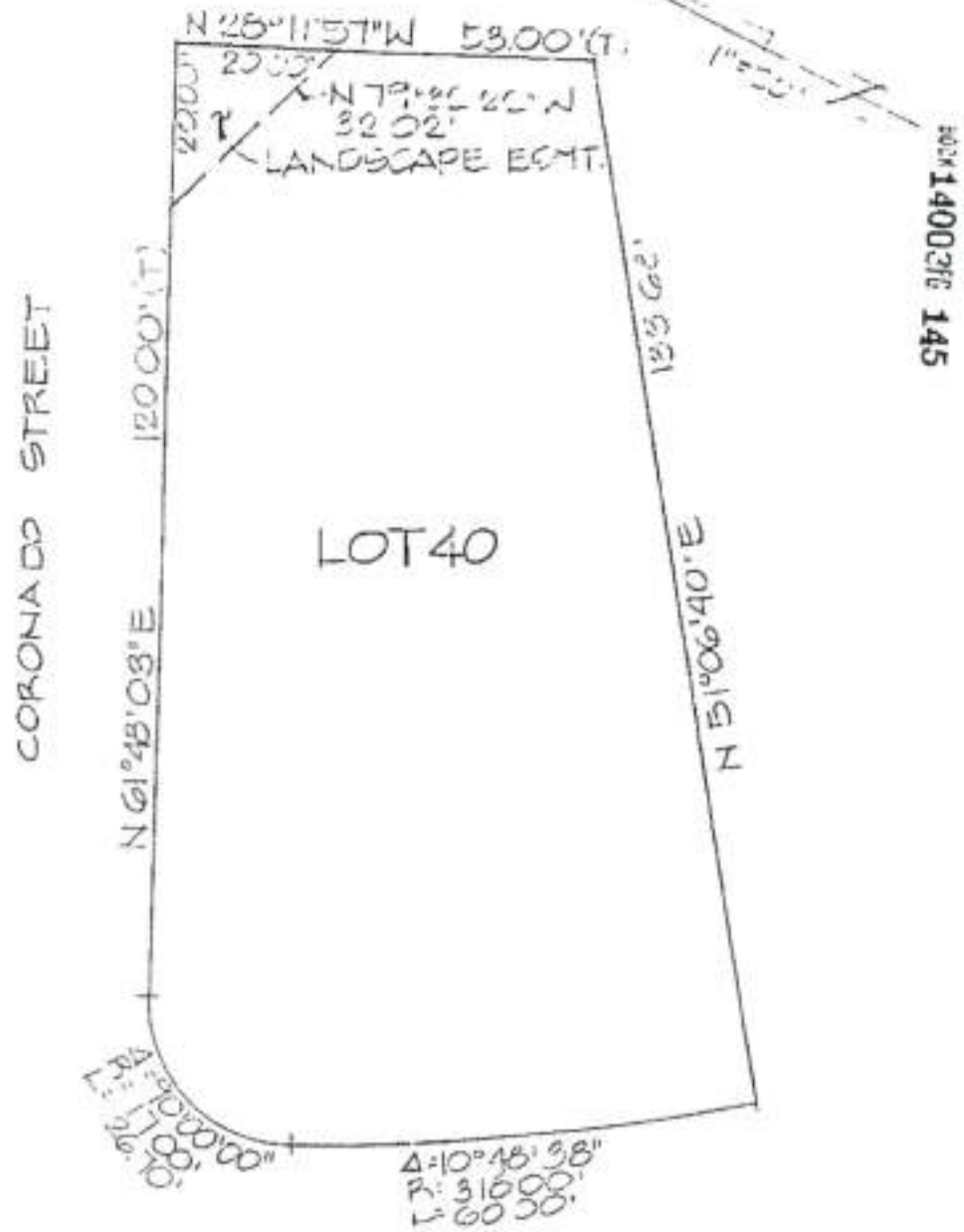
LANDSCAPE ESMT = H.O.A. MAINTENANCE AREA

EXHIBIT C-3

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LAND EASEMENTS



LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

DECATUR COURT

EXHIBIT C-4

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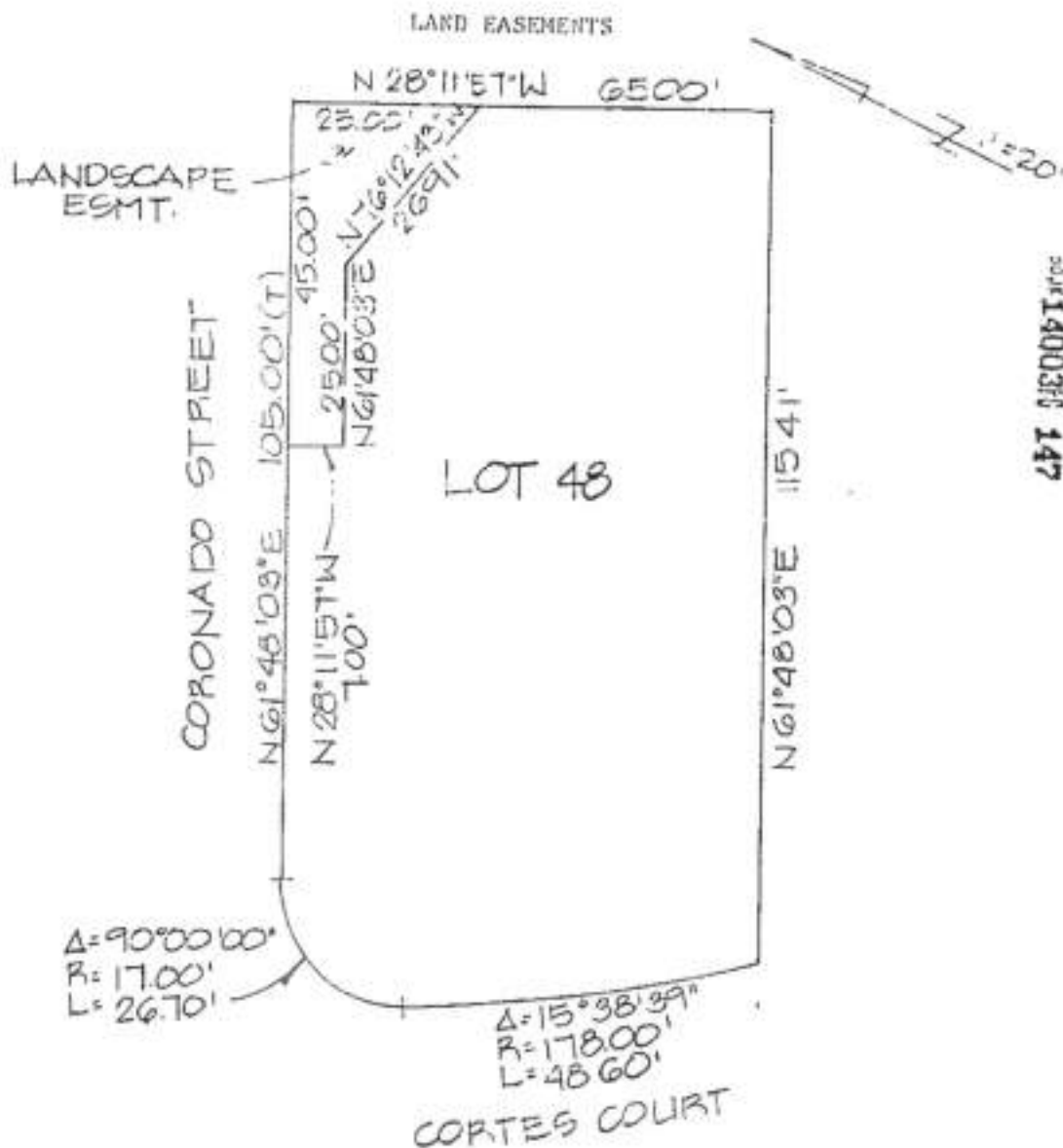


LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

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EXHIBIT C-5



LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA.

EXHIBIT C-6

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LAND EASEMENTS



1400376 148

EXHIBIT C-7

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LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

LAND EASEMENTS



LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

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EXHIBIT C-8

LAND EASEMENTS



00/014003/0 150

LANDSCAPE ESMT = H.O.A. MAINTENANCE AREA

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EXHIBIT C-9



1400376 151

LANDSCAPE ESMT = H.O.A. MAINTENANCE AREA

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EXHIBIT C-10

NG1° 48' 03" E 60.00'



1021 N 4

1400376 152

LANDSCAPE ESMT. = T.O.A. MAINTENANCE AREA

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EXHIBIT C-11

LAND EASEMENTS

CORONADO ST.



PAR 1400310 153

FARRAGUT ST.

LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

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EXHIBIT C-12

LAND EASEMENTS



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EXHIBIT C-13

LANDSCAPE ESMT = H.O.A. MAINTENANCE ARE.

102 N

14002FD 155

36.85'

LANDSCAPE
EASEMENT

36.70'

$N59^{\circ}44'53''E$
60.04'

LOT 64

LOT 64

N 28° 11' 57" W. 136.82' (T)

N 28° 11' 57" W 133.49' (T)

$$\Delta = 01^{\circ} 04' 39'' \quad N 58^{\circ} 25' 25'' E$$

$$R = 1426.00' \quad 33.78'$$

$$L = 26.32'$$

FARRAGUT ST.

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EXHIBIT C-14

LANDSCAPE ESMT. = H.O.A MAINTENANCE AREA

LAND EASEMENTS

CORONADO ST.

N 61° 48' 03" E 60.00'

LANDSCAPE
EASEMENT

6.70'

34.55'

N 59° 44' 58" E
60.04'

LOT 65

N 28° 11' 57" W 133.49' (T)

N 28° 11' 57" W 130.09'

N 58° 23' 25" E
39.98'

$\Delta = 00^{\circ} 57' 52''$
 $R = 11.95.00'$
 $L = 20.12'$

FARRAGUT ST.

LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

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EXHIBIT C-15

1"=20'

BOOK 14003 PG 156

LAND EASEMENTS



1400376 157

FARRAGUT ST.

LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

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EXHIBIT C-16

LAND EASEMENTS
CORNADO ST.



FARRAGUT ST.

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EXHIBIT C-17

BOOK 14003 PG 158

1400316 153

٥٥ ٥٥ ٥٥ ٥٥ ٥٥

15770

LAND SALE
EASTERN

24

N 1° 44' 59" E /
20.04'

LOT 68

N 01° 44' 59" E
20 24'

LOT 68

Net Profit 60.00

FABRAGUT ST

LANDSCAPE ESMT - H O A MAINTENANCE AREA

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EXHIBIT C-18

LAND EASEMENTS



FARRAGUT ST.

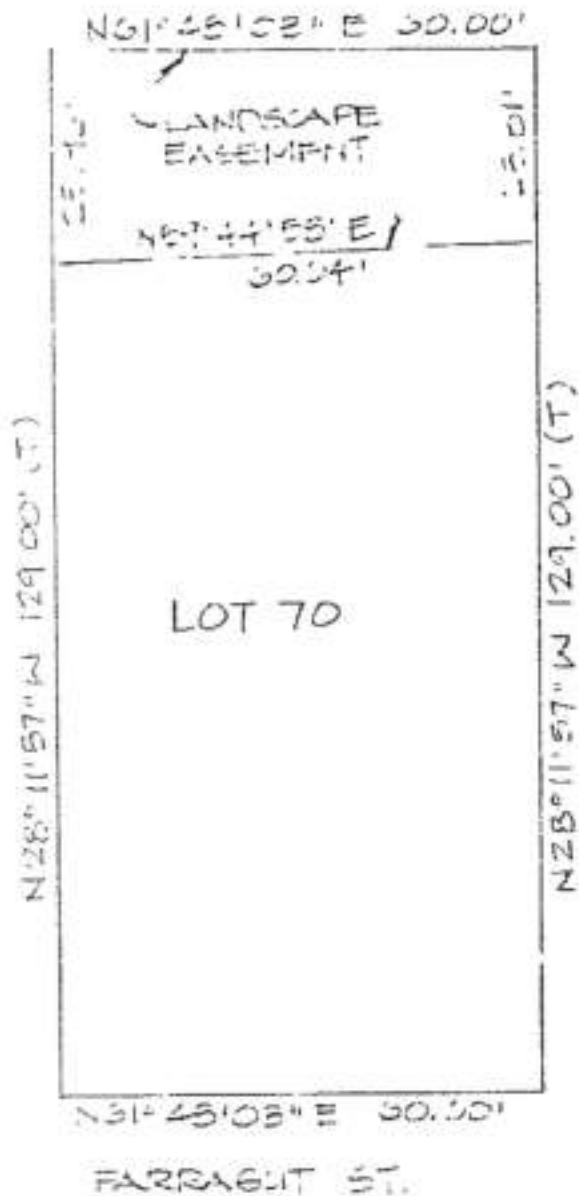
LANDSCAPE ESMI = H O A. MAINTENANCE ARF

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EXHIBIT C-19

LAND EASEMENTS
CROWNADO ST.



140036 161

LANDSCAPE ESMT - H O A MAINTENANCE AREA

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EXHIBIT C-20

LAND EASEMENTS

CORONADO ST.



1400386 162

FARRAGUT ST.

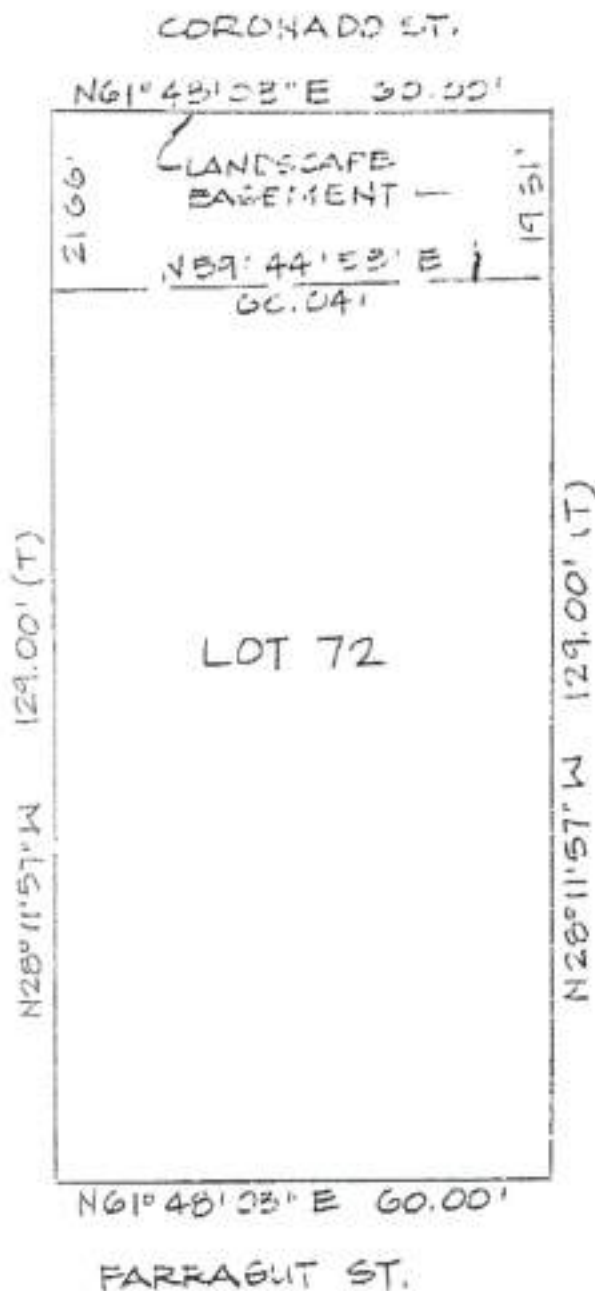
LANDSCAPE ESMT. - H.O.A. MAINTENANCE AREA

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EXHIBIT C-21

LAND EASEMENTS

1'-20" N



14003163

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EXHIBIT C-22

A hand-drawn plat map of Lot 73. The lot is roughly rectangular with rounded corners. The boundaries are labeled as follows:

- North Boundary:** N 61° 48' 03" E 33.00'
- East Boundary:** N 23° 53' 03" W 14.93'
- South Boundary:** N 61° 48' 03" E 33.00'
- West Boundary:** N 28° 11' 57" W 124.00' (T)

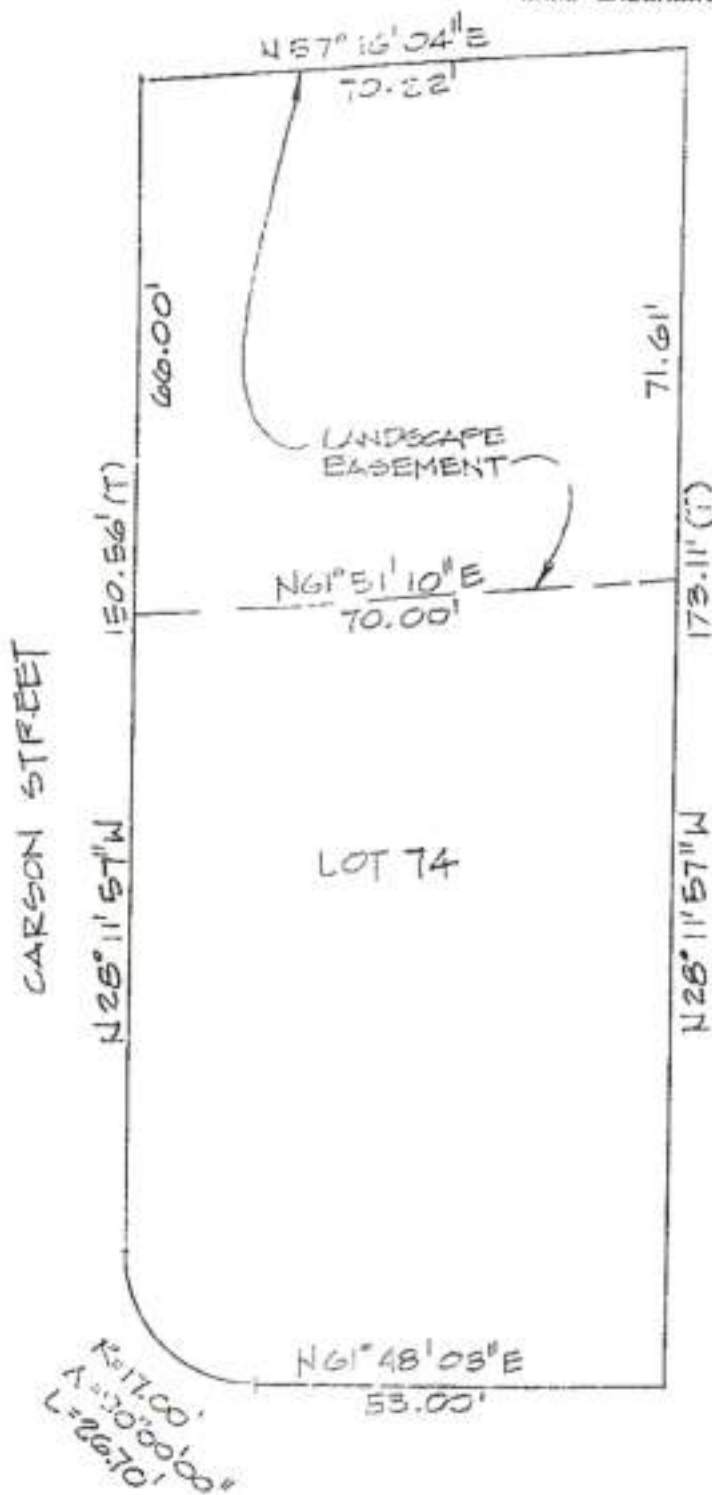
Additional features and labels include:

- Interior:** "LOT 73" is written in the center. "LANDSCAPE EMPT." is written near the top left corner.
- Top Right Corner:** A small triangular area is labeled with "A = 40° 00' 00\"", "B = 17.00'", and "L = 26.70'".
- Bottom Right Corner:** A small triangular area is labeled with "A = 40° 00' 00\"", "B = 17.00'", and "L = 26.70'".
- Streets:** "CARSON STREET" is written vertically along the right side. "FAHRAGUT STREET" is written horizontally along the bottom side.
- Other Labels:** "N 57° 44' 58" E 70.24' (T)" is written near the top left corner. "56.24'" and "14.00'" are written near the top right corner. "15.00'" is written near the bottom right corner.

14003FC 164

EXHIBIT C-23

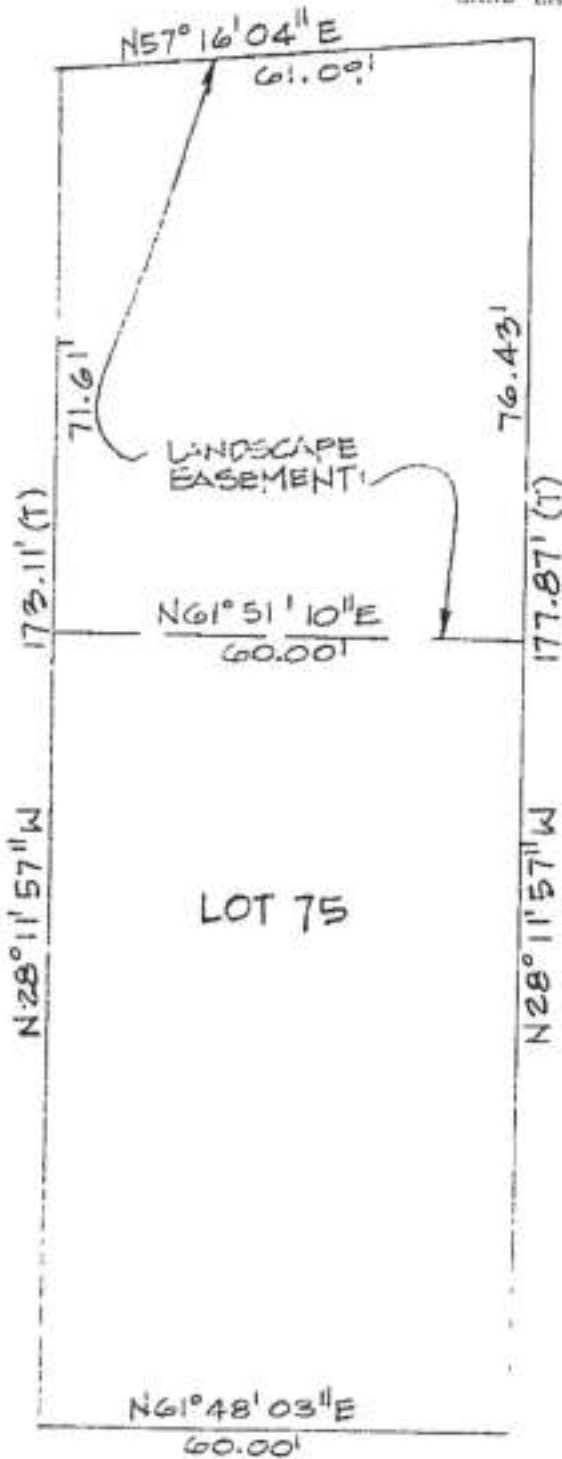
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FARRAGUT STREET
LANDSCAPE ESMT. = H O A MAINTENANCE AREA

LAND EASEMENTS

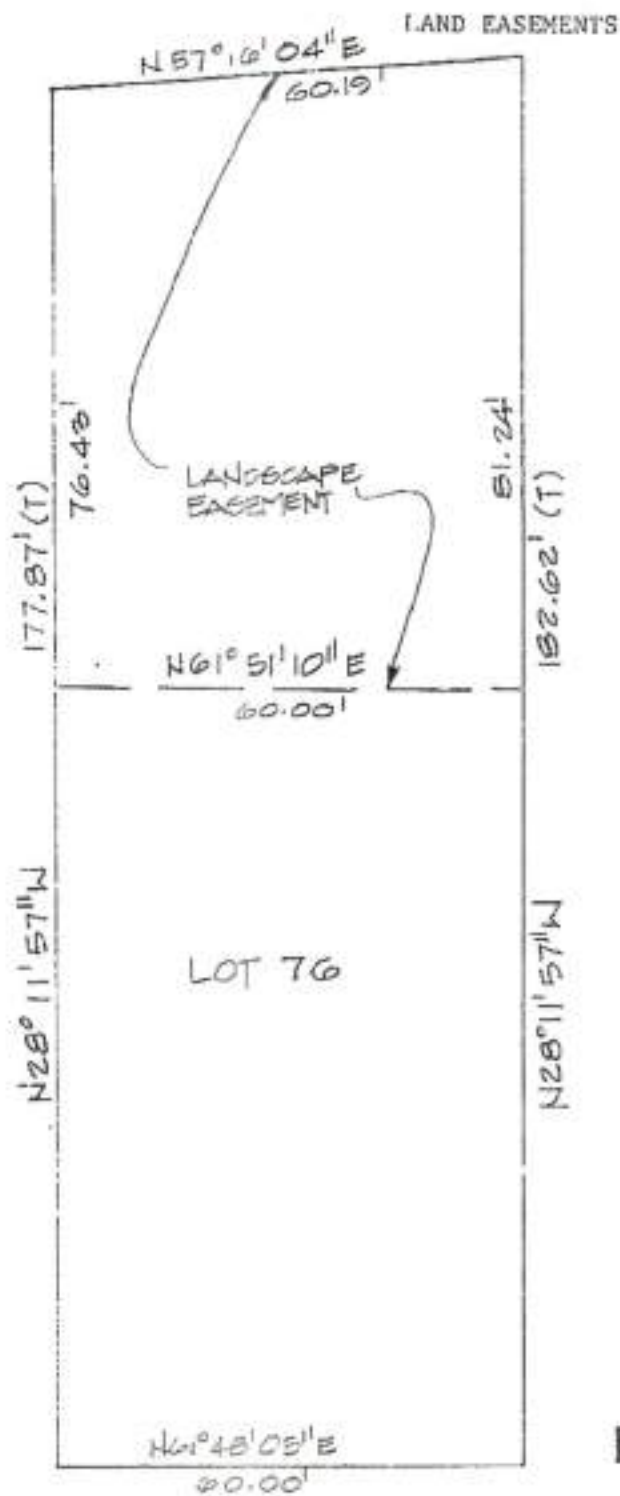


1400376 166

EXHIBIT C-25

FLORACUT STREET
LANDSCAPE ESMT - H.O.A. MAINTFNANCE AREA

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BOOK 14003 PG 167

EXHIBIT C-26

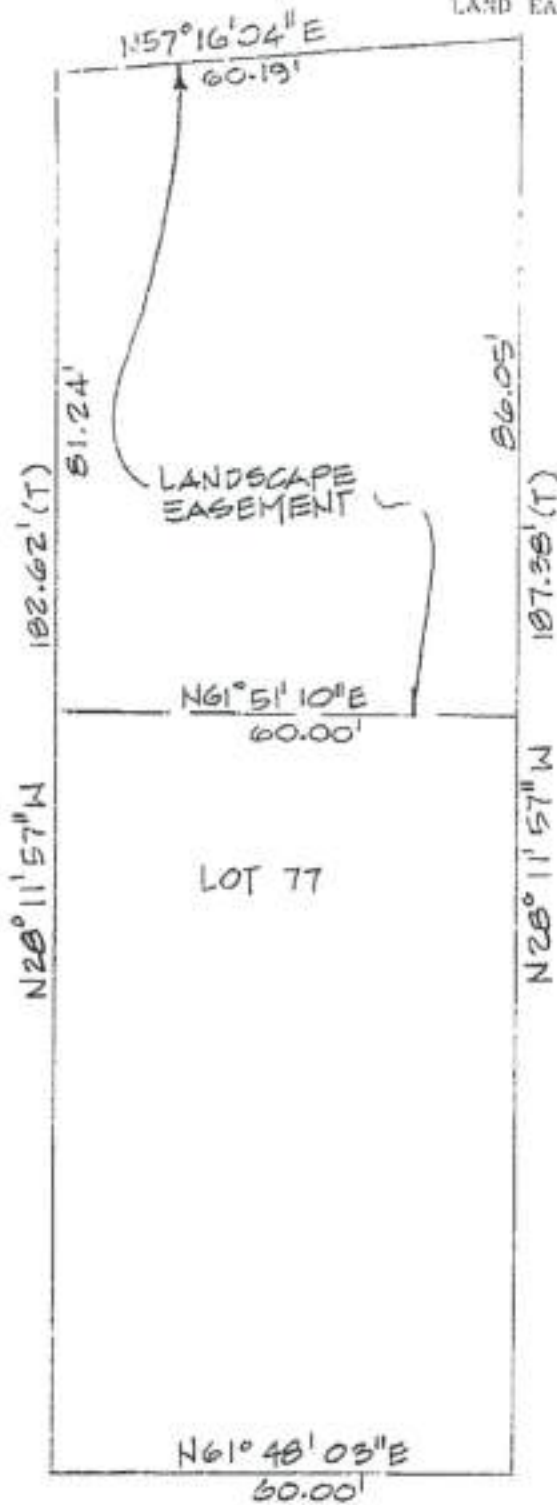
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FARRAGUT STREET

LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

LAND EASEMENTS



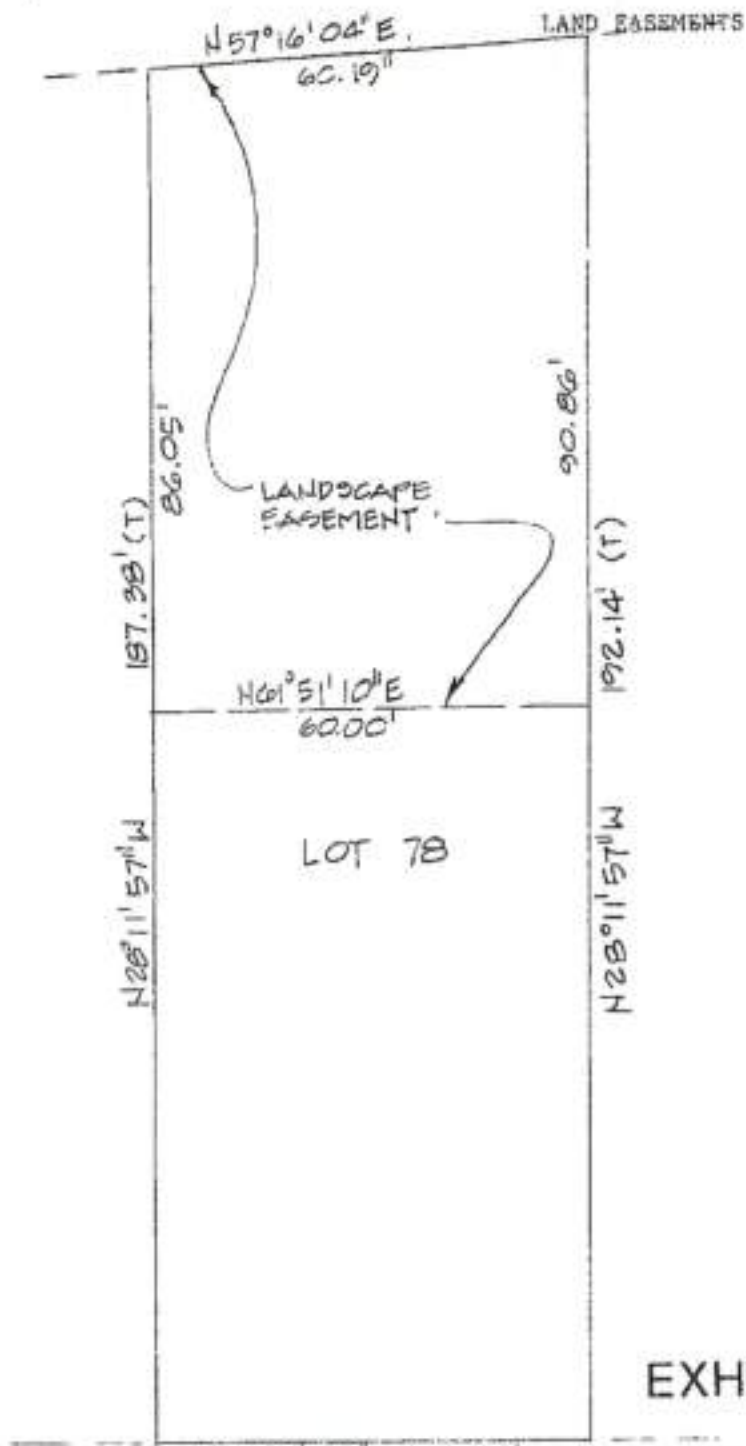
SSM 1400216 168

EXHIBIT C-27

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FARRAGUT STREET
LANDSCAPE ESMT - H.O.A. MAINTENANCE AREA



LAND EASEMENTS



03/04 140030 169

EXHIBIT C-28

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LAND EASEMENTS



1400376 170



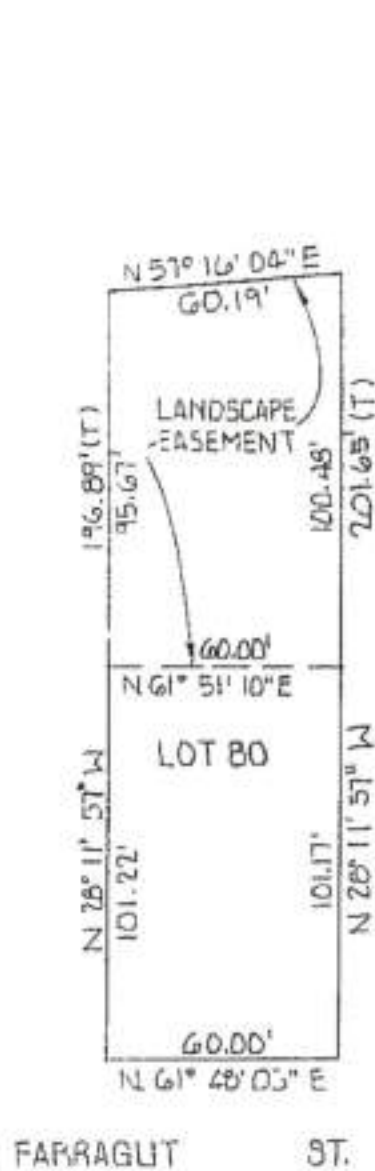
LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

EXHIBIT C-29

STEDMAN & ASSOCIATES, INC.
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LAND EASEMENTS



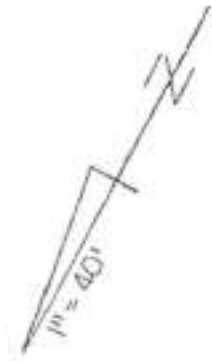
140036 171

LANDSCAPE ESMT. - H.O.A. MAINTENANCE AREA

EXHIBIT C-30

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LAND EASEMENTS



201400316 172

LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

EXHIBIT C-31

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LAND EASEMENTS

140038 173



FARRAGUT ST.

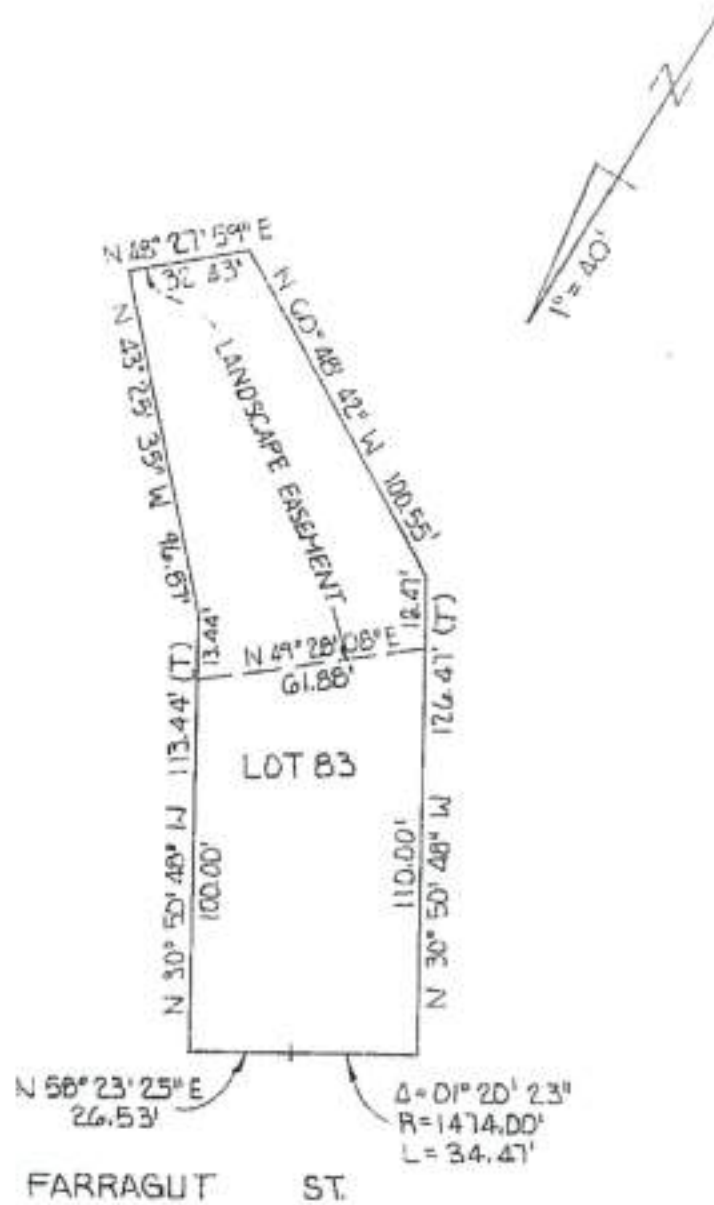
LANDSCAPE ESMT. - H.O.A. MAINTENANCE AREA

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EXHIBIT C-32

LAND EASEMENTS

22M 1400276 174



LANDSCAPE ESMT. = H.O.A. MAINTENANCE AREA

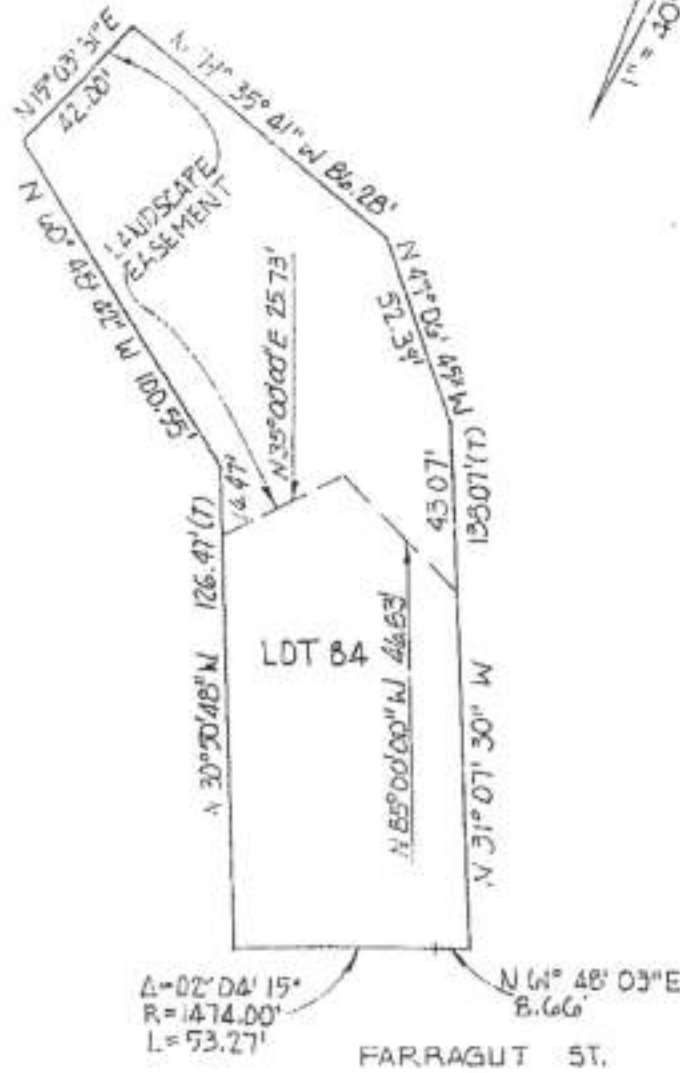
EXHIBIT C-33

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LAND EASEMENTS

140036 175



LANDSCAPE ESMT - H.O.A. MAINTENANCE AREA

EXHIBIT C-34

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LAND EASEMENTS



1400216 176

LANDSCAPE ESMT. - H.O.A. MAINTENANCE AREA

EXHIBIT C-35

PAGE 12 OF 12

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