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SAN BERNARDINO COUNTY RECORDER

DECLARATION OF RESTRICTIONS

FOR

CREEKSIDE: THE COUNTRY COLLECTION

A Master Planned Residential Community

DATE 8/31/82 BY [Signature] ACCEPTED  
VETERANS ADMINISTRATION

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EXHIBITS

- EXHIBIT A        Initial Covered Property
- EXHIBIT B        Annexation Property
- EXHIBIT C        Initial Community Facilities
- EXHIBIT D        Lot Perimeter Wall and Fence Maintenance Areas  
                  for Master Association
- EXHIBIT E        Public Right-of-Way Landscape Maintenance Areas  
                  for Master Association
- EXHIBIT F        Dominant and Servient Tenements  
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- EXHIBIT G        Main Entrance to Community - Main Entry Bridge  
                  and Community Monument Signs, and Future Entry  
                  Bridge and Community Monument Signs

DECLARATION OF RESTRICTIONS  
FOR  
CREEKSIDE: THE COUNTRY COLLECTION  
CREEKSIDE COMMUNITY MASTER ASSOCIATION

THIS DECLARATION is made this 4th day of August, 1982, by ONTARIO PLANNED RESIDENTIAL DEVELOPMENT JOINT VENTURE, a general partnership, its successors and assigns, hereinafter referred to as the "Declarant."

R E C I T A L S:

A. Declarant is the land developer of, and has an interest in that certain real property located in the City of Ontario, County of San Bernardino, State of California, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (hereinafter referred to as the "initial Covered Property") and that certain real property described in Exhibit B attached hereto and incorporated herein by this reference (hereinafter referred to as the "Annexation Property"), which may from time to time be annexed to and become a part of the Covered Property pursuant to the provisions of this Declaration.

B. Declarant desires to create and develop the initial Covered Property and the Annexation Property as a planned residential community more commonly known as "CREEKSIDE: THE COUNTRY COLLECTION" (hereinafter sometimes referred to as the "Community"), consisting of attached and detached single-family dwellings, together with recreational amenities, extensive land-

scaping and other improvements which shall be hereinafter collectively referred to as "Community Facilities," as more fully described and defined in Article I below. The Community shall be developed in accordance with the City of Ontario, Creekside Planned Residential Development Specific Plan No. 2168-SP, as the same may be amended from time to time.

C. Declarant deems it desirable to impose a general plan for the orderly development, maintenance, protection, use, occupancy and enjoyment of the Community and to establish, adopt and impose certain covenants, conditions, restrictions, easements, reservations and charges (hereinafter collectively referred to as the "covenants") upon the Community for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of the Community and enhancing and maintaining the quality of life within the Community.

D. Declarant deems it desirable for the efficient enforcement, protection, management and preservation of the value, desirability and attractiveness of the Community to create a nonprofit corporation to which shall be delegated and assigned the powers of (1) managing the Community, (2) owning, maintaining and administering the Community Facilities for the private use of its Members, guests and invitees, and (3) administering and enforcing these covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

E. CREEKSIDE COMMUNITY MASTER ASSOCIATION, a master homeowners association and a Nonprofit Mutual Benefit Corpora-

tion, has been or will be incorporated under the laws of the State of California for the purpose of exercising the aforesaid powers and functions.

F. Declarant will hereafter hold and convey title to all of the Community, and any portion thereof, subject to those certain protective covenants, conditions and restrictions set forth hereinbelow.

NOW, THEREFORE, Declarant agrees and declares that it has established, and does hereby establish, a plan for the development, maintenance, protection, use, occupancy and enjoyment of the Covered Property, and has fixed and does hereby fix the covenants upon the Covered Property. Each and all of the covenants shall run with the land and shall inure to the benefit of and be binding upon: (1) Declarant, its successors and assigns; (2) Merchant Builders, as such term is defined in Article I below, and their successors and assigns; and (3) all subsequent owners of all or any portion of the Community, together with the grantees, successors, heirs, executors, administrators, devisees and assigns of each of them.

## ARTICLE I

### DEFINITIONS

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

Section 1. "Annexation Property" shall mean and refer to that certain real property described in Exhibit B attached hereto and

incorporated herein by this reference, including all Improvements constructed thereon, all or portions of which may be annexed to the Covered Property as set forth in the Article herein entitled "Integrated Nature of the Covered Property."

Section 2. "Architectural Committee" shall mean and refer to the committee(s) created pursuant to the Article hereof entitled "Architectural Control."

Section 3. "Articles" shall mean and refer to the Articles of Incorporation of the Master Association as filed in the Office of the Secretary of State of the State of California, as such Articles may be amended from time to time.

Section 4. "Assessments" - the following meanings shall be given to the assessments hereinafter defined:

"Regular Assessment" shall mean a charge against such Owner (as defined herein) and his Lot (as defined herein), representing a portion of the Common Expenses (as defined herein) of the Master Association.

"Special Assessment" shall mean a charge against a particular Owner and his Lot, directly attributable to the Owner, to reimburse the Master Association for costs incurred in bringing the Owner and his Lot into compliance with the provisions of this Declaration, the Articles, By-Laws or Master Association Rules (as defined herein), or any other charge designated as a Special Assessment in this Declaration, the Articles, By-Laws or Master

Association Rules, together with any amount due the Master Association based upon disciplinary proceedings against an Owner pursuant to the provisions of this Declaration.

"Reconstruction Assessment" shall mean a charge against each Owner and his Lot representing a portion of the cost to the Master Association for reconstruction of any portion or portions of the Community Facilities (as defined herein) or any portion of the Covered Property pursuant to the provisions of this Declaration.

"Capital Improvement Assessment" shall mean a charge against each Owner and his Lot, representing a portion of the cost to the Master Association for installation or construction of any capital improvements on any of the Community Facilities which the Master Association may from time to time authorize pursuant to the provisions of this Declaration.

Section 5. "Board" shall mean the Board of Directors of the Master Association.

Section 6. "By-Laws" shall mean and refer to the By-Laws of the Master Association, as adopted and approved by the Board of Directors, as the same may be amended from time to time.

Section 7. "City" shall mean and refer to the City of Ontario, California, a municipal corporation of the State of California.

Section 8. "Common Expenses" shall mean and refer to the actual and estimated costs of:



(a) ownership, maintenance, management, operation, repair and replacement of the Community Facilities, and all other areas on the Covered Property which are maintained by the Master Association;

(b) unpaid Special, Reconstruction and Capital Improvement Assessments;

(c) maintenance by the Master Association of areas within the public right-of-way of public streets in the vicinity of the Covered Property as provided in this Declaration;

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

(e) the costs of utilities, trash pickup and disposal, gardening and other services benefiting the Owners and their Lots to the extent such services are paid for by the Master Association;

(f) the costs of fire, casualty, liability, worker's compensation, fidelity and other insurance covering the Community Facilities;

(g) the costs of any other insurance obtained by the Master Association;

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

(i) the costs of bonding of the members of the Board, any professional managing agent or any other person handl-

ing the funds of the Master Association;

(j) taxes paid by the Master Association;

(k) amounts paid by the Master Association for discharge of any lien or encumbrances levied against the Community Facilities or portions thereof;

(l) costs incurred by the Architectural Committee or other committees of the Master Association; and

(m) the costs of any other item or items designated by, or in accordance with, other expenses incurred by the Master Association for any reason whatsoever in connection with the Community Facilities, this Declaration, the Articles or the By-Laws or in furtherance of the purposes of the Master Association or in the discharge of any obligations imposed on the Master Association by this Declaration.

Section 9. "Community" shall mean and refer to the initial Covered Property and all Improvements located thereon, and all portions of the Annexation Property which are annexed to the Covered Property pursuant to the Article herein entitled "Integrated Nature of the Covered Property."

Section 10. "Community Facilities" shall mean all real and personal property and the Improvements owned at any time by the Master Association for the common use and enjoyment of the Members, or over which the Master Association has an easement for the use, care and maintenance thereof, including, without limitation, any private storm drains, private streets, private utilities, private parks, public rights of way, drainage swales, peri-

meter lot walls and fences, monument signs, main entrance bridge, open spaces, trails and slopes, and which, on or before the date of the first conveyance of a Lot to an Owner, shall be that certain property described on Exhibit C attached hereto and incorporated herein by this reference (the "initial Community Facilities"). All additional Community Facilities not a part of the initial Community Facilities shall be annexed to the Covered Property by recordation of Notices of Annexation pursuant to the Article of this Declaration entitled "Integrated Nature of the Covered Property." Declarant shall convey the Community Facilities to the Master 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 and the covenants, conditions, reservations and restrictions contained in this Declaration.

Section 11. "Condominium" shall mean an estate in real property as defined in Section 783 of the California Civil Code, or any similar California statute hereinafter enacted.

Section 12. "Condominium Project" shall mean and refer to one (1) or more Lots within the Community, developed as Condominiums as defined in Section 1350 of the California Civil Code, or any similar statute hereinafter enacted, and annexed to the Covered Property in accordance with the Article herein entitled "Integrated Nature of the Covered Property."

Section 13. "Condominium Unit" shall mean and refer to the ele-

ments of a Condominium which are not owned in common with the Owners of other Condominiums in the Covered Property, said Units being more particularly described and set forth in the condominium plan.

Section 14. "Covered Property" shall mean and refer to all the real property described on Exhibit A hereto and, subsequent to the annexation thereof pursuant to the Article of this Declaration entitled "Integrated Nature of the Covered Property," any Annexation Property which shall become subject to this Declaration as described in Exhibit B hereto.

Section 15. "Declarant" shall mean and refer to ONTARIO PLANNED RESIDENTIAL DEVELOPMENT JOINT VENTURE, a general partnership, and to any person or entity acquiring all or a portion of of Declarant's interest in the Community (including all of Declarant's rights and obligations as created and established herein), pursuant to a written assignment from Declarant which is recorded in the Office of the County Recorder for San Bernardino County, California.

Section 16. "Declaration" shall mean and refer to this Declaration of Restrictions, and to any and all amendments or supplements thereto, recorded on the Covered Property in the Office of the County Recorder for San Bernardino County, California.

Section 17. "Dwelling" as used herein is a generic term used to

refer to a residential dwelling and related Improvements as may be constructed on the same Lot, without regard to whether said dwelling is an attached or detached single-family residence, or a Condominium as defined in this Master Declaration.

Section 18. "Election Committee" shall mean and refer to the committee provided for in the Article hereof entitled "Membership."

Section 19. "Exhibit" shall mean and refer to those documents so designated herein and attached hereto and incorporated herein by this reference.

Section 20. "Federal Agencies" shall mean and refer to collectively one or more of 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), and VA (Veterans Administration).

Section 21. "Improvements" shall mean and refer to all Structures (as defined herein) and appurtenances thereto of every kind, including Dwellings (as defined herein), garages, carports, parking areas, sidewalks, driveways, fences, walls, retaining walls, perimeter lot walls, tennis courts, recreational

area and related equipment, stairways, landings, decks, patios, swimming pools, jacuzzis, exterior air conditioning and water softening fixtures or equipment, poles, signs, hedges, wind-breaks, trees and other landscaping then in excess of six (6) feet, or which can grow to a height in excess of six (6) feet.

Section 22. "Institutional Mortgagee" shall mean and refer to a Mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under Federal or State laws, any corporation or insurance company, any Federal or State agency, or any other institution specified by the Board in a recorded instrument to whom a mortgage is made, and shall include a beneficiary under a deed of trust.

Section 23. "Lot" shall mean and refer to a lot shown on any recorded final tract map or a parcel shown on any recorded parcel map affecting all or any portion of the Covered Property, and to all Improvements which may, from time to time, be constructed thereon; provided, however, "Lot" shall not include any Community Facilities or any real property owned or leased by a Maintenance Association for the common use and enjoyment of its members. "Lot" shall also mean any Condominium.

Section 24. "Maintenance Association" shall mean and refer to any association incorporated under the applicable laws of the State of California, or any unincorporated association, which is formed to facilitate the maintenance and operation of any por-

tion of the Covered Property which is either owned in common by the Owners who are members of such association or which is owned by such association for the benefit of the Owners who are its members, to enforce or administer any declaration of restrictions recorded by Declarant, other than those contained herein, or in a Supplementary Declaration (as defined herein) recorded by a Merchant Builder (as hereinafter provided) which may be applicable to a particular portion of the Covered Property.

Section 25. "Master Association" shall mean and refer to CREEK-SIDE COMMUNITY MASTER ASSOCIATION, a nonprofit mutual benefit corporation, incorporated under the laws of the State of California.

Section 26. "Master Association Rules" shall mean rules adopted by the Board of Directors, for and on behalf of the Master Association, pursuant to the Article hereof entitled "Duties and Powers of the Master Association," as they may be amended from time to time.

Section 27. "Member" shall mean and refer to every person or entity who qualifies for membership pursuant to the Article of this Declaration entitled "Membership."

Section 28. "Merchant Builder" shall mean and refer to any individual, partnership, joint venture, corporation or other entity, other than Declarant, to which Declarant conveys any portion of

the Covered Property or Annexation Property for the purpose of constructing Dwellings and related Improvements thereon for resale to members of the general public. Subject to the reservation of voting rights as provided in the Article herein entitled "Membership," a Merchant Builder shall be deemed to be an Owner (as defined herein) of all Lots it owns and shall be subject to all of the rights and obligations of an Owner as provided for in this Master Declaration, the Articles and By-Laws.

Section 29. "Mortgage" shall mean and refer to any duly recorded mortgage or deed of trust encumbering a Lot.

Section 30. "Mortgagee" shall mean and refer to the mortgagee under any mortgage and shall include the beneficiary of a deed of trust. A "First Mortgagee" shall refer to a Mortgagee whose Mortgage has priority over any other Mortgage encumbering a specific Lot.

Section 31. "Mortgagor" shall mean a person or entity who mortgages his or its property to another, i.e., the maker of a mortgage, and shall include the trustor of a deed of trust.

Section 32. "Notice of Annexation" shall mean those certain declarations of restrictions, or similar instruments, annexing any Annexation Property to the Covered Property and extending the plan of this Declaration to such additional property as provided in the Article of this Declaration entitled "Integrated



Nature of the Covered Property."

Section 33. "Organizational Meeting" shall mean and refer to the first annual meeting of the Master Association, as more fully described herein and in the By-Laws.

Section 34. "Owner" shall mean and refer to one or more persons or entities who are alone or collectively the record owner of a fee simple interest of record to a Lot which is a part of the Covered Property, including Declarant and any Merchant Builder, or the vendee under an installment land sales contract which is recorded in the Official Records of San Bernardino County, and which is communicated to the Board of Directors of the Master Association, but excluding those having such interest merely as security for the performance of an obligation.

Section 35. "Phase" shall mean and refer to one or more Lots within the Community improved with Dwellings which is (are) annexed to the Covered Property as provided herein and for which a Final Subdivision Public Report has been issued by the California Department of Real Estate.

Section 36. "Planned Development" shall mean and refer to one (1) or more Lots within the Community, other than a Condominium Project, which is defined as a planned development in Section 11003 of the California Business and Professions Code, or any similar statute hereinafter enacted, and annexed to the Covered

Property in accordance with the Article herein entitled "Integrated Nature of the Covered Property."

Section 37. "Structure" shall mean and refer to collectively the Dwelling and to any improvement erected, constructed, placed or installed, (a) upon the portion of a Lot between the front or side of a Dwelling and the contiguous street; (b) upon the portion of a Lot behind a Dwelling and of a height of three (3) feet or more above the established ground level; or (c) adjacent to Community Facilities of any nature.

Section 38. "Supplementary Declaration" shall mean and refer to any declaration of restrictions recorded by Declarant or by a Merchant Builder on all or a portion of the Annexation Property owned by Declarant or by such Merchant Builder; provided, however, that the covenants and provisions set forth in such Supplementary Declaration shall not conflict with the covenants and provisions set forth in this Declaration. In the event of any conflict between any Supplementary Declaration and this Declaration, this Declaration shall control. The Supplementary Declaration may impose such further covenants, conditions, restrictions, easements, reservations, liens and charges as Merchant Builder may deem advisable, taking into account the particular nature and requirements of the Annexation Property owned by Merchant Builder. Notwithstanding the foregoing, a Merchant Builder shall not record a Supplementary Declaration without the express written consent of Declarant.

Section 39. "Tract" shall mean and refer to a parcel of real property which has been divided into one or more Lots as shown on a recorded Tract Map or recorded Parcel Map, as such capitalized terms are described in Title 7, Division 2, of the Government Code of the State of California.

Section 40. The aforesaid definitions shall be applicable to this Declaration and to any supplements or amendments thereto (unless the context shall prohibit) filed or recorded pursuant to the provisions of this Declaration.

ARTICLE II

GENERAL PLAN OF DEVELOPMENT

Section 1 - Introduction to Creekside: The Country Collection.

(a) Creekside has been designed and planned by the Declarant as a planned residential community which, when completed, will consist of approximately fifteen hundred (1,500) Dwellings, including attached and detached single-family residences and Condominiums, and various Community Facilities. The Community will be developed in accordance with the City of Ontario Creekside Planned Residential Development Specific Plan, as same may be amended from time to time.

(b) The initial Covered Property in Creekside shall consist of twelve (12) Lots in Tract 11387 as more fully described in Exhibit A attached hereto. The initial Community Facilities for Creekside include landscaped medians and open space areas as more fully described in Exhibit C attached hereto. The Community Facilities will be owned, managed and maintained by the Creekside Community Master Association. The Community Facilities in the initial Covered Property, and any property designated in Notices of Annexation as Community Facilities located in the Annexation Property, shall be conveyed to the Master Association on or before the close of escrow for the first sale of a Lot in the appropriate Phase to a bona fide purchaser as set forth

in this Declaration. As more fully set forth in this Declaration, all Owners within the Covered Property will be Members of the Master Association and will be obligated to pay all Assessments levied by the Master Association. All Owners within the Covered Property, their contract purchasers, tenants, lessees, family members and invitees will be entitled to the use and enjoyment of all of the Community Facilities within the Covered Property as set forth in the Declaration.

Section 2 - Annexation of Subsequent Phases.

(a) As presently scheduled, Creekside is to be developed in a series of Phases over a period of approximately seven (7) years. Declarant presently intends to convey some or all Lots in Tracts within Creekside to Merchant Builders for the purpose of constructing Dwellings and related Improvements on such Lots and marketing the same to members of the general public. As each Phase is developed, Declarant or a Merchant Builder shall be obligated to annex said Phase to the Covered Property. Declarant, or with Declarant's prior consent, a Merchant Builder shall record a Notice of Annexation on said Phase which shall serve to impose the covenants set forth in this Declaration upon said Phase and subject said Phase to the jurisdiction of the Master Association. The voting rights in the Master Association, and the obligations of Owners, including De-

clarant, and any Merchant Builder(s), for the payment of Assessments levied by the Master Association shall be adjusted as set forth in said Notice of Annexation.

(b) In addition to the Notice of Annexation, Merchant Builder may also record a Supplementary Declaration upon the annexed Phase; provided, however, that the covenants set forth in such Supplementary Declaration shall not conflict with the covenants set forth in this Declaration. The Supplementary Declaration may impose such further covenants as Declarant may deem advisable, taking into account the particular nature of the type of housing product and specific requirements of each Phase. In the event of any conflict between any Supplementary Declaration and this Declaration, this Declaration shall control.

(c) A Supplementary Declaration of Restrictions recorded on any Phase annexed to the Covered Property may, but need not, provide for the establishment of a Maintenance Association. The Maintenance Association shall have jurisdiction over all Lots within said Phase and shall be expressly charged with the duty to maintain any real and personal property owned by the Maintenance Association and/or owned in common by all of the Owners within said Phase. In addition to their automatic membership in the Master Association, all Owners within said Phase shall also be members of the Maintenance Association and shall be obligated to pay the assessments levied by the Maintenance Association. The Supplementary Declaration may provide for the

annexation of additional Phases into said Maintenance Association. In the event of a conflict between the provisions of this Declaration and any Supplementary Declaration, this Declaration shall control.

Section 3 - Development Control. In order that the Community be completed and established as a planned residential development, Declarant shall have sole discretion and control over all aspects of designing and constructing all Dwellings and Improvements on all Lots owned by any Merchant Builders or Declarant, in conformance with the plans and specifications approved by the Veterans Administration, and over the selling and marketing of Lots. Further, the Declarant shall have the sole discretion and control over all aspects of designing, constructing and completing all of the Community Facilities in conformance with the plans and specifications approved by the Veterans Administration. In order that Declarant and any Merchant Builder retain such control over the development of the Covered Property, Declarant and any Merchant Builder shall have reasonable rights of ingress, egress and access on, over and across the Covered Property as necessary to construct such Dwellings and Improvements, if such access is not otherwise reasonably available. Declarant and any Merchant Builder shall further have reasonable rights to maintain sales offices, models complexes and reasonable signs and displays on any portion of the Covered Property by Declarant or Merchant Builder, and to utilize the open parking spaces located in the Covered Property for a period of time not to exceed seven (7) years from the conveyance of the first Lot in the ini-

tial Covered Property to a bona fide purchaser, or until all Lots in the last phase of the Covered Property are sold (and escrows closed) or all Tracts within the Community have been sold (and escrows closed) to Merchant Builders, whichever first occurs, to sell, lease or otherwise convey the Lots in the Covered Property to bona fide purchasers of said Lots.

Section 4 - Non-Liability of Declarant. Nothing in this Article or elsewhere in this Declaration shall be understood or construed to compel Declarant or any Merchant Builder to develop and construct any subsequent Phases of the Covered Property. The purpose of this Article is merely to describe the possible plan of development for the Community, to describe the legal relationship between the Master Association and the Maintenance Associations, and to describe the legal relationship between the initial Covered Property and subsequent Phases which may be annexed to the initial Covered Property. Without limiting the generality of the foregoing, nothing in this Section or elsewhere in this Declaration shall limit the right of Declarant or any Merchant Builders to complete construction of the Community, to alter same, or to construct such additional Improvements as Declarant or any Merchant Builder deem advisable prior to completion and sale of all Lots in the Community. The Declarant may assign any or all of its rights under this Declaration to any successor to all or any part of Declarant's interest in the Community as developer by an express assignment incorporated in a recorded deed transferring such interest to such successor.



## ARTICLE III

### MEMBERSHIP

Section 1 - Membership. Every Owner shall be a Member of the Master Association subject to the terms of this Declaration, the Articles, the By-Laws and the Master Association Rules. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. 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, By-Laws and Master 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 Lot. Ownership of a Lot shall be the sole qualification for membership; provided, however, a Member's voting rights or privileges in the recreational facilities, if any, located on the Community Facilities may be regulated or suspended as provided in this Declaration, the By-Laws or the Master Association Rules. Not more than one (1) membership shall exist based upon ownership or co-ownership of a single Lot. Notwithstanding the foregoing, Declarant shall have the right to reserve and hereby reserves in itself all voting rights pertaining to membership in the Master Association attributable to any Lots owned by any Merchant Builder(s). Upon conveyance of a Lot by a Merchant Builder to a member of the general public (not a Merchant Build-

er), all such voting rights shall automatically vest in the transferee.

Section 2 - Election Committee. The Election Committee shall be appointed annually by the Board to nominate candidates for the Board, regulate nominations, evaluate voting requirements, regulate voting procedures and campaigns, and adopt rules to insure an orderly and fair election of Directors. The Board may, from time to time, vest the Election Committee with certain rulemaking powers for the limited purpose of effectuating the fair and orderly election of Directors.

Section 3 - 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 Master Association. In the event an Owner should fail or refuse to transfer the membership registered in his name to the transferee of such Owner's interest in such Lot, the Master Association shall have the right to record the transfer upon the books of the Master Association without any further action or consent by the transferring Owner. The Board may levy a reasonable charge against a new Owner equal to the cost of transferring the membership on the records of the Master Association.

Section 4 - Voting Rights. All voting rights shall be subject to the restrictions and limitations provided herein and in the Articles and By-Laws.

Section 5 - Classes of Voting Membership. The Master Association shall have two (2) classes of voting membership, as follows:.

Class A. Class A Members shall be all Owners with the exception of the Declarant or a Merchant Builder. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one (1) person owns a portion of the interest in a Lot required for membership, each such person shall be a Member and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. The Master Association shall not be required to recognize the vote or written assent of any such co-Owner except the vote or written assent of the co-Owner designated in a writing executed by all of such co-Owners and delivered to the Master Association.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot it owns, and for each Lot for which a Merchant Builder holds an interest in said Lot required to be an "Owner" as defined in Article I above; provided, that the Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(a) The second anniversary of the original issuance of the most recently issued Final Subdivision Public Report for a Phase within the Covered Property;

(b) The seventh anniversary of the original issuance of the Final Subdivision Public Report for the first Phase within the Covered Property; or

(c) December 31, 1989.

Any action by the Master Association which must have the approval of the membership of the Master Association before being undertaken, shall require the vote or written assent of a majority of the Class B membership as well as a majority of the Class A membership so long as there are two (2) outstanding classes of membership, unless a specific provision of this Declaration or the By-Laws or Articles of the Master Association requires the approval of a greater percentage of the voting membership. Notwithstanding the foregoing, any action by the Master Association pursuant to the Section contained herein entitled "Enforcement of Bonded Obligations" shall only require a majority of the voting power of the Owners other than Declarant.

Section 6 - Vesting of Voting Rights. The voting rights attributable to any given Lot in the Covered Property as provided for herein shall not vest until the assessments provided for hereinbelow have been levied by the Master Association as against said Lot.

Section 7 - Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time for each meeting. Every proxy shall be revocable and shall automatically cease upon the conveyance by the Owner of his Lot.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1 - Creation of the Lien and Personal Obligation of Assessments. Each Owner (including, without limitation, each Merchant Builder) of any Lot by acceptance of a deed or other conveyance creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Master Association: (a) Regular Assessments, (b) Special Assessments, (c) Capital Improvement Assessments, and (d) Reconstruction Assessments, if applicable, such Assessments to be fixed, established and collected from time to time as hereinafter provided. With the exception of the Special Assessments, the Assessments, together with interest thereon, late charges, attorneys' fees and court costs, and other costs of collection thereof as hereinafter provided, shall be a continuing lien upon the Lot against which each such Assessment is made. With the exception of Special Assessments, each Assessment, together with such interest, late charges, and costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when such Assessment becomes due. Each Special Assessment levied against an Owner, together with interest, costs and reasonable attorneys' fees for the collection thereof, shall be the personal obligation of the Owner of the Lot at the time when such Assessment becomes due. The personal obligation for delinquent Assessments shall not

pass to the successors in title of an Owner unless expressly assumed by such successors.

Section 2 - Purpose of Assessments. The Assessments levied by the Master Association shall be used exclusively for the purposes of promoting the recreation, health, safety and welfare of the residents in the Covered Property, the management of the Covered Property, enhancing the quality of life in the Covered Property, and the value of the Covered Property, including, without limitation, the improvement and maintenance of the Community Facilities and all facilities and Improvements located thereon and related thereto, or in furtherance of any other duty or power of the Master Association.

Section 3 - Regular Assessments. The amount and time of payment of Regular Assessments shall be determined by the Board pursuant to the Articles and By-Laws after giving due consideration to the current maintenance, operational and other costs and the future needs of the Master Association. At least thirty (30) days prior to the beginning of each fiscal year of the Master Association, the Board shall estimate the total Common Expenses to be incurred for the forthcoming fiscal year. The Board shall then determine the amount of the Regular Assessment to be paid by each Owner. Written notice of the annual Regular Assessments shall be sent to every Owner at least thirty (30) days in advance of each Assessment period. Each Owner shall thereafter



pay to the Master Association his Regular Assessment in installments as established by the Board. 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 and issue a supplemental estimate of the Common Expenses and determine the revised amount of Regular Assessments against each Owner, and the date or dates when due.

Section 4 - Capital Improvement Assessments. In addition to the Regular Assessments, the Master Association may levy in any calendar year a Capital Improvement Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or replacement (other than due to destruction) of a described capital improvement upon the Community Facilities to the extent the same is not covered by the provisions affecting Reconstruction Assessments in the Article hereof entitled "Damage or Destruction to Community Facilities," including the necessary fixtures and personal property related thereto. All amounts collected as Capital Improvement Assessments may only be used for capital improvements and shall be deposited by the Board in a separate bank account to be held in trust for such purposes. Said funds shall not be commingled with any other funds of the Master Association and shall be deemed a contribution to the capital account of the Master Association by the Members.

Section 5 - Uniform Rate of Assessment. Regular, Reconstruction and Capital Improvement Assessments shall be fixed at an equal amount for each Lot and may be collected at intervals selected by the Board.

Section 6 - Certificate of Payment. The Master Association shall, upon demand, furnish to any Owner liable for Assessments a certificate in writing signed by an officer or authorized agent of the Master Association, setting forth whether the Assessments on a specified Lot have been paid, and the amount of delinquency, if any. A reasonable charge, not to exceed Twenty-Five Dollars (\$25.00), 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 7 - Exempt Property. The following portions of the Covered Property shall be exempt from the Assessments created herein: (a) all properties dedicated to and accepted by, or otherwise acquired by, a public authority, (b) all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of California; however, no Land or Improvements devoted to dwelling use shall be exempt from said assessment, (c) all property owned by any public authority, and (d) the Community Facilities; however, no Land or Improvements devoted to residential use shall be exempt from said Assessments.

Section 8 - Special Assessments. Special Assessments shall be levied by the Board against an Owner and his respective Lot to reimburse the Master Association for costs incurred in bringing an Owner and his Lot into compliance with the provisions of this Declaration, the Articles, the By-Laws or Master Association Rules, or any other charge designated as a Special Assessment in this Declaration, the Articles, By-Laws or Master Association Rules, together with attorneys' fees, interest and other charges relating thereto as provided in this Declaration. A Special Assessment for the purposes set forth in this Section may be levied by a majority vote of the Board of Directors after notice and hearing given and had in accordance with the procedures more fully set forth in the By-Laws.

Section 9 - Date of Commencement of Regular Assessments. The Regular Assessments shall commence as to all Lots on the first day of the month following (1) the first close of escrow for the sale of a Lot to a bona fide purchaser (Owner), or (2) the conveyance of the Community Facilities to the Master Association, whichever is first to occur; provided, however, the Regular Assessments, as to Lots within a Phase of the Annexation Property, shall commence with respect to all Lots within each such Phase on the first day of the month following (1) the conveyance of the first Lot therein to a bona fide purchaser, or (2) the conveyance of the Community Facilities to the Master Association, whichever is first to occur. Provided further,

that in the event the amount budgeted to meet Common Expenses for the current year proves to be excessive in light of the actual Common Expenses, the Board, in its discretion, may reduce the amount of the Regular Assessment as it deems appropriate. Provided further, that in the event the amount budgeted to meet Common Expenses proves to be excessive in light of the actual Common Expenses during a year in which an area is annexed pursuant to the Article hereof entitled "Integrated Nature of the Covered Property," the Board, in its discretion, may reduce the amount of the Regular Assessment as it deems appropriate. In no event shall a reduction in the amount of Regular Assessments pursuant to this Section result in a quantity or quality of services diminished from those upon which the Common Expense budget for the year in question is based.

Section 10 - Maximum Regular Assessments. Notwithstanding the other provisions of this Article:

(a) Regular Assessments - Basis. Each Lot shall share in the Common Expenses of the Master Association on an equal basis. Until the first day of the fiscal year immediately following the conveyance of the first Lot in the Covered Property to an Owner, the maximum annual Regular Assessment shall be as set forth in the budget for the Master Association.

(1) From and after the first day of the fiscal

year immediately following the conveyance of the first Lot in the Covered Property to an Owner, the maximum Regular Assessment may be increased by the Board above the maximum annual Regular Assessment, without the vote or written consent of the Members, in an amount not greater than (i) ten percent (10%), or (ii) the percentage increase by which the United States Bureau of Labor Statistics, Los Angeles-Long Beach-Anaheim, All Urban Consumers, Consumer Price Index ("CPI"), or any similar index substituted therefor, has increased as of the date of the increase over the level of such CPI as of the date the Regular Assessment was last established.

(2) From and after the first day of the fiscal year immediately following the conveyance of the first Lot in the Covered Property to an Owner, the maximum Regular Assessment may be increased above the amount provided for in subparagraph (1) by the vote or written assent of fifty-one percent (51%) of a majority of the voting power of the Master Association residing in Members other than Declarant. The Board may fix the Regular Assessment at an amount not in excess of the maximum.

Section 11 - Maximum Capital Improvement Assessments. To the extent the costs of capital improvements during any year shall

exceed five percent (5%) of the budgeted gross Common Expenses of the Master Association, a Capital Improvement Assessment shall have the written assent or vote of a majority power of the Master Association residing in Members, other than Declarant, at a meeting duly called for this purpose, written notice of which shall be sent to all Members in accordance with the procedures from time to time established in the By-Laws for the calling of special meetings of Members. Any reserves collected by the Master Association for the future maintenance and repair of the Community Facilities, or any portion thereof, shall not be included in determining said annual capital improvement limitation. Every Capital Improvement Assessment shall be levied upon the same basis as that prescribed for the levying of Regular Assessments.

Section 12 - No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Master Association is not properly exercising its duties and powers as provided in this Declaration.

Section 13 - Notice and Quorum Requirements For Any Action Authorized Under Section 10(a)(2). Any action authorized under Section 10(a)(2) herein shall be taken at a meeting called for that purpose by written notice which shall be sent to Members not less than thirty (30) nor more than sixty (60) days in advance

of the meeting. A quorum for such meeting shall be fifty-one percent (51%) of each class of Members entitled to vote on such action. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum for the preceding meeting. If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite fifty-one percent (51%), Members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the Master Association not later than thirty (30) days from the date of such meeting.

Section 14 - Waiver Prohibited. No Owner may waive or otherwise avoid liability for the payment of Assessments provided for herein for any reason whatsoever, including, but not limited to, non-use of the Community Facilities or abandonment of his Lot.

Section 15 - Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of California now in effect, or in effect from time to time hereafter.

Section 16 - Capitalization of Master Association. Each Owner shall contribute to the capital of the Master Association an

amount equal to one-sixth (1/6) of the then annual Regular Assessment for his respective Lot as determined by the Board. Said amount shall be deposited by said Owner into the escrow for the purchase of his Lot and shall be disbursed by the escrow holder to the Master Association at the close of escrow for the sale of the Lot to said Owner. Prior to the expiration of six (6) months after the close of the first escrow for the sale of a Lot in the Covered Property, Declarant or Merchant Builder, as the case may be, shall deposit with the escrow holder an amount equal to one-sixth (1/6) of the then annual Regular Assessment for any and all Lots in the Covered Property not yet sold or otherwise in escrow in connection with the sale of a Lot. Escrow holder shall remit these funds to the Master Association. Thereafter, upon the close of each escrow for the sale of a Lot for which the capitalization fund was prepaid by Declarant or Merchant Builder, escrow holder shall remit to Declarant or Merchant Builder, and not to the Master Association, the capitalization fee collected from the bona fide purchaser-Owner of the Lot.



ARTICLE V

NON-PAYMENT OF ASSESSMENTS

Section 1 - Delinquency. Any Assessment not paid within ten (10) days after the due date shall be deemed delinquent and shall bear interest from the due date at an annual percentage rate of six percent (6%). The Master Association may, at its option, and without waiving the right to foreclose its lien against the Lot, bring an action at law against the Owner personally obligated to pay the same and/or upon compliance with the notice provisions set forth in Section 2 of this Article, to foreclose the lien against the Lot. If action is commenced, there shall be added to the amount of such Assessment any interest, the costs of preparing and filing the complaint in such action, and attorneys' fees incurred in connection with the commencement of such action, and in the event a judgment is obtained, such judgment shall include any interest and a reasonable attorneys' fee, together with the costs of action. Each Owner vests in the Master Association or its assigns the right and power to bring all actions at law or lien foreclosure against such Owner or other Owners for the collection of such delinquent Assessments.

Section 2 - Notice of Lien. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a notice of claim of lien is deposited in the United States mail, certi-

fied or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Master Association in the Office of the County Recorder of San Bernardino County; said notice of claim of lien must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which shall include interest on the unpaid Assessment at the rate of six percent [6%] per annum, plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant.

Section 3 - Foreclosure Sale. Said Assessment lien may be enforced by sale by the Master Association, its attorney or any other person authorized to make the sale after failure of the Owner to make the payments specified in the notice of claim of lien within said thirty (30) day period. Any such sale provided for above is to be conducted in accordance with the provisions of Sections 2924 et seq., of the Civil Code of the State of California, as said statutes may from time to time be amended, applicable to the exercise of powers of sale in Mortgages and Deeds of Trust, or in any other manner permitted or provided by law. The Master Association, through its duly authorized agents, shall have the power to bid on the Lot, using Master Association funds, or funds borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage and convey the same.

Section 4 - Curing of Default. Upon the timely payment, or oth-

er satisfaction, of (a) all delinquent Assessments specified in the notice of claim of lien, (b) all other Assessments which have become due and payable with respect to the Lot as to which such notice of claim of lien was recorded, and (c) interest and attorneys' fees pursuant to this Declaration and the notice of claim of lien which have accrued, officers of the Master Association or any other persons designated by the Board are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Master Association, but not to exceed Twenty-Five Dollars (\$25.00) to cover the costs of preparing and filing or recording such release.

Section 5 - Cumulative Remedies. The Assessment Lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Master Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid Assessments, as above provided.

Section 6 - Subordination of the Lien to First Deeds of Trust and First Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any first deed of trust or First Mortgage. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure shall extinguish the lien of such assessments as to payments which became due prior to such

sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VI

ARCHITECTURAL CONTROL - APPROVAL

Section 1 - Exemptions From Architectural Control. Except as otherwise provided herein, all Improvements to the Covered Property shall be subject to architectural approval by the Association in accordance with the provisions of this Declaration. Notwithstanding the foregoing, neither Declarant nor any Merchant Builder shall not be required to comply with any of the provisions of this Article as they may relate to the original construction and development of the Covered Property by Declarant or any Merchant Builder in accordance with the plans approved by the Veterans Administration. In the event Declarant or Merchant Builder shall desire at any time (even after the conversion of Class B membership to Class A membership) to construct any Improvements to the exterior of a Dwelling after such Dwelling has been completed and approved by the Veterans Administration, Declarant or Merchant Builder shall obtain approval for such Improvements from the Veterans Administration. In any event, if Declarant or a Merchant Builder shall retain a Lot for its personal use, any Improvements to the exterior of such Unit shall be subject to architectural approval pursuant to this Article.

Section 2 - Architectural Control. Except as provided in Section 1 above, no Improvement of any kind, including, without limitation, any Structure, building, fence, wall, screen, awning, patio, patio cover, patio fence, greenhouse window or other

decorative treatment, aerial, antenna or other broadcasting or receiving device, attic fan, air conditioning unit or any other change or modification to the exterior of any Dwelling or related Improvement located on an Owner's Lot be installed, constructed or maintained by said Owner until the plans and specifications showing the nature, kind, shape, height, materials and location of same shall have been submitted to and approved by the Board of Directors or an Architectural Committee appointed by the Board of Directors.

Section 3 - Architectural Committee. The Architectural Committee shall consist of not less than three (3) nor more than five (5) representatives appointed initially by Declarant, and each such representative shall serve for a term of one (1) year. Declarant shall retain the right to appoint, augment or replace a majority of the members of the Architectural Committee until seven (7) years after the original issuance by the California Department of Real Estate of a Final Subdivision Public Report for the first Phase of the Covered Property or until ninety percent (90%) of the Lots within the last Phase to be developed and annexed to the Covered Property have been conveyed by Declarant and any Merchant Builders to members of the general public, whichever first occurs. Thereafter, the Board of Directors shall have the power to appoint all of the members of the Architectural Committee. All members appointed to the Architectural Committee by the Board of Directors shall be from the membership of the Master Association. Members appointed to the Committee by

the Declarant, however, need not be members of the Master Association.

Section 4 - General Provisions.

(a) The Board of Directors, or the Architectural Committee appointed by the Board, may establish reasonable procedural rules and may assess a fee not to exceed Twenty-Five Dollars (\$25.00) per submission of plans in connection with review of plans and specifications, including, without limitation, the number of sets of plans to be submitted. However, 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. Unless any such rules regarding submission of plans are complied with, such plans and specifications shall be deemed not submitted.

(b) The address of the Architectural Committee shall be the principal office of the Master Association as designated by the Board pursuant to the By-Laws. Such address shall be the place for the submittal of plans and specifications and the place where the current Architectural Standards, if any, shall be kept.

(c) The establishment of the Architectural Committee and the procedures 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 Dwellings or Lots as may otherwise be specified in this Declaration, in the By-Laws or in the Master Association Rules.

(d) The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The members of the Architectural Committee shall receive no compensation for services rendered, other than reimbursement by the Master Association for expenses incurred by them in the performance of their duties hereunder.

Section 5 - Approval and Conformity of Plans. The Board shall, from time to time, adopt and promulgate Architectural Standards to be administered through the Architectural Committee. The Architectural Standards shall include, among other things, those restrictions and limitations upon the Owners set forth below:

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

(b) The conformity of completed architectural improvements to plans and specifications approved by the Architectural Committee and to the Architectural Standards; provided, however, unless notice of noncompletion or nonconformance identifying the violating Lot and its Owner and specifying the reason for the notice, executed by the Architectural Committee, shall be filed of record in the Office of the County Recorder of San Bernardino County, Califor-



nia, and given to such Owner within thirty (30) days of the expiration of the time limitation described in subsection (a) above or unless legal proceedings shall have been instituted to enforce compliance or completion within said thirty (30) day period, the completed architectural improvements shall be deemed to be in compliance with plans and specifications approved by the Architectural Committee and in compliance with the Architectural Standards of the Master Association.

Section 6 - Appeal. In the event plans and specifications submitted to the Architectural Committee are disapproved thereby, the party or parties making such submission may appeal in writing to the Board. The written request must be received by the Board not more than thirty (30) days following the final decision of the Architectural Committee. The Board shall submit such request to the Architectural Committee for review, whose written recommendations will 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 7 - Reconstruction of Condominiums. The reconstruction after destruction by casualty or otherwise of any Condominium which is accomplished in substantial compliance with a condominium plan filed covering the portion of the Covered Property in

which such Condominium is situated shall not require compliance with the provisions of this Article. Such reconstruction shall be conclusively deemed to be in substantial compliance with such condominium plan if such condominium plan has been approved by the maintenance association formed by Condominium Owners within the portion of the Covered Property in which the Condominium being reconstructed is located. This Section may not be modified or eliminated without the prior vote or written assent of a majority of the Condominium Owners in the affected maintenance association; provided, however, except upon the occasion of such reconstruction in accordance with such condominium plan, the Architectural Standards, if any, shall apply to a maintenance association consisting of Condominium Owners, or other Owners, to the same extent as they apply to an individual Owner, unless the Board provides otherwise.

Section 8 - Rules and Regulations. The Board of Directors or an Architectural Committee appointed by the Board may, from time to time, adopt, amend and repeal reasonable rules and regulations, interpreting and implementing the provisions hereof and establishing, interpreting and implementing reasonable Architectural Standards for the Covered Property.

Section 9 - Delegation of Responsibilities. The Board of Directors, or an Architectural Committee appointed by the Board, may, by a majority of the members thereof, delegate any of its rights or responsibilities hereunder to one or more duly-licensed archi-

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

Section 10 - No Liability. Declarant, the Master Association, the Board, the Architectural Committee or other members or designated representatives thereof shall not be liable in damages to anyone submitting plans and specifications to them for approval, or to any Owner in the Covered Property affected by this Declaration by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans and specifications or for any defect in any structure constructed from such plans and specifications. Such plans and specifications will not, in any event, be approved for engineering design, structural safety or conformance with building or other codes.

Section 11 - Variances. Where circumstances such as topography, location of buildings, location of landscaping, or other matters require it, the Board of Directors or an Architectural Committee appointed by the Board, by the vote or written consent of a majority of the members thereof, may allow reasonable variances as to any of the covenants contained in this Declaration under the jurisdiction of the Board of Directors or the Architectural Committee appointed by the Board, on such terms and conditions as it shall require; provided, however, that all such variances

shall be in keeping with the general plan for the development of the Covered Property.

Section 12 - Inspection. Upon consent of the Owner, which consent shall not be unreasonably withheld, any member or agent of the Board of Directors or the Architectural Committee appointed by the Board may, from time to time at any reasonable hour and upon reasonable notice, enter and inspect any property subject to the jurisdiction of the Board of Directors or its appointed Architectural Committee as to its improvement or maintenance in compliance with the provisions hereof. Such entry shall be made with as little inconvenience to the Owner as reasonably possible and any damage caused thereby shall be repaired by the Master Association.

ARTICLE VII  
DUTIES AND POWERS OF THE  
MASTER ASSOCIATION

Section 1 - Management Body. The Master Association is hereby designated as the management body of the Covered Property. The Members of the Master Association shall be the Owners in the Covered Property as provided herein, and the affairs of the Master Association shall be managed by a Board of Directors as more particularly set forth in the By-Laws of the Master Association. The initial Board of Directors shall be appointed by the incorporator or its successor. Thereafter, the Directors shall be elected as provided in said By-Laws.

Section 2 - General Duties and Powers. In addition to the duties and powers enumerated in its Articles and By-Laws, or elsewhere provided for herein, and without limiting the generality thereof, the Master Association shall have the specific duties and powers specified in this Article.

Section 3 - General Duties of the Master Association. The Board of Directors shall perform and execute the following duties for and on behalf of the Master Association:

- (a) acquire, manage, maintain, repair and replace all portions of the Community Facilities in a neat, clean, safe, attractive, sanitary and orderly condition at all times. In the event any maintenance or repairs to the Community Facilities are required due to the willful or negli-

gent acts or omissions of an Owner or Owners, the Master Association shall levy the cost of such maintenance and repair as a Special Assessment against such Owner(s).

(b) acquire, manage, maintain, replace and repair all personal property in which the Master Association holds an interest, subject to the terms of any instrument transferring such interest to the Master Association.

(c) pay any real and personal property taxes and other charges, or other charges assessed to or payable by the Master Association; provided, however, that it shall be the obligation of each Owner to pay his respective share of the tax assessment levied on the Covered Property prior to separate assessments by the Tax Assessor pursuant to California Revenue and Taxation Code Section 2188.6.

(d) obtain, for the benefit of the Community Facilities, water, gas and electric, refuse collections and other necessary utility services, and, if not separately metered, for the Lots.

(e) act as the managing agent for the Covered Property and manage or contract to manage the Covered Property as a single residential community.

(f) contract for and maintain such policy or policies of insurance as may be required by the Article in this Declaration entitled "Insurance," or as the Board deems necessary or desirable in furthering the purposes of and protecting the interest of the Master Association and its Members.

(g) grant easements where necessary for utilities

and sewer facilities over the Community Facilities to serve the Covered Property as provided in the Article hereof entitled "Rights of Enjoyment."

(h) maintain architectural control over the Covered Property and appoint the Architectural Committee in connection therewith, pursuant to the Article hereof entitled "Architectural Control."

(i) in addition to all other provisions set forth herein and in Article VIII hereof respecting the maintenance of the Community Facilities, maintain all on-site sanitary sewer laterals, drains, drainage swales, private streets and driveways, exterior lighting facilities, utilities and open spaces within or serving the Community Facilities in a condition comparable to the condition initially approved by the City.

(j) give notices in writing to the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Government National Mortgage Association (GNMA), and other lenders and investors participating in the financing of the sale of Lots in the Project, as required herein.

(k) cause financial statements for the Master Association to be regularly prepared and copies distributed to each Member of the Master Association as follows:

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

cal year;

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

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

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

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

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

(D) Any information required to be reported pursuant to Section 8322 of the California Corporations Code.

An external audit by an independent certified public accountant shall be required for fiscal year financial



statements (other than budgets) for any fiscal year in which the gross income to the Master Association exceeds Seventy-Five Thousand Dollars (\$75,000.00). If the report referred to in subparagraph (3) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Master Association that the statements were prepared without audit from the books and records of the Master Association.

(l) assume and pay out of the Assessments provided for in this Declaration all costs and expenses incurred by the Master Association in connection with the performance and execution of all of the aforesaid powers and duties, and any other powers and duties which the Master Association may assume.

(m) maintain the integrity of the Community Facilities and provide such other services as may be necessary or proper to carry out the obligations and business of the Master Association under the terms and provisions of this Declaration in order to enhance the enjoyment of the Owners or to facilitate the use of the Community Facilities by all Owners.

Section 3 - General Powers of the Master Association. The Master Association, through the Board, shall have the right and power to do all things necessary to conduct, manage and control the affairs and business of the Master Association. Subject to the provisions of the Articles of Incorporation, the By-Laws and this Declaration, the Board shall have all general powers autho-

rized under the California Corporations Code for Nonprofit Mutual Benefit Corporations and shall have the following specific powers:

(a) enforce the provisions of this Declaration, the Articles, By-Laws and Master Association Rules by appropriate means and carry out the obligations of the Master Association hereunder, including, without limitation, the expenditure funds of the Master Association for the employment of legal counsel, the commencement of legal actions, the promulgation of the Master Association Rules, etc;

(b) 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 Master Association, or for the benefit of the Members;

(c) delegate its powers to committees, officers, or employees as provided herein and in the By-Laws, employ a manager or other persons and contract with independent contractors or managing agents who have professional experience in property management to perform all or any part of the duties and responsibilities of the Master Association, provided that any contract with a person or firm appointed as a manager or managing agent, the terms of which have not been approved by the Federal Housing Administration or the Veterans Administration shall be terminable by either party without cause and without payment of a termination fee on

thirty (30) days or less written notice, and shall have a term of not more than one (1) year with successive one (1) year renewal periods upon mutual agreement of the parties;

(d) establish and maintain a working capital and contingency fund in an amount to be determined by the Board;

(e) grant easements where necessary for utilities and sewer facilities over the Community Facilities to serve the Covered Property as provided in the Article hereof entitled "Rights in the Community Facilities";

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

(g) as more particularly set forth in this Declaration, enter upon any Lot where necessary in connection with construction, maintenance or repair for the benefit of the Community Facilities or the Owners;

(h) borrow money as may be needed for the administration of the Master Association and its functions and to pledge assets of the Master Association as security for such loan subject to the provisions of the Article hereof entitled "Rights in the Community Facilities" and the Section of this Article entitled "Pledge of Assessment Rights";

(i) acquire real property by lease or purchase for

offices or other facilities that may be necessary or convenient for the management of the Community Facilities the administration of the affairs of the Master Association or for the benefit of the Members; and/or

(j) negotiate contracts and grant commercial concessions over portions of the Community Facilities, provided that any such contract with an affiliate of Declarant having a term of more than one (1) year shall require the majority vote or written approval of the Class A Members, but excepting therefrom any Cable Television contract approved by the Federal Housing Administration or the Veterans Administration.

Section 4 - Master Association Rules. The Board shall also have the power to adopt, amend and repeal such rules and regulations as it deems reasonable (the "Master Association Rules") which may include the establishment of a system of fines and penalties enforceable as Special Assessments, all as provided in the By-Laws. The Master Association Rules shall govern such matters in furtherance of the purposes of the Master Association, including, without limitation, the use of the Community Facilities provided, however, that the Master Association Rules may not discriminate among Owners, and shall not be inconsistent with this Declaration, the Articles or By-Laws. A copy of the Master Association Rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of the Master Associa-

tion Rules shall be delivered to each Owner in the same manner established in this Declaration for the delivery of notices. Upon completion of the notice requirements, said Master Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and their successors in interest whether or not actually received thereby. The Master Association Rules, as adopted, amended or repealed, shall be available at the principal office of the Master Association to each Owner and Institutional Mortgagee upon request. In the event of any conflict between any such Master Association Rules and any other provisions of this Declaration, or the Articles or By-Laws, the provisions of the Master Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the By-Laws to the extent of any such conflict.

Section 5 - Delegation of Powers. The Master Association shall have the right, according to law, to delegate to committees, officers, employees or agents, any of its duties and powers under this Declaration, the Articles and By-Laws; provided, however, no such delegation to a professional management company, the Architectural Committee or otherwise shall relieve the Master Association of its obligation to perform such delegated duty.

Section 6 - Pledge of Assessment Rights. The Master 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 Master Association; provided, however, any such pledge shall require the prior affirmative vote or written assent of not less than seventy-five percent (75%) of the Class A Members and seventy-five percent (75%) of the Class B Members. 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 Master Association, which assignment may be then presently effective but shall allow said Assessments to continue to be paid to and used by the Master Association as set forth in this Declaration, unless and until the Master Association shall default on the repayment of the debt which is secured by said assignment. The Master Association may levy Special Assessments against the Owners to obtain such funds for the repayment of any debts of the Master Association. Upon the failure of any Member to pay said Special Assessment when due, the Master Association may exercise all its rights, including, without limitation, the right to foreclose its lien pursuant to the Article hereof entitled "Nonpayment of Assessments."

Section 7 - Emergency Entry. The Board of Directors or any person authorized by the Board of Directors may enter any Lot and/or Dwelling in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Master Association unless covered by insurance carried by the Owner.

Section 8 - Right of Entry for Repairs. The Board of Directors, or any person authorized by the Board, shall have the right to enter, upon reasonable notice, any Lot and/or Dwelling to effect necessary repairs which the Owner has failed to perform or which are necessary in connection with the repairs to the Community Facilities or an adjoining Lot or Dwelling.

Section 9 - Limitations on Board Action. The Board of Directors shall be prohibited from taking any of the following actions except with the vote or written assent of a majority of the voting power of the Master Association, and a majority of the votes residing in Members other than the Declarant:

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

(1) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(2) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration,

provided that the policy permits for short-rate cancellation by the insured; and

(3) Lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration, provided that the lessor under the agreement is not an entity in which Declarant has a direct or indirect ownership interest of ten percent (10%) or greater.

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

(c) Selling during any fiscal year property of the Master Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Master Association for that fiscal year;

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

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

Section 10 - Licenses, Easements and Rights of Way. The Board



of Directors, for and on behalf of the Master Association, is authorized and empowered to grant such licenses, easements and rights-of-way for sewer lines, water lines, underground conduits, storm drains and other public utility purposes over those portions of the Community Facilities upon which no building or other structure has been erected as may be necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Community Facilities or for the preservation of the health, safety, convenience and welfare of the Owners. Such licenses, easements and rights-of-way may be granted at any time prior to twenty-one (21) years after the death of the individuals who have signed this Declaration and their issue who are in being as of the date hereof, and the right to grant such licenses, easements and rights-of-way is hereby expressly reserved.

Section 11 - Improvements to Community Facilities. Except as otherwise provided in this Declaration, the Master Association may construct new Improvements or additions to the Community Facilities or demolish existing improvements, provided that in the case of any improvement, addition or demolition involving a total expenditure in excess of five percent (5%) of the budgeted gross expenses of the Master Association for that fiscal year, the written consent or vote of a majority of the Owners (other than Declarant or Merchant Builders) in the Covered Property as to the maximum total cost therefor shall first be obtained, and provided that no Lot or Structure thereon shall be altered or

damaged by any such demolition or construction without the consent of the Owner thereof. The Board of Directors shall levy a Capital Assessment on all Owners in the Covered Property for the cost of such work.

ARTICLE VIII

REPAIR AND MAINTENANCE

Section 1 - Repair and Maintenance by Master Association. Without limiting the generality of the statement of duties and powers contained in this Declaration, the Master Association shall have the duty to accomplish the following upon the Lots, Community Facilities or other land in such manner and at such times as the Board shall prescribe:

(a) maintain all private walkways, bicycle paths, trails or other pedestrian paths located on the Community Facilities.

(b) maintain all private streets and adjacent streetscapes within the Covered Property not otherwise maintained by a Maintenance Association in conformity with the standards of maintenance established by the Director of Public Works of the City, provided that if such maintenance of such private streets and streetscapes is the responsibility of a Maintenance Association, the Master Association shall, if necessary, cause such Maintenance Association to conform to such standards of maintenance and if such Maintenance Association action fails to so conform, the Master Association shall have the right to perform such maintenance and levy against the Owners in such Maintenance Association, a Special Assessment therefor;

(c) maintain, repair, restore, replace and make necessary improvements to the Community Facilities;

(d) maintain all drainage swales, storm drains and other drainage facilities, landscape berms and easements located within the Community Facilities or so designated in any Notice of Annexation, as required by the City;

(e) cause the appropriate public utility to maintain any utility easements located on the Community Facilities;

(f) maintain the landscaping and irrigation within and along the public rights-of-way shown on Exhibit E herein and any other public rights-of-way designated in Notices of Annexation according to the standards of maintenance established by the City's Director of Public Works for public rights-of-way in the City;

(g) maintain the exterior (defined to mean the side fronting on any public right-of-way or Community Facilities) of those Lot and Tract perimeter walls or fences identified on Exhibit D and any other Lot and Tract perimeter walls or fences designated in any Notice of Annexation;

(h) maintain all entrances (including the entry bridge and Community monument signs) to the Community as more particularly shown in Exhibit G, and any other entries (including Community monument signs) to the Community designated in Exhibit G and in any Notice of Annexation, and in accordance with that certain Reciprocal Maintenance Agreement which may be recorded in the Official Records of San Bernardino County, California, and otherwise exercise the rights and perform the obligations arising under said Agreement;

(i) maintain all other areas, facilities, equipment, services or aesthetic components of whatever nature as may from time to time be requested by the vote or written consent of three-fourths (3/4) of the Members; and

(j) except as otherwise herein specified as being paid by individual Owners, the costs of maintenance, repair, restoration and replacement as provided in this Article shall be paid out of the general fund of the Master Association.

Section 2 - Relationship with Maintenance Associations. For the purposes of this Declaration, a Maintenance Association shall be deemed responsible for the maintenance or other obligations, if any, of an area if a Supplementary Declaration recorded by Declarant or a Merchant Builder designates such area within the Covered Property to be maintained by such Maintenance Association. The members of a Maintenance Association shall not amend any such Supplementary Declaration to terminate or modify the maintenance responsibilities of such Maintenance Association without the prior written approval of the Master Association Board. In the event that a Maintenance Association does not execute its maintenance responsibilities in compliance with the Architectural Standards and the Section of this Article entitled "Standards for Maintenance and Installation," the Master Association may perform such maintenance itself and levy on the owners in such Maintenance Association a Special Assessment therefor.

Section 3 - Repair and Maintenance by Owner. Except as the Master Association shall be obligated to repair and maintain as may be provided in this Declaration, and except as a Maintenance Association is responsible for the maintenance of Lots and Dwellings, every Owner shall:

(a) maintain the exterior of his Dwelling, walls, fences, roof, patios, deck balconies, windows, screens and doors of his Dwelling and all other Improvements located on such Owner's Lot in a neat, clean, safe and attractive condition at all times, and make all repairs as they may be required;

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

(c) in the event the Board shall determine that any lot perimeter walls and fences have been damaged from within a Lot, notwithstanding that such damage may be to the lot perimeter walls and fences which are to be maintained by the Master Association pursuant to the terms of this Article, the Owner of the Lot shall be responsible for repairing such damage in a timely manner and in accordance with such rules as the Board or Architectural Committee shall from time to time adopt. In the event such repair is not so accomplished by the Owner, the Master Association or its delegates shall have the right at reasonable times to enter the Lot to effect such repair, and the cost there-

of shall be charged to the Owner of the Lot, and, if not paid in a timely manner, shall be levied against the Owner as a Special Assessment. Notwithstanding the foregoing, such entry upon a Lot and the levy of a Special Assessment shall be subject to the requirements for notice and hearing as set forth in Article III, Section 10, of the By-Laws.

Section 4 - Standards for Maintenance and Installation.

(a) Maintenance of the exterior of Dwellings, walls, fences and roofs shall be accomplished in accordance with the Architectural Standards and, if required by the Architectural Standards, only after approval of the Architectural Committee; and

(b) All portions of a Lot which are unimproved with a Dwelling or Structure and which are not landscaped by Declarant or a Merchant Builder pursuant to any agreement shall be landscaped by the Owner thereof on or before a date of six (6) months from the original conveyance of such Lot by Declarant; provided, however, the foregoing shall not apply to Condominium Owners. Thereafter, such landscaping shall be maintained by the Owner in a clean, safe and attractive condition according to any rules promulgated by the Board. Any Maintenance Association shall maintain any landscaped areas which it owns or which are owned in

common by its members in a clean, safe and attractive condition according to any rules promulgated by the Board.

Section 5 - Right of Master Association to Maintain and Install.

In the event any Owner fails to maintain the exterior of his Dwelling or the walls, fences and roof thereof, or to install and thereafter maintain landscaping on his Lot in accordance with this Article, the Master Association may cause such maintenance and installation to be accomplished as hereinafter set forth.

(a) Upon finding by the Board of a deficiency in such maintenance or installation, the Board shall give notice of deficiency to the responsible Owner which shall briefly describe the deficiency and set a date for hearing before the Board or a committee selected by the Board for such purpose. Such notice shall be sent by first class or registered mail. The Board may delegate its powers under this subsection to a duly appointed committee of the Master Association.

(b) Such hearing shall be held not less than ten (10) nor more than thirty (30) days from the date of said notice.

(c) Such hearing shall be conducted according to such reasonable rules and procedures as the Board shall adopt and which shall provide the Owner with the right to present oral and written evidence and to confront and cross-examine adverse witnesses. If the Board or any such committee ren-



ders a decision against the responsible Owner, it shall further set a date by which the deficiency is to be corrected by the responsible Owner. A decision of such committee may be appealed to the Board, but a decision of the Board shall be final.

(d) If the deficiency continues to exist after the time limitation imposed by a final decision of the Board or any such committee, the Board or such committee may cause such maintenance or installation to be accomplished.

(e) In the event the Board or such committee elects to cause such maintenance or installation to be accomplished, the following shall apply:

(1) The responsible Owner shall have no more than ten (10) days following the receipt thereby of written notice of such election from the Board or such committee to select a day or days upon which such maintenance or installation work shall be accomplished;

(2) The date which said Owner selects shall be not less than fifteen (15) days nor more than forty-five days following the last day of said ten (10) day period;

(3) If said Owner does not select such day or days within said ten (10) day period, the Board or such committee may select a day or days upon which such work may be accomplished which shall be not less than twenty-five (25) nor more than fifty-five (55)

days from the last day of said ten (10) day period;  
and

(4) Unless the Owner and the Board otherwise agree, such maintenance or installation shall take place only during daylight hours on any day, Monday through Friday, excluding holidays.

(f) If the Master Association pays for all or any portion of such maintenance or installation, such amount shall be levied against the affected Owner as a Special Assessment.

Section 6 - Right of Entry. The Master Association, or its designated representative, shall have the right to enter upon any Lot in connection with any maintenance, repair or construction in the exercise of powers and duties of the Master Association.

ARTICLE IX

INSURANCE

Section 1 - Types. The Master Association, to the extent available, shall obtain and continue in effect in its own name the following types of insurance:

(a) Liability. A comprehensive policy of public liability insurance (with cross-liability endorsement, if obtainable) covering the Community Facilities with a limit of not less than One Million Dollars (\$1,000,000.00) insuring the Master Association, the Board of Directors, the Declarant, any Merchant Builder, and the agents and employees of each of the foregoing, against any liability to the public, any Owner, his family, guests, invitees and/or tenants, for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage liability, liability for non-owned and hired automobile and liability for property of others, and such other risks as shall customarily be covered with respect to similar planned developments in the area of the Covered Property, and shall contain a "severability of interest" endorsement or the equivalent which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of the Master Association or other Owners. The insurance coverage with respect to the Community Facilities shall be written in the

name of, and the proceeds thereof shall be payable to the Master Association;

(b) Casualty. A policy of fire and casualty insurance with extended coverage for the full replacement value of the Community Facilities (including all building service equipment and the like), without deduction for depreciation, with an "agreed amount endorsement" or its equivalent, and clauses waiving subrogation against Owner and the Master Association and persons upon the Covered Property with the permission of an Owner, such insurance to afford protection against at least loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, and such other risks as shall customarily be covered with respect to similar planned developments in the area of the Covered Property; and

(c) Fidelity. Fidelity coverage against dishonest acts on the part of Directors, officers, employees or volunteers who handle or who are responsible to handle the funds of the Master Association, and such fidelity bonds shall name the Master Association as obligee, shall be written in an amount equal to one hundred-fifty percent (150%) of the estimated annual operating expenses of the Master Association, including reserves, and shall contain waivers of any defense based on the exclusion of persons who serve without compensation or from any definition of "employee" or simi-

lar expression.

Section 2 - Waiver by Members. As to each of said policies which will not be voided or impaired thereby, the Owners hereby waive and release all claims against the Master Association, the Board of Directors, the Declarant, any Merchant Builder, and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only.

Section 3 - Other Insurance; Annual Review. Declarant or the Master Association may purchase such other insurance as it may deem necessary, including, but not limited to, earthquake insurance, plate glass insurance, worker's compensation, officers' and directors' liability, and errors and omissions insurance. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage for the Community Facilities in light of increased constructions 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 are necessary or desirable to protect the interests of the Master Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 4 - Premiums and Proceeds. Insurance premiums for any

such blanket insurance coverage obtained by the Master Association and any other insurance deemed necessary by the Master Association shall be a Common Expense to be included in the Regular Assessments levied by the Master Association. Insurance proceeds shall be used by the Master Association for the repair or replacement of the property for which the insurance was carried, or otherwise disposed of as provided in the Article hereof entitled "Destruction of Improvements." The Master Association is hereby granted the authority to negotiate the loss settlements with the appropriate insurance carriers. Any two (2) Directors of the Master Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Master Association and the Members.

Section 5 - Abandonment of Replacement Cost Insurance. Unless at least sixty-seven percent (67%) of the First Mortgagees based on one (1) vote for each First Mortgage held have given their prior written approval, the Master Association shall not be entitled to fail to maintain the extended coverage fire and casualty insurance required by this Article on less than a one hundred percent (100%) current replacement cost basis.

Section 6 - Payment of Taxes or Premiums by First Mortgagees. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Community Facilities unless such taxes or

charges are separately assessed against the Owners, in which case the rights of First Mortgagees shall be governed by the provisions of their Mortgages. First Mortgagees may, jointly or singly, also pay overdue premiums on hazard insurance policies, for the Community Facilities and First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Master Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of any First Mortgagee which requests the same to be executed by the Master Association.

Section 7 - Requirements of Federal Agencies and Corporations.

Notwithstanding the foregoing provisions of this Article, the Master Association shall continuously maintain in effect such casualty, flood and liability insurance on the Community Facilities and a fidelity bond meeting the insurance and fidelity bond requirements for planned development projects established by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, the Federal Housing Administration and the Veterans Administration, so long as either is a Mortgagee or Owner within the Covered Property, or insures or guarantees a Mortgage of a Lot, as the case may be, except to the extent such coverage or has been waived in writing by each of the foregoing entities.

Section 8 - Notice of Expiration. All policies of insurance maintained by the Master Association shall contain a provision that said policies shall not be cancelled or terminated or allowed to expire by their own terms without sixty (60) days' prior

written notice to the Board of Directors, the Declarant, any Merchant Builder, and to such Owners and such First Mortgagees who have filed written requests with the carrier for such notice.

Section 9 - Trustee for Policies. The Master Association is hereby appointed and shall be deemed trustee for the interests of all insureds under the policies of insurance maintained by the Master Association. All insurance proceeds under such policies shall be paid to the Board of Directors as trustees and the Board shall have the full power to receive such funds on behalf of the Master Association, the Owners, and their respective Mortgagees and to deal therewith in accordance with the provisions of this Declaration.

Section 10 - Rights of Owners to Insure. Notwithstanding the other provisions of this Article, an Owner shall be permitted to insure his personal property against loss by fire or other casualty and may carry public liability insurance covering his individual liability for damage to persons or property occurring on his Lot. In addition, any improvements made by an Owner to his Dwelling may be separately insured by such Owner. All such policies as may be carried by the Owners shall contain waivers of subrogation of claims against the Master Association, the Board, Declarant, any Merchant Builder, and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but to the extent of



insurance proceeds received in compensation for such loss only; provided, however, such other policies shall not adversely affect or diminish any liability under any insurance obtained by the Master Association, and duplicate copies or certificates of such other insurance policies shall be deposited with the Board.

If any loss intended to be covered by insurance carried by the Master Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by an Owner, such Owner shall pay to the Board an amount equal to such reduction. In the event that such Owner has failed to pay such amount within thirty (30) days of a written demand therefor by the Master Association or the Trustee, the Board may levy a Special Assessment against such Owner and his Lot for such amount.

ARTICLE X

DAMAGE OR DESTRUCTION OF COMMUNITY FACILITIES

In the event of partial or total destruction of improvements upon the Community Facilities, it shall be the duty of the Master Association to restore and repair the same to its former condition as promptly as practical. The proceeds of any insurance maintained pursuant hereto shall be used for such purpose, subject to the prior rights of Mortgagees whose interests may be protected by said policies. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be at least eighty-five percent (85%) of the estimated cost of restoration, a Reconstruction Assessment, with each Owner contributing a like sum, may be levied by the Master Association to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be less than eighty-five percent (85%) of the estimated cost of restoration and repair, the Owners shall, by the written consent or vote of a majority of the voting power of the Master Association, determine whether (i) to rebuild and restore the Community Facilities as promptly as practical to its condition prior to the damage or destruction, and to raise the necessary funds over and above the insurance proceeds available by levying a Reconstruction Assessment against each Owner and his Lot on an equal basis, or (ii) to

rebuild and restore the Community Facilities in a way which utilizes all available proceeds and an additional amount not in excess of ten percent (10%) of the estimated costs of total restoration and repair to the Community Facilities, and which is assessable equally to all Lots, but which is less expensive than rebuilding and restoring the Community Facilities to its condition prior to the damage or destruction. Any rebuilding or restoration of the Community Facilities after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with the original plans and specifications unless other action is approved by fifty-one percent (51%) of First Mortgagees of Lots in the Covered Property. If at least sixty-seven percent (67%) of the First Mortgagees (based on one [1] vote for each First Mortgage owned) or sixty-seven percent (67%) of the Owners (other than the Declarant) shall give their prior written consent, the Owners may elect not to rebuild and to disburse the available insurance proceeds to the general fund of the Master Association. In the event of a determination as provided above not to replace or restore the improvements on the Community Facilities, the Community Facilities shall be cleared and landscaped for park use and the costs thereof shall be paid for with the insurance proceeds, and any deficiency shall be raised by Reconstruction Assessment in an amount determined by the Board. In the event any excess insurance proceeds remain, the Board, in its sole discretion, may retain such sums in the general fund of the Master Association or distribute pro rata all or a portion thereof to the Owners,

subject to the prior rights of Mortgagees whose interests may be protected by insurance policies carried by the Master Association. The rights of an Owner and the Mortgagee of his Lot as to such pro rata distribution shall be governed by the provisions of the Mortgage encumbering such Lot. All amounts collected as Reconstruction Assessments shall only be used for the purposes set forth in this Article and shall be deposited by the Board in a separate bank account to be held in trust for such purposes. Such funds shall not be commingled with any other funds of the Master Association and shall be deemed a contribution to the capital account of the Master Association by the Owners.

ARTICLE XI

EMINENT DOMAIN

Section 1 - Representation by Board in Condemnation Proceedings.

The term "taking" as used in this Article shall mean condemnation by eminent domain or sale under threat of condemnation of all, or a part of the Community Facilities. Subject to the limitations set forth in the Article hereof entitled "Rights of First Mortgagees," in the event of a threatened taking of all or any portion of the Community Facilities, the Owners hereby appoint the Board, and such persons as the Board may delegate, to represent all of the Owners in connection with the taking, subject to the rights of all Mortgagees who have exercised their right to join the Board in the proceedings. 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. Any awards received on account of the taking shall be paid to the Master Association. In the event of a taking of less than all of the Community Facilities, the rules as to restoration and replacement of the Community Facilities and the improvements thereon shall apply as in the case of destruction of improvements upon the Community Facilities. In the event of a total taking, the Board may, in its sole discretion, retain any award in the general fund of the Master Association or distribute pro rata all or a portion thereof to the Owners as more fully set forth hereinbelow.

Section 2 - Distribution of Awards. Subject to the limitations set forth in the Article herein entitled "Rights of First Mortgagees," a condemnation award affecting all or any portion of the Community Facilities which is not apportioned among the Owners by court judgment or by agreement between the Owners and the condemning authority shall be distributed among the Owners and their Mortgagees based upon the ratio of the fair market value of each Lot to the total of the fair market values of all Lots on the day prior to the condemnation as determined by a professional real estate appraiser.

Section 3 - Notice. The Board, immediately upon having knowledge of any taking or threat thereof with respect to the Community Facilities, or any portion thereof, shall promptly notify all Owners and First Mortgagees of Mortgages encumbering such Community Facilities.

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

ARTICLE XII

USE RESTRICTIONS

Section 1 - Single-Family Residential. All Lots shall be known and described as residential Lots and shall be used for no purpose other than residential purposes. No building shall be erected, altered, placed or permitted to remain on any Lot other than a building used as a single-family Dwelling, except such temporary uses as shall be permitted by Declarant during the course of development of the Community Covered Property (and Annexation Property) so long as Lots are being sold by Declarant or any Merchant Builder.

Section 2 - Commercial Use. Subject to the Section entitled "Construction and Sales" of the Article hereof entitled "Easements," no part of a Lot or Dwelling 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 other such nonresidential purposes; provided, however, that the Master Association shall have the right to provide or authorize such services on the Community Facilities as it deems appropriate for the enjoyment of the Community Facilities or for the benefit of the Members of the Master Association.

Section 3 - Signs. Subject to the provisions of California Civil Code Section 712, 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 any Merchant Builder or their sales agents in connection with the development of the Covered Property and sale of the Lots; provided, however, that an Owner may display on his Lot a sign advertising its sale or lease by him so long as such sign shall comply with any customary and reasonable standards promulgated by the Board as to the size, color, shape or other qualification for permitted signs. All signs and the conditions promulgated by the Board for the regulation thereof shall conform to the requirements of all applicable governmental ordinances, statutes, etc.

Section 4 - Nuisance. No noxious or offensive trade or activity shall be carried on upon any Lot, 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 Lot, or which shall in any way increase the rate of insurance.

Section 5 - Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other out-building shall hereafter be used on any Lot at any time, either temporarily or permanently.

Section 6 - Vehicles. No trailer, boat, camper or pickup truck with a "cab-over" camper extending above the cab or extending



beyond the exterior dimensions of the camper or pickup, or similar vehicle, shall hereafter be permitted to remain upon any Lot, unless placed or maintained within an enclosed garage, or unless obscured from view of adjoining Lots, streets, or alleys by a fence or appropriate screen, nor permitted to be parked other than temporarily, on any street, alley or Community Facilities within the Covered Property. Temporary parking shall mean parking of vehicles belonging to guests of Owners, delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of services to the Master Association or the Owners and parking of vehicles belonging to or being used by Owners for loading and unloading purposes. 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 Members who violate or whose invitees violate, such rules. Any charges so assessed shall be levied as Special Assessments. Any fence or screen required under this Section shall comply with any standards promulgated by the Board or Architectural Committee as to size, color or other qualification for permitted fences or screens.

Section 7 - Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept on the Lots, 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 or fowl may be kept on the

Lots which, in the good faith judgment of the Board or a committee selected by the Board for this purpose, result in an 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 Lot. The Master Association, upon the approval of two-thirds (2/3) of the Board of Directors, shall have the right to prohibit maintenance of any animal within the Covered Property which, in the Board's discretion, constitutes a private nuisance to any other person. Every person bringing a pet upon or keeping a pet in the Covered Property shall be liable pursuant to the laws of the State of California to each and all persons for any injury or damage to persons or property caused by such pet.

Section 8 - 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 any Lot or Community Facilities nor, subsequent to the recording of this Declaration, shall oil wells, tanks, tunnels or mineral excavations or shafts be installed upon the surface of any Lot 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 any Lot.

Section 9 - Unsightly Items. All weeds, rubbish, debris or unsightly materials or objects of any kind shall be regularly re-

moved from the Lots and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, woodpiles, storage areas, machinery and equipment shall be prohibited upon any Lot unless obscured from view of adjoining streets, Lots, alleys or Community Facilities. Any fence or screen required by this Section shall comply with any standards promulgated by the Board as to size, color or other qualification for permitted fences or screens. No aluminum foil, paint, newspaper or similar covering deemed to be inappropriate for a window covering by the Architectural Committee shall be applied to the windows or doors of any Dwelling in the Covered Property.

Section 10 - Antennae. No television, radio, "CB" or other electronic antenna or device of any type shall hereafter be erected, constructed, placed or permitted to remain on any of the Lots, or upon any of the buildings constructed on such Lots, unless the same be contained within a Dwelling.

Section 11 - Drainage. There shall be no interference with the established drainage patterns over any Lot or any Community Facilities, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Architectural Committee. For the purposes of this Section, "established" drainage patterns shall mean and refer to that drainage pattern which exists at the time of overall final grading of a Lot or

Community Facilities, as the case may be, as completed by Declarant or any Merchant Builder.

All slopes or terraces on any Lot shall be maintained so as to prevent any erosion thereof upon adjacent streets or adjoining property.

Section 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 13 - Hazardous Activity. Nothing shall be done or kept in any Lot or in the Community Facilities which will increase the rate of insurance on the Community Facilities without the approval of the Master Association. No Owner shall permit anything to be done or kept on his Lot or in the Community Facilities which will result in the cancellation of insurance on the Community Facilities or which would be in violation of any law. If, by reason of the occupancy or use of said premises by the Owner, the rate of insurance to the Community Facilities shall be increased, the Owner shall become personally liable for the additional insurance premiums.

Section 14 - Use of Community Facilities. Use of the Community Facilities shall be subject to the provisions of this Declaration and to any additional limitations imposed by the Master Association.

Section 15 - Structural Changes. There shall be no structural alteration, construction or removal of any Dwelling, fence, wall or other Improvements whatsoever in the Covered Property (other than repairs or rebuilding pursuant to this Declaration) without the approval of the Architectural Committee, as required herein.

Section 16 - Modification and Completion of Improvements. Nothing in this Article or elsewhere in this Declaration shall limit the right of Declarant to complete construction of all improvements to the Community Facilities and to the Lots owned by Declarant or any Merchant Builder. Further, subject to the prior written approval of the City and of the Loan Guarantee Officer in the Los Angeles Regional Office of the Veterans Administration, nothing in this Article or elsewhere in this Declaration shall limit the right of Declarant to modify any Dwellings owned by Declarant or a Merchant Builder or to alter or construct such additional improvements to the Community Facilities as Declarant may deem advisable prior to completion of the Covered Property and the sale of the last Lot in the Covered Property.

Section 17 - Maintenance Association Use Restrictions. Nothing herein shall prevent a maintenance association from adopting use restrictions for its portion of the Covered Property which are more restrictive than those set forth herein, provided that such restrictions shall not be inconsistent with the general scheme of this Declaration.

Section 18 - Open Parking. Subject to the provisions of the Master Association Rules and the provisions of this Declaration, all open parking spaces within the Community Facilities shall be open and available on a first come-first served basis to all Owners, tenants, lessees, guests and invitees.

Section 19 - No Obstruction of Community Facilities. There shall be no obstruction of the Community Facilities nor shall anything be kept or stored in the Community Facilities without the prior written consent of the Board. Nothing shall be altered or constructed in, or removed from the Community Facilities except upon the prior written consent of the Board.

Section 20 - Rental and Leasing of Lots. No Owner shall be permitted to rent or lease his Lot, or the Dwelling located thereon, for transient or hotel purposes. No Owner may rent or lease less than the entire Lot or Dwelling located thereon. All rental and lease agreements shall be subject in all respects to the provisions of the Declaration of Restrictions, Articles of Incorporation and the By-Laws, and any rules and regulations adopted by the Master Association, and any failure by the tenant or lessee to comply with the terms of such documents shall constitute a default under such agreements. Other than the foregoing, there are no restrictions on the right of an Owner to rent or lease his Lot, or the Dwelling located thereon.

ARTICLE XIII

RIGHTS IN THE COMMUNITY FACILITIES

Section 1 - Members' Rights of Enjoyment. Every Member shall have a nonexclusive easement for use and enjoyment in and to the Community Facilities and such right shall be appurtenant to and shall pass with the interest required to be an Owner to every Lot, subject to all of the easements, covenants, conditions, restrictions and other provisions contained in this Declaration, including, without limitation, the following provisions:

(a) The right of the Master Association to limit the number of guests of Owners and to limit the use of the Community Facilities by persons not in possession of a Lot, but owning a portion of the interest in a Lot required for membership.

(b) The right of the Master Association to establish reasonable rules and regulations pertaining to the use of the Community Facilities.

(c) The right of the Master Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving, replacing, restoring or expanding the Community Facilities or adding new Community Facilities and in aid thereof, to mortgage said property, provided that the prior affirmative vote or written approval of two-thirds (2/3) of the voting power of each class of Members has been obtained to mortgage said property, and provided

further that the rights of all Mortgagees shall be subordinated to the rights of the Owners. In the event of a default upon any such mortgage of the Community Facilities, the lender's rights thereunder shall be limited to a right, after taking possession of such properties, to charge admission and other fees as a condition to continued enjoyment by the Owners, and if necessary, to open the enjoyment of the Community Facilities to a wider public until the mortgage debt is satisfied, whereupon the possession of such properties shall be returned to the Master Association and all rights of the Members hereunder shall be fully restored.

(d) The right of the Master Association to suspend the right to use the recreational facilities, if any, located on the Community Facilities, by an Owner for any period during which any Assessment against his Lot remains unpaid and delinquent, and for a period not to exceed thirty (30) days for any single infraction of the Master Association Rules, provided that any suspension of such right to use the recreational facilities located on the Community Facilities, except for failure to pay Assessments, shall be made only by the Master Association or a duly appointed committee thereof, after notice and hearing given and held in accordance with the By-Laws of the Master Association. Notwithstanding the foregoing, the Master Association shall not have the right hereunder to suspend any Owner's right to use any portion of the Covered Property necessary for



such Owner to gain access to his Lot.

(e) The right of the Master Association, subject to the approval rights of Mortgagees pursuant to the Article hereof entitled "Rights of First Mortgagees," to dedicate or transfer all of any part of the Community Facilities to any public agency, authority or utility, or other entity, for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer, including, without limitation, the conveyance, lease or other transfer of any portion of the Community Facilities to a special tax assessment district or to the City, shall be effective unless an instrument signed by Owners entitled to cast two-thirds (2/3) of the votes of the membership has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Owner not less than fifteen (15) days nor more than thirty (30) days in advance. The certificate of the President and the Secretary of the Master Association attached to such instrument certifying that the Owners signing such instrument represent two-thirds (2/3) of the voting power of the Master Association shall be deemed conclusive proof thereof; provided, however, that the dedication or transfer of easements for utilities or for other public purposes consistent with the intended use of the Community Facilities shall not require the prior approval of the Members of the Master Association.

(f) The right of the Master Association to grant con-

cessions for snack bars and other commercial activities relating to the use and enjoyment of the Community Facilities by the Owners, provided that any such contract with an affiliate of Declarant having a term of more than one (1) year shall have the majority vote or written approval of the Class A Members.

(g) The right of the Master Association to levy a charge for the use of the recreational facilities, if any, located on the Community Facilities.

(h) The right of the Master Association to contract with any merchant's association and/or merchants within such merchant's association for their use and benefit derived from the Community Facilities.

(i) The right of the Master Association to perform and exercise its duties and powers as set forth herein.

(j) The right of Declarant and Merchant Builders to annex additional Community Facilities to the Covered Property pursuant to the terms of this Declaration.

(k) The right of Declarant and Merchant Builders (and their sales agents, representatives and customers) to the non-exclusive use of the Community Facilities without charge for sales display access, ingress, egress and exhibit purposes as more fully set forth in this Declaration.

(l) Other rights of the Master Association, the Board of Directors, the Owners and Declarant with respect to the Community Facilities as may be provided for in this Declaration.

(m) Any limitations, restrictions or conditions affecting the use, enjoyment or maintenance of the Community Facilities imposed by Declarant or by the City or other governmental agency having jurisdiction to impose any such limitations, restrictions or conditions, including, but not limited to, the rights of the City or such other governmental agency having jurisdiction to use their vehicles or appropriate equipment over those portions of the Community Facilities designed for vehicular movement to perform municipal functions or emergency or essential public services.

Section 2 - Delegation of Use. Any Owner may delegate, subject to any applicable provision of the By-Laws, his right of enjoyment to the Community Facilities to the members of his family or his tenants who reside on his Lot, or to his guests, subject to rules and regulations adopted by the Board.

Section 3 - Waiver of Use. No Owner may exempt himself from personal liability for Assessments duly levied by the Master Association, nor release the Lot owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Community Facilities, or the abandonment of his Lot.

ARTICLE XIV

EASEMENTS

Section 1 - Amendment to Eliminate Easements. This Declaration cannot be amended to modify or eliminate the easements reserved to Declarant or a Merchant Builder herein without prior written approval of the Declarant, so long as Declarant shall own, or have an interest in any Lot in the Covered Property (including the Annexation Property) and any attempt to do so shall have no legal force or effect. Any attempt to modify or eliminate this Section shall likewise require the prior written approval of Declarant.

Section 2 - Owners' Rights and Duties: Utilities and Cable Television. The rights and duties of the Owners with respect to water, sewer, electricity, gas, telephone, cable television lines and drainage facilities shall be governed by the following:

(a) Wherever sanitary sewer house connections, water house connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Covered Property, the Owner of any Lots served on 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 Merchant Builders and to Owners, an easement to the full extent necessary therefor, to enter upon the Lots owned by others, or to

have utility companies enter upon the Lots 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 Owners or utility companies shall promptly repair any damage to a Lot(s) caused by such entry as promptly as possible after completion of work thereon.

(b) Wherever sanitary sewer house connections, water house connections, electricity, gas, telephone or cable television lines or drainage facilities are installed within the Covered Property, which connections serve more than one (1) Lot, the Owners of each of the Lots served by said connections shall be entitled to the full use and enjoyment of such portions of said connections which service their Lots.

Section 3 - 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 shown on the recorded tract or parcel maps of the Covered Property are hereby reserved by Declarant for so long as Declarant shall own Lots within the Covered Property, together with the right to grant and transfer the same to others.

Section 4 - Cable Television. There is hereby reserved to Declarant, over the Covered Property, together with the right to grant and transfer the same to others (including any Merchant

Builder) and for so long as Declarant owns Lots in the Covered Property, 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 does not unreasonably interfere with an Owner's reasonable use and enjoyment of his Lot.

Section 5 - Construction and Sales. There is hereby reserved to Declarant and its sales agents, representatives and prospective purchasers of Lots together with the right in Declarant to grant and transfer the same to others (including any Merchant Builders) over the Community Facilities as the same may from time to time exist, easements for construction, display and exhibit purposes in connection with the erection and sale or lease of Lots and Dwellings within the Covered Property; provided, however, that such use shall not be for a period beyond the earlier of (a) seven (7) years from the conveyance of the first Lot in the initial Covered Property to a bona fide purchaser, or (b) the sale (and close of escrow) of all Lots within the last Phase of the Covered Property to be developed; and provided further that no such use by Declarant and others shall otherwise restrict the Members in the reasonable use and enjoyment of the Community Facilities.

Section 6 - Public Bicycle and Pedestrian Trails. There is here-

by reserved to Declarant, together with the right to grant and transfer the same to others, an easement for public ingress and egress over the public bicycle and pedestrian trails. This easement shall not imply any right of public use of the Community Facilities or improvements thereof.

Section 7 - Repair and Maintenance. There is hereby reserved to Declarant, together with the right to grant and transfer the same to others, including, without limitation, Merchant Builders and the Master Association, for so long as Declarant owns Lots in the Covered Property, an easement for the purposes as provided in the Article of this Declaration entitled "Repair and Maintenance," including, without limitation, maintaining the drainage facilities, swales and easements, and Lot perimeter walls.

Section 8 - Support and Settlement. There is hereby reserved to Declarant and Merchant Builders, with respect to Lots owned by Merchant Builders, together with the right to transfer the same to Owners, an easement appurtenant to each Lot which is contiguous to another Lot or Community Facilities, which Lot shall be the Dominant Tenement and the contiguous Lot and the Community Facilities shall be the Servient Tenement, for the purpose of accommodating the natural settlement of Dwellings and structures.

Section 9 - Encroachment. There is hereby reserved to Declarant and Merchant Builders with respect to any Lots owned by Merchant Builders, together with the right to grant and transfer

same to the Owners of the Lots described in this Section as the Dominant Tenement, an easement appurtenant to each Lot which is contiguous to another Lot or Community Facilities, which Lot shall be the Dominant Tenement and the contiguous Lot and Community Facilities shall be the Servient Tenement, as follows:

(a) In favor of the Dominant Tenement over the Servient Tenement, for encroachment onto the Servient Tenement by reason of a roof or eave overhang from a Dwelling or structure on the Dominant Tenement and for wall encroachments, and for the maintenance of such roof or eave overhang and walls by the Owner of the Dominant Tenement.

(b) The Master Association may utilize the easements provided in this Section 9 fulfilling any of its maintenance obligations.

Section 10 - Community Facilities Easement. There is hereby reserved to Declarant and Merchant Builders with respect to Lots owned by Merchant Builders, together with the right to grant and transfer the same to the Owners, a nonexclusive easement for recreational purposes over the Community Facilities. Such ease-



ment when granted to Owners shall be subject to the rights of the Master Association with regard to the Community Facilities as set forth in the Article hereof entitled "Rights in the Community Facilities."

Section 11 - Maintenance Association Easement. There is hereby reserved to Declarant, together with the right to grant and transfer the same to the appropriate Maintenance Association, a nonexclusive easement over the Community Facilities for the purpose of fulfilling said Maintenance Association's maintenance or other responsibilities pursuant to any Supplementary Declaration recorded by Declarant or Merchant Builders.

Section 12 - Easements for Vehicular Traffic. In addition to the general right and easements for access, use and enjoyment granted herein, there shall be and Declarant hereby covenants for itself and its successors and assigns that each and every Owner shall have a nonexclusive easement appurtenant for vehicular traffic over all private streets and drives, if any, within the Covered Property.

Section 13 - Easements Over Sidewalks. Declarant hereby covenants for itself, its successors and assigns, that each and every Owner, his tenants and invitees shall have nonexclusive reciprocal easements appurtenant on and over all sidewalks, where same exist, located on Lots within the Covered Property for pedestrian access, use and enjoyment.

Section 14 - Transfer of Easements. As to the easements reserved to Declarant and Merchant Builders, together with the right to grant and transfer the same to Owners, Declarant and Merchant Builders shall convey said easements to the Owners in the same instrument conveying the interest required to be an Owner by specific description or by reference in said instrument. If such description is not contained in said instrument through inadvertence, mistake or any other cause, such easements shall nevertheless be conveyed to each Owner by such instrument.

Section 15 - Control of Community Facilities. As provided in the Article hereof entitled "Definitions," the Community Facilities shall be conveyed to the Master Association in accordance with the general plan of development for the Community as reviewed and approved by the California Department of Real Estate and the Veterans Administration. However, notwithstanding the foregoing, Declarant and its subcontractors, agents and employees shall have the right to come on the Community Facilities to complete the construction of any landscaping or other improvement to be installed on the Community Facilities. Also, notwithstanding the foregoing, in the event that any of Declarant's subcontractors are contractually obligated to maintain the landscaping and/or other improvements on the Community Facilities, such maintenance shall not be assumed by the Master Association until the termination of such contractual obligation. Neither such construction nor such maintenance shall in any way postpone the commencement of Assessments pursuant to the Article herein enti-

tled "Covenant for Maintenance Assessments," or entitle an Owner to claim any offset or reduction in the amount of such Assessments. If any excess of Assessments collected over actual Common Expenses incurred by the Master Association is caused by reason of construction or maintenance of the Community Facilities as aforesaid, or otherwise, such excess shall be placed in reserve to offset the future expenses of the Master Association in any manner designated by the Board.

Section 16 - Reservation of Community Facilities' Easements.

Declarant hereby reserves the right to grant nonexclusive easements over the Community Facilities in favor of Owners in any Annexation Property which is annexed to the Covered Property pursuant to this Declaration, and upon the recordation of a Notice of Annexation affecting the Annexation Property, the Owners of the Lots described in this Declaration shall automatically obtain nonexclusive easements over all Community Facilities which are a part of said Annexation Property.

ARTICLE XV

INTEGRATED NATURE OF THE COVERED PROPERTY

Introduction. This Declaration cannot be amended to modify or eliminate the rights reserved to Declarant or Merchant Builders herein without prior written approval of the Declarant, so long as Declarant and Merchant Builders shall own, or have an interest in, any Lot in the Community (including the Annexation Property) and any attempt to do so shall have no legal force or effect. Any attempt to modify or eliminate this section shall likewise require the prior written approval of Declarant.

The Annexation Property as described in Exhibit B and/or any other real property may be annexed to and become subject to this Declaration by any of the methods set forth hereinafter in this Article.

Section 1 - Annexation Without Approval and Pursuant to General Plan. All or any part of the Annexation Property as described on Exhibit B may be annexed to and become subject to this Declaration and subject to the jurisdiction of the Master Association without the approval, assent or vote of the Master Association or its Members, provided and on condition that:

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

(b) The development of the Annexation Property shall be in accordance with the overall general plan of development originally submitted to the Veterans Administration (VA) and to the City with the processing papers for the Covered Property.

(c) Detailed plans for the development of each Phase of the annexed areas shall have been submitted to and approved by the VA prior to the development thereof.

(d) A Notice of Annexation as described in Section 4 of this Article shall be recorded covering that portion of the Annexation Property to be added to the Covered Property.

Section 2 - Development of the Covered Property. Declarant intends to sequentially develop the Covered Property in Phases. However, Declarant may elect not to develop all or any part of the Annexation Property, to develop the Covered Property in Phases of any size whatsoever, or to develop more than one Phase at any given time and in any given order. Although Declarant shall have the ability to annex the real property described on Exhibit B as provided above, 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 Notice of Annexation shall have been so executed and recorded. Some or all portions of the Annexation Property shown and described on Exhibit B hereto may be conveyed by Declarant to Merchant Builders, who shall, with the prior written consent of Declarant, annex such portions of the Annexation Property which

it owns by recording a Notice of Annexation in a form approved by Declarant, as more particularly described in Section 4 hereinbelow.

Section 3 - Annexation Pursuant to Approval. Upon approval in writing of the Master Association, pursuant to the two-thirds (2/3) majority vote of each class of Members, or the written assent of such Members, any person who desires to add property other than the Annexation Property to the plan of this Declaration and to subject such property to the jurisdiction of the Master Association, may file of record a Notice of Annexation, as described in the Section of this Article entitled "Notices of Annexation." 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 to the plan of this Declaration as provided in this Declaration.

Section 4 - Notices of Annexation. The annexations authorized under the foregoing Sections shall be made by filing of record a Notice of Annexation or similar instrument, with respect to all or a portion of the Annexation Property, including additional Community Facilities, which shall extend the plan of this Declaration to such property. Such Notices of Annexation may contain 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 Annexation Property and as are not inconsistent with the provisions of this Declaration. In no event, however, shall any

such Notices of Annexation, or any merger or consolidation revoke, modify or add to the covenants established by this Declaration within the Covered Property, except as hereinafter otherwise provided. The recordation of said Notice of Annexation shall constitute and effectuate the annexation of the said real property described therein, making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the Master Association, and thereafter, said annexed real property shall be part of the Covered Property and all of the Owners of Lots in said annexed real property shall automatically be Members of the Master Association:

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

Section 6 - Mergers or Consolidations. Upon a merger or consolidation of the Master Association with another association, the Master 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 Master

Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants, conditions and restrictions established by this Declaration within the Covered Property, together with the covenants and restrictions established upon any other property as one plan.

## ARTICLE XVI

### RIGHTS OF FIRST MORTGAGEES

Section 1. Notwithstanding any other provisions in this Declaration to the contrary, in order to induce the Federal Home Loan Mortgage Corporation ("FHLMC") and the Federal National Mortgage Association ("FNMA") (and other lenders and investors) to participate in the financing of the sale of Lots in the Covered Property, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control). The Declaration, the Articles of Incorporation and By-Laws of the Master Association are hereinafter collectively referred to in this Article as the "constituent documents."

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



(b) Any First Mortgagee who obtains title to a Lot pursuant to the remedies provided in the mortgage will not be liable for any unpaid dues or charges which accrue prior to the acquisition of title to such Lot by the mortgagee (except for claims for a share of such assessments or charges resulting from a reallocation of such assessments or charges to all Lots, including the mortgaged Lot). The lien assessments provided for herein shall be subordinate to the lien of any First Mortgage or first deed of trust now or hereafter placed upon the property subject to assessment; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or trustee's sale. Such sale or transfer shall not release such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

(c) Unless at least sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each first mortgage owned) or sixty-seven percent (67%) of the Owners (other than Declarant) have given their prior written approval, neither the Master Association nor the Owners shall be entitled to:

(1) By act or omission, seek to abandon, partition, subdivide, encumber, hypothecate, alienate, sell or transfer the Community Facilities owned by the Mas-

ter Association (the granting of easements for public utilities or for other public purposes consistent with the intended use of such Community Facilities shall not be deemed a transfer within the meaning of this clause);

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

(3) 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 Lots, or Dwellings located thereon, the exterior maintenance of Lots, or Dwellings located thereon, or any real property owned by the Master Association, Community Facilities' party walks or common fences and driveways, or the upkeep of lawns and plantings in the Covered Property;

(4) Fail to maintain fire and extended coverage on the Community Facilities owned by the Master Association on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); and/or

(5) Use hazard insurance proceeds for losses to the Community Facilities or any real property owned by the Master Association for other than the repair, replacement or reconstruction of same.

(e) First Mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may have become a lien on the Community Facilities within the Covered Property and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Community Facilities and First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Master Association. Upon demand by any First Mortgagee, the Board of Directors shall execute on behalf of the Master Association an agreement establishing the right of all First Mortgagees to such reimbursement.

(f) No provision of the constituent documents for the Covered Property shall be interpreted to give an Owner or any other party priority over any rights of the First Mortgagee pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds for substantial damage or destruction of any Lot (or portion thereof) or the Community Facilities (or portion thereof) or of condemnation awards or settlements for losses to or a taking of any Lot (or portion thereof) or the Community Facilities (or portion thereof).

(g) All holders, insurers and guarantors of First Mortgages who have filed a written request for notice with the Master Association shall be entitled to timely written notice of: (1) any condemnation or eminent domain proceed-

ing, and any loss or taking resulting from such proceeding which affects any Lot (or portion thereof) or the Community Facilities (or portion thereof); (2) any substantial damage or destruction to a Lot (or portion thereof) or the Community Facilities (or portion thereof) when such loss exceeds Ten Thousand Dollars (\$10,000.00); (3) any default in the performance by an individual Owner of any obligation under the constituent documents which is not cured within sixty (60) days after the Master Association learns of such default; (4) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Master Association; and (5) any abandonment or termination of the Master Association.

(h) The assessments provided for in the constituent documents shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the Community Facilities that must be replaced on a periodic basis, and shall be payable in regular installments rather than by Capital Improvement Assessments.

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

(j) When professional management has been previously

required by a holder, insurer or guarantor of a First Mortgage, any decision by the Master Association to effectuate self-management of the Covered Property shall require the prior approval of sixty-seven percent (67%) of the voting power of the Master Association and fifty-one percent (51%) of the First Mortgagees of Lots in the Covered Property.

(k) A First Mortgagee of a Lot in the Covered Property will, upon written request, be entitled to (1) examine the books and records of the Master Association during normal business hours; (2) receive an annual audited financial statement of the Master Association within ninety (90) days following the end of any fiscal year of the Covered Property, if such statement has been prepared for the Master Association; and (3) receive written notice of all meetings of the Master Association and be permitted to designate a representative to attend all such meetings.

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

(m) Each Owner shall notify the Master Association in writing within ten (10) days after the close of escrow for the purchase of his Lot of the name and address of his First Mortgagee, and thereafter, each Owner shall promptly

notify the Master Association of any changes of name or address for his First Mortgagee.

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

ARTICLE XVII

COVENANT AGAINST PARTITION

Section 1 - Applicability. Nothing herein shall prohibit Declarant or the Owners from prescribing covenants against partition in any other Supplementary Declaration of Restrictions imposed upon a portion of the Covered Property. Provided, however, no other covenant against partition section contained in any other declaration of restrictions shall be less restrictive than the provisions set forth in Section 2 below.

Section 2 - Covenant Against Partition. By acceptance of his deed, each Owner shall be deemed to covenant for himself and for his heirs, representatives, successors and assigns, that he will not institute legal proceedings to effect judicial partition of his interest in the Covered Property, unless the Covered Property (a) has been in existence in excess of fifty (50) years, and (b) is obsolete and uneconomical, and (c) the Owners of fifty percent (50%) of the Lots join in such action for partition.

ARTICLE XVIII

GENERAL PROVISIONS

Section 1 - Enforcement. The Master Association, or any Owner, shall have the right to enforce by proceedings at law or in equity all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration or any amendment hereto, including the right to prevent the violation of any such restrictions, conditions, covenants, or reservations and the right to recover damages or other dues for such violation; provided, however, that with respect to assessment liens and Master Association Rules, the Master Association shall have the exclusive right to the enforcement thereof. The Master Association or any Owner shall also have the right to enforce by proceedings at law or in equity the provisions of the Articles or By-Laws and any amendments thereto. Failure by the Master Association, the Declarant or by any Owner to enforce any covenant, condition or restriction herein contained, or the Articles and the By-Laws, 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 covenant, condition or restriction.

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



Section 3 - Term. Subject to the provisions set forth in the Section herein entitled "Amendments," 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 Master Association or any Member, 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 a successive period of ten (10) years, unless an instrument, signed by a majority of the then Members has been recorded at least one (1) year prior to the end of any such period, agreeing to change said covenants, conditions and restrictions in whole or in part.

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

Section 5 - Amendments. Subject to the other provisions of this Declaration, including, without limitation, the rights of Mortgagees and/or First Mortgagees pursuant to the Articles hereof entitled "Insurance" and "Rights of First Mortgagees," or other-

wise, so long as the voting structure provided for herein shall remain in effect, this Declaration may be amended only by an affirmative vote of not less than sixty-seven percent (67%) of the voting power of each class of Members, and further, this amendment provision shall not be amended to allow amendments by vote of less than sixty-seven percent (67%) of the voting power of each class of Members. At such time when the Class B membership shall cease and be converted to Class A membership, any and all amendments to this Declaration shall be enacted by requiring the vote or written assent of Members representing both (1) sixty-seven percent (67%) of the total voting power of the Master Association, and (2) sixty-seven percent (67%) of the votes of Members other than the Declarant; provided, however, that the percentage of the voting power necessary to amend a specific provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under said provision; provided further, however, in the event that FNMA participates in the financing of Lots in the Covered Property, any of the following amendments, to be effective, must be approved in writing by sixty-seven percent (67%) of the First Mortgagees on all of the Lots in the Covered Property at the time of such amendment, based upon one (1) vote for each Mortgage owned:

- (a) Any amendment which affects or purports to affect the validity or priority of Mortgagees or the rights or protection granted to Mortgagees as provided in the Articles hereof entitled "Membership," "Use Restrictions," "Insur-

ance," "Integrated Nature of the Covered Property," "Damage or Destruction of Community Facilities," "Eminent Domain," "Rights of First Mortgagees," "Covenant Against Partition," and "General Provisions."

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

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

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

Notwithstanding the foregoing, if a First Mortgagee who receives written request from the Board to approve a proposed amendment or amendments to the Declaration does not deliver a negative response to the Board within thirty (30) days of the mailing of such request by the Board, such First Mortgagee shall be deemed to have approved the proposed amendment or amendments.

An amendment or modification shall be effective when executed by the President and Secretary of the Master Association who shall certify that the amendment or modification has been approved as

hereinabove provided, and recorded in the Official Records of San Bernardino County, California. In addition to the foregoing, any amendment or modification to this Declaration affecting the maintenance obligations of the Master Association or the property exempt from Assessments shall require the prior written approval of the City's Planning Director and City Attorney.

Section 6 - Singular Includes Plural. Whenever the context of this Declaration requires same, the singular shall include the plural and the masculine shall include the feminine.

Section 7 - Nuisance. The result of every act or omission, whereby any provision, condition, restriction, covenant, easement or reservation contained in this Declaration is violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, and may be exercised by the Master Association or any Owner. Such remedy shall be deemed cumulative and not exclusive.

Section 8 - 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 as part of the judgment, reasonable attorneys' fees and costs of such suit. In the event the Master Association is a prevailing party in such action, the amount of

such attorneys' fees and costs shall be a Special Assessment with respect to the Lot involved in the action.

Section 9 - Notices.

(a) Notice to an Owner shall be deemed to have been properly delivered when delivered personally or placed in the first class United States mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Master 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 Lot. Any notice so deposited in the mail within San Bernardino County, California, shall be deemed delivered forty-eight (48) hours after such deposit. 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 delivered on all such co-Owners.

(b) Notice to a Mortgagee or its mortgage servicing contractor 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 Master Association by such Mortgagee or such contractor for purposes of notice, or, if no such address is furnished, to any office of the Mortgagee in San Bernardino County, California, or, if no such office is located in said County, to any office of such Mortgagee.

Section 10 - Obligations of Declarant. So long as Declarant or Merchant Builders, their respective successors or assigns, are utilizing the easement described in the Section entitled "Construction and Sales" of the Article in this Declaration entitled "Easements," Declarant and Merchant Builders, and their respective successors or assigns, shall not be subject to the provisions of the Article entitled "Architectural Control," or the provisions of the Article entitled "Use Restrictions."

Section 11 - Effect of Declaration. This Declaration is made with the intent to establish a general scheme for the use, occupancy and enjoyment of the Covered Property and each and every Lot and portion thereof. Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability 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 12 - Personal Covenant. To the extent the acceptance of a conveyance of a Lot creates a personal covenant between the Owner of such Lot and Declarant or other Owners, such personal covenant shall terminate and be of no further force or effect from and 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 Master Association.

Section 13 - Non-Liability of Officers. To the fullest extent permitted by law, neither the Board, the Architectural Committee, or any other committees of the Master Association or any member of such Board or committee shall be liable to any Member 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 14 - FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration and the Veterans Administration:

(a) dedication or other transfer of any portion of the Community Facilities pursuant to the Articles hereof entitled "Duties and Powers of the Master Association" and "Rights in the Community Facilities";

(b) alteration of the Community Facilities or the Lots, construction of additional improvements, the establishment of additional licenses, reservations and rights-of-way, or alteration of construction plans and designs, all pursuant to the Section of this Article entitled "Construction by Declarant";

(c) a merger, consolidation or dissolution of the

Master Association; and

(d) establishment of any right of first refusal in the Master Association to purchase or lease a Lot.

Section 15 - Enforcement of Bonded Obligations. In the event that the improvements to the Community Facilities have not been completed prior to the issuance of a Final Subdivision Public Report covering the Covered Property by the Department of Real Estate of the State of California, and the Master Association is obligee under a bond or other arrangement (hereinafter the "Bond") to secure a performance of the commitment of Declarant to complete such improvements, the following provisions shall apply:

(a) The Board shall consider and vote on the question of action by the Master 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 Master Association has given an extension in writing for the completion of any Community Facilities' improvement, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of such extension.

(b) In the event that the Board determines not to



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

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

Section 16 - Construction by Declarant and Merchant Builders.

Nothing in this Declaration shall limit the right of Declarant and Merchant Builders, and their successors in interest, to alter the Community Facilities or the Lots, or to construct such additional improvements as Declarant and Merchant Builders, and their successors in interest, deem advisable prior to completion and sale of the entire Phase in which such Lots or Community Facilities are located. 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 its business or completing the work and disposing of the same by sale, lease or otherwise. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a purchaser 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 Covered Property. Prospective purchasers, Declarant and Merchant Builders shall have the right to use the Community Facilities for access to their respective sales facilities. The rights of Declarant hereunder may be assigned to any successor or successors to all or part of said entity's respective interest in the Covered Property, by an express assignment incorporated in a recorded deed or lease, 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 Owners' rights to use and enjoy the Community Facilities and the Lots.

ARTICLE XIX

RIGHT OF CITY TO COMPEL PERFORMANCE

Section 1 - Rights of City. Each Owner of a Lot in the Covered Property acknowledges and understands that the Covered Property is being developed in accordance with the guidelines and criteria established and adopted by the City and set forth in the Creekside Planned Residential Development Specific Plan. The City has a continuing right and interest in the maintenance, preservation and repair of the Community Facilities by the Master Association in a neat, clean, safe and sanitary condition. Furthermore, the City has an interest in the maintenance, preservation and repair of the exterior of any Improvements, including Dwellings, or related Structures located in the Covered Property. As a consequence, in the event that the Master Association or any Owner fails or refuses to satisfy those architectural standards as established by the Master Association, by and through its Board of Directors or Architectural Committee, for the maintenance, preservation and repair of the Community Facilities, or exterior maintenance of any Improvements, including Dwellings, or related Structures, located in the Covered Property, the City shall have the right, but not the obligation, to cause the necessary maintenance and repair to be performed in accordance with such architectural standards. The City shall have the right to assess the costs thereof against the Master Association, or an Owner(s), as the case may be, in accordance with the City's ordinances regarding repair of substandard dwellings as such ordinances may be

amended or adopted from time to time. Nothing herein shall in any way diminish or abridge the rights of the Master Association, or any Owner, under such ordinances, or as provided by law, to notice and hearing, to the opportunity to be heard and to present evidence in its behalf, and to appeal.

Section 2 - Mortgage Protection. Any lien of assessment levied by the City pursuant to the provisions of Section 1 above, shall be subordinate and junior to the lien of any first mortgage or deed of trust upon any Lot in the Covered Property, and shall be likewise subordinate to the lien of any Assessment as may from time to time be levied by the Association pursuant to the applicable provisions of this Declaration, against an Owner and his Lot.

Section 3 - Liability to City. The failure or refusal of the City to exercise any of the rights or powers conferred by this Article will not result in any liability to the City.

Section 4 - Amendment to Declaration - Prior Approval by City. The City shall have the right to review and approve any amendment, modification or revocation of this Declaration, or any part hereof, which would materially affect the rights of the City respecting the Covered Property, or which would have a detrimental and adverse affect upon the maintenance, preservation and repair of the Community Facilities or any such other Improvements, including Dwellings or related Structures, subject to the provisions of this Declaration. The Master Association shall

cause any such amendment or revocation to the Declaration to be forwarded to the City Attorney prior to recordation thereof. In the event that the City shall fail to give written notice to the Master Association of its approval or disapproval of any such amendment or revocation within fifteen (15) days after receipt thereof, the amendment or revocation shall be deemed to be approved by the City and the Master Association shall cause such amendment or revocation to be recorded in the Office of the County Recorder of San Bernardino County.

Section 5 - Amendment to Article. No amendment or revocation of this Article may be made without the prior express written consent of the City Attorney.

ARTICLE XX

ZERO-LOT LINE WALLS

Section 1 - Application of Article. This Article shall apply only to Lots in the Covered Property improved with Zero-lot line Dwellings.

Section 2 - Definitions. The following definitions shall apply to this Article:

(a) "Lot" shall mean and refer to, unless the context shall imply otherwise, a plot of land as shown on a recorded subdivision map affecting any portion of the Covered Property, which plot is improved with a Dwelling constructed on a Zero-lot line.

(b) "Dwelling" shall mean and refer to the individual dwelling which is designed and intended for use and occupancy as a single family residence and which occupies a separate Lot.

(c) "Zero-lot line" shall mean and refer to the side lot line on which or within twelve (12) inches of which the Dwelling is constructed.

(d) "Zero-Lot line Walls" shall mean and refer to both Boundary Walls and Structural Walls.

(e) "Boundary Walls" shall mean and refer to a non-structural wall or fence which is constructed substantially

parallel to and on or within twelve (12) inches of the Zero-lot line and which serves as a boundary between the Dominant Tenement and the Servient Tenement.

(f) "Structural Wall" shall mean and refer to that wall which is constructed substantially parallel to and on or within twelve (12) inches of the Zero-lot line, one side of which is the interior of the Dominant Tenement and the other side of which is the boundary between the Servient Tenement and the Dominant Tenement.

(g) "Dominant Tenement" shall mean and refer to each Lot which has a Zero-lot line Wall constructed thereon, and which has an easement appurtenant thereto as provided herein over the adjoining Servient Tenement for purposes incident to the Zero-lot line Wall.

(h) "Servient Tenement" shall mean and refer to each Lot which is subject to an easement in favor of an adjoining Dominant Tenement for purposes incident to the Zero-lot line Wall.

Section 3 - Introduction. Each Owner of a Lot in that portion of the Covered Property improved with the development of Zero-lot line Dwellings, by acceptance of a deed therefor, acknowledges and agrees that he has a vested interest in the existence of the system of Zero-lot line Walls in a manner consistent with the original concept of architectural design. Accordingly, this Declaration creates both rights and obligations on the part of



the Owners of affected Lots in the Covered Property which are intended to accomplish this purpose.

Section 4 - Rules Applicable to Zero-lot line Walls.

(a) Ownership of Zero-lot line Walls. Each Zero-lot line Wall or portion thereof shall be owned by the Owner of the Lot on which said Wall is located (the "Dominant Tenement"). Notwithstanding the ownership of said Walls, all Zero-lot line Walls shall constitute party walls in which the Owner of the adjoining Lot (the "Servient Tenement") shall have the rights, benefits, burdens and obligations provided herein.

(b) Maintenance of Zero-lot line Walls. Each Owner shall maintain in a good, neat and attractive condition at all times the side of the Boundary Wall facing his Lot, and shall do nothing which may alter, damage, impair or tend to alter, damage or impair the structural integrity of said Wall. Each Owner of the Servient Tenement may landscape in an attractive manner or similarly decorate the side of the Boundary Wall and Structural Wall facing his Lot and shall have an easement for ingress and egress on, over, under and through the adjoining Dominant Tenement up to a distance of twelve (12) inches from the Zero-lot line for such purposes. In no event, however, may the Owner of a Servient Tenement paint or drive nails, screws,

bolts or other objects into the Structural Wall or permit or suffer anything else to be done to such Wall which would tend to damage, alter or impair the structural integrity of such Wall. Further, the Owner of a Servient Tenement shall not under any circumstances erect, build, install, plant or otherwise permit or suffer any Improvement of any kind within four (4) feet of the Zero-lot line which would unreasonably impede or interfere with the necessary maintenance and repairs to the Structural Wall by the Owner of the Dominant Tenement.

(c) Easement for Roof-Runoff. Each Dominant Tenement shall have, and there is hereby created, an easement over its respective Servient Tenement for roof-runoff drainage according to the drainage patterns established by the roof-line of the Dwelling constructed on the Dominant Tenement. Each Owner of a Lot covenants and agrees that he shall not obstruct or otherwise interfere with said drainage patterns for roof-runoff.

(d) Easement for Repair of Structural Walls and Roof Overhang. There is hereby specifically created and reserved, an easement over each Servient Tenement for the benefit of its respective adjoining Dominant Tenement for ingress and egress for purposes of maintaining, repairing and/or restoring the Structural Wall and/or roof overhang. The Owner of the Dominant Tenement may perform such work during

daylight hours as may be necessary or advisable to maintain, and/or restore said Wall and/or overhang. The Owner of the Dominant Tenement shall give the Owner of the Servient Tenement twenty-four (24) hours prior notice of such work of maintenance, repair and/or restoration if reasonably possible, and the Owner of the Dominant Tenement shall not be liable for any minor damage to any Improvements located within four (4) feet of the Zero-lot line, which minor damage is reasonably and necessarily occasioned by such work.

(e) Limitation of Easements in Favor of Owner of Dominant Tenement. Except for those easements specifically created and reserved herein at Sections 4(c) and 4(d), the Owner of a Dominant Tenement shall have no further easements, licenses or other rights in the Servient Tenement without the express consent of the Owner of said Servient Tenement.

(f) Damage to Zero-lot Line Walls. If any Boundary Wall is damaged or destroyed as the proximate result of any act or omission of the Owner whose Lot adjoins such Wall or any member of his family, guests and/or agents (without regard to fault) so as to deprive the other adjoining Owners of the full use and benefit of such Wall, then said Owner shall forthwith proceed to rebuild and repair the same to as good a condition as formerly existed, with-

out cost to the adjoining Owners. If any such Boundary Wall is damaged or destroyed by some cause (including ordinary wear and tear and deterioration from lapse of time) other than the act of one of the adjoining Owners, his family, guests or agents, all Owners whose Lots adjoin such Wall shall proceed forthwith to rebuild or repair the same to as good a condition as formerly existed at their joint and equal expense. In the event any Structural Wall is damaged or destroyed by any cause whatsoever, the Owner of the Dominant Tenement shall bear the responsibility for repairing or rebuilding the same and the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. In the event of a dispute between Owners with respect to the sharing of the cost thereof, such Owners shall submit the matter to binding arbitration in accordance with the rules of the American Arbitration Association. Each Owner shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all arbitrators.

(g) Alterations. No additions, alterations, repairs or restoration to any walls shall be commenced, erected or maintained until the plans and specifications showing the nature, kind, shape, height, materials, location and approximate cost of same shall have been approved in writing by the Board of Directors or its designated Archi-

lectual Committee, and by the City, if necessary.

Section 5 - Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

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

ONTARIO PLANNED RESIDENTIAL  
DEVELOPMENT JOINT VENTURE,  
a general partnership

GENERAL PARTNER:  
BARRATT SOUTHERN CALIFORNIA, INC., a Delaware  
corporation, formerly AMERICAN NATIONAL

HOUSING CORPORATION, a Delaware corporation

BY: 

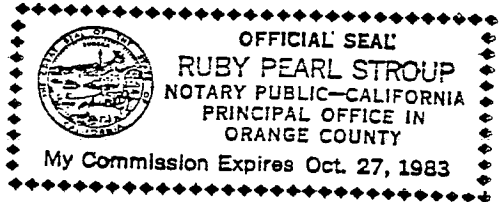
Its: Assistant Secretary

STATE OF CALIFORNIA            )  
  )  
COUNTY OF ORANGE            )

On 4 August, 1982, before me, RUBY PEARL STROUP, A Notary Public in and for said State, personally appeared A.DUFFIE FRYLING, known to me to be the Assistant Secretary of BARRATT SOUTHERN CALIFORNIA, INC., a Delaware corporation, formerly AMERICAN NATIONAL HOUSING CORPORATION, a Delaware corporation, the corporation that executed the within instrument and known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be one of the partners of ONTARIO PLANNED RESIDENTIAL DEVELOPMENT JOINT VENTURE, a general partnership, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

Signature *Ruby Pearl Stroup*  
RUBY PEARL STROUP

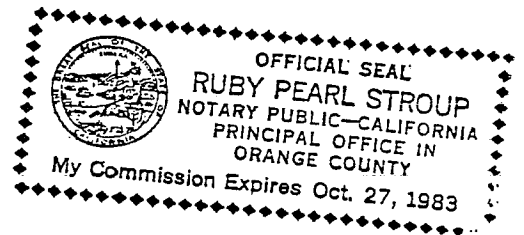


STATE OF CALIFORNIA            )  
  )  
COUNTY OF ORANGE            )

On 4 August, 1982, before me, RUBY PEARL STROUP, A Notary Public in and for said State, personally appeared A. DUFFIE FRYLING, known to me to be the Assistant Secretary of BARRATT SOUTHERN CALIFORNIA, INC., a Delaware corporation, formerly AMERICAN NATIONAL HOUSING CORPORATION, a Delaware corporation, the corporation that executed the within instrument and known to me to be the person who executed the within instrument on behalf of said corporation, said corporation being known to me to be one of the partners of ONTARIO PLANNED RESIDENTIAL DEVELOPMENT JOINT VENTURE, a general partnership, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

Signature *Ruby Pearl Stroup*  
RUBY PEARL STROUP



CONSENT OF LIENHOLDER  
AND SUBORDINATION OF LIEN

The undersigned, on behalf of ONTARIO PLANNED RESIDENTIAL JOINT VENTURE, a general partnership, the beneficiary under that certain deed of trust recorded March 29, 1982, as Instrument No. 82-060318 of Official Records in the Office of the County Recorder of the County of San Bernardino, hereby evidences its consent to the Declaration of Restrictions hereinabove by joining in the execution hereof and does hereby expressly subordinate the lien of said deed of trust to the Declaration of Restrictions and easements contained therein.

DATED: 4 August 1982

ONTARIO PLANNED RESIDENTIAL  
JOINT VENTURE,  
a general partnership

BY: BARRATT SOUTHERN CALIFORNIA, INC.,  
a Delaware corporation, formerly  
AMERICAN NATIONAL HOUSING CORPORATION  
a Delaware corporation, general partner

BY:   
Its: Assistant Secretary



CONSENT OF LIENHOLDER  
AND SUBORDINATION OF LIEN

The undersigned, on behalf of FIRST INTERSTATE BANK OF CALIFORNIA, a California corporation, the beneficiary under that certain deed of trust recorded February 3, 1982, as Instrument No. 82-022304, of Official Records in the Office of the County Recorder of the County of San Bernardino, hereby evidences its consent to the Declaration of Restrictions hereinabove by joining in the execution hereof and does hereby expressly subordinate the lien of said deed of trust to the Declaration of Restrictions and easements contained therein.

DATE: August 30, 1982

FIRST INTERSTATE BANK OF CALIFORNIA,  
a California corporation

BY: Nancy H. Perryman  
Nancy H. Perryman  
Its: Banking Officer

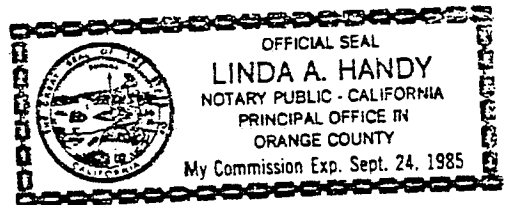
BY: NaDean F. Miley  
NaDean F. Miley  
Its: Assistant Vice Pres.

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF ORANGE )

On August 30,, 1982, before me, the under-  
signed, a Notary Public in and for said State, personally appear-  
ed Nancy H. Perryman, known to me to be the Banking Officer  
, and NaDean F. Miley, known to me to be  
the Ass't Vice Pres. of the corporation that executed the  
within instrument, and known to me to be the persons who exe-  
cuted the within instrument on behalf of the corporation therein  
named, and acknowledged to me that such corporation executed  
the within instrument pursuant to its By-Laws or a resolution  
of its Board of Directors.

WITNESS my hand and official seal.

Linda A. Handy  
Signature of Notary Public  
Linda A. Handy

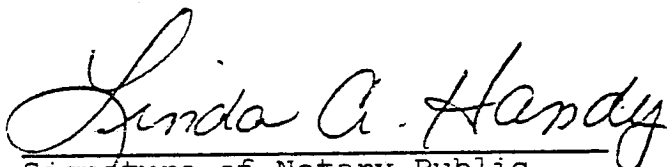


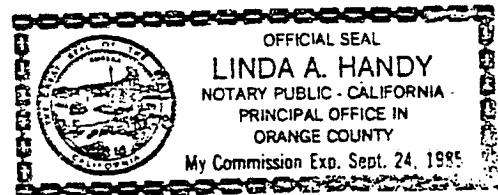
(SEAL)

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF ORANGE )

On August 30, 1982, before me, the under-  
signed, a Notary Public in and for said State, personally appear-  
ed Nancy H. Perryman, known to me to be the Banking Officer  
, and NaDean F. Miley, known to me to be  
the Ass't Vice President of the corporation that executed the  
within instrument, and known to me to be the persons who exe-  
cuted the within instrument on behalf of the corporation therein  
named, and acknowledged to me that such corporation executed  
the within instrument pursuant to its By-Laws or a resolution  
of its Board of Directors.

WITNESS my hand and official seal.

  
Signature of Notary Public  
Linda Handy



(SEAL)

CONSENT OF LIENHOLDER  
AND SUBORDINATION OF LIEN

The undersigned, on behalf of FIRST INTERSTATE BANK OF CALIFORNIA, a California corporation, formerly United California Bank, a California corporation, the beneficiary under that certain deed of trust recorded December 2, 1980, as Instrument No. 80-273478, of Official Records in the Office of the County Recorder of the County of San Bernardino, hereby evidences its consent to the Declaration of Restrictions hereinabove by joining in the execution hereof and does hereby expressly subordinate the lien of said deed of trust to the Declaration of Restrictions and easements contained therein.

DATE: August 30, 1982

FIRST INTERSTATE BANK OF CALIFORNIA,  
a California corporation,  
formerly United California Bank,  
a California corporation

BY:

Nancy H. Perryman  
Nancy H. Perryman  
Its: Banking Officer

BY:

NaDean F. Miley  
NaDean F. Miley  
Its: Assistant vice President

EXHIBIT "A"

INITIAL COVERED PROPERTY

CREEKSIDE

All of that certain real property located in the City of Ontario, County of San Bernardino, State of California, described as follows:

Lots 6 through 17, inclusive, and Lots A, C and D of Tract Number 11387 as per map of file in Book 161, Page 92 through Page 101, inclusive, of Maps in the Office of the County Recorder of said County.

Those certain landscaped medians shown on Exhibit "E" to this Declaration.

EXHIBIT "B"

ANNEXATION PROPERTY

CREEKSIDE

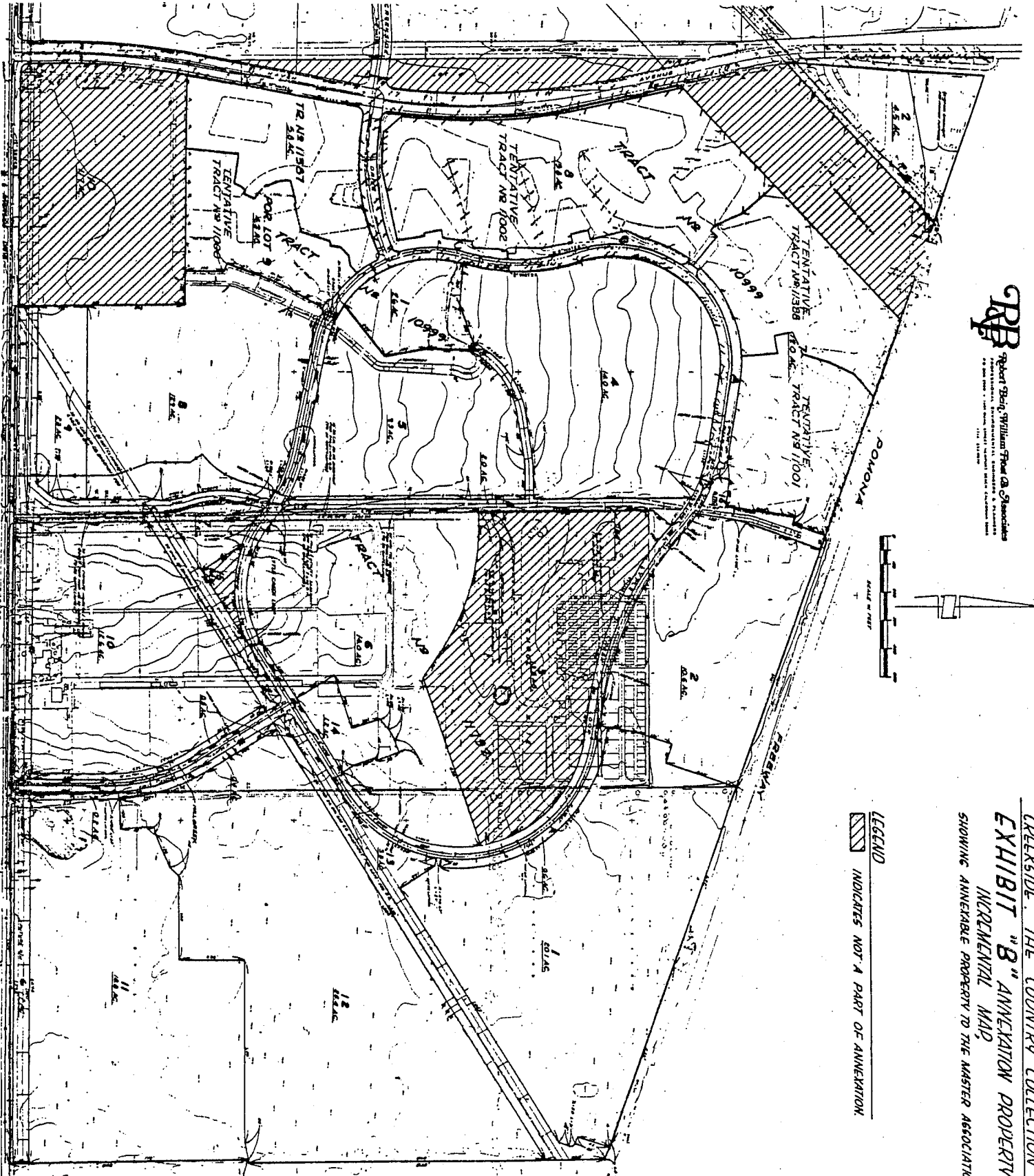
All of that certain real property situated in the City of Ontario, County of San Bernardino, State of California, described as follows:

Lots 1, 2, 7, 8, A, B, C and portion of Lot 9 of Tract No. 10999 in the City of Ontario, County of San Bernardino, State of California, as per map filed in Book 154, Pages 73 through 76 of Maps, in the Office of the County Recorder of said County;

Lots 1 through 5, 18 through 46, B, E and F of Tract No. 11387 as per map filed in Book 161, Pages 92 through 101 of Maps, in said Office;

Lots 1, 2, 4 through 14, 16 and A through G of Amended Tract No. 11792, as per map to be filed in the Office of the San Bernardino County Recorder.

**RPB**  
 Robert Reid, William Frow & Associates  
 PROFESSIONAL SURVEYORS, ENGINEERS & PLANNERS  
 2200 WEST 10TH AVENUE, SUITE 100, DENVER, COLORADO 80202  
 PHONE: 303.733.1234 FAX: 303.733.1235



CREEKSIDE THE COUNTRY COLLECTION  
**EXHIBIT "B" ANNEXATION PROPERTY**  
 INCREMENTAL MAP  
 SHOWING ANNEXABLE PROPERTY TO THE MASTER ASSOCIATION.

EXHIBIT "C"

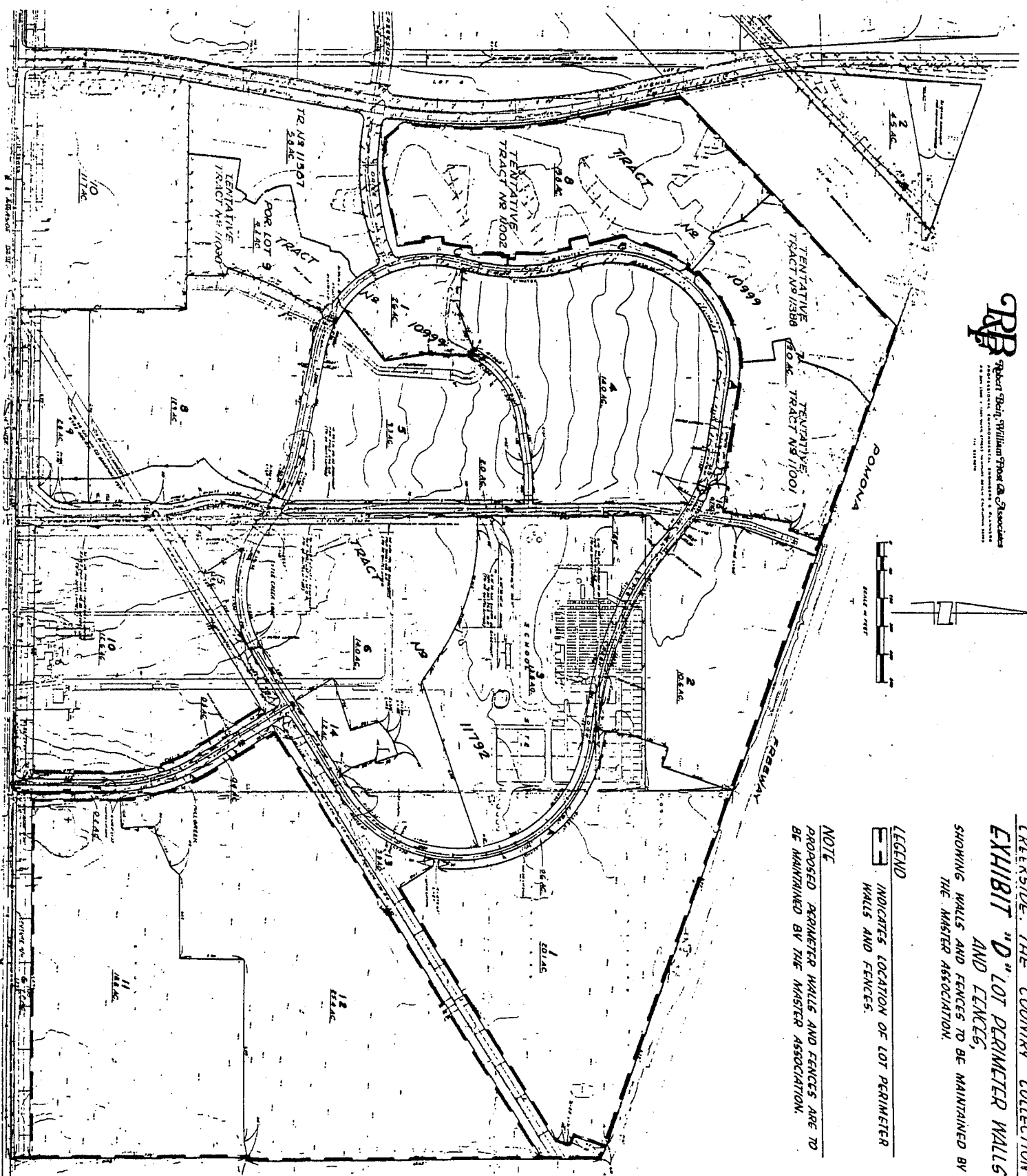
INITIAL COMMUNITY FACILITIES

CREEKSIDE


Those certain landscaped medians shown  
on Exhibit "E" to this Declaration.



**RPB**  
Robert Reed, William Frost & Associates  
1111 15th Street, N.W., Washington, D.C. 20004  
Telephone: (202) 331-1111



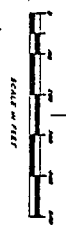
*CRESIDE: THE COUNTRY COLLECTION*  
**EXHIBIT "D" LOT PERIMETER WALLS AND FENCES,**  
SHOWING WALLS AND FENCES TO BE MAINTAINED BY THE MASTER ASSOCIATION.

**LEGEND**  
 INDICATES LOCATION OF LOT PERIMETER WALLS AND FENCES.

**NOTE**  
 PROPOSED PERIMETER WALLS AND FENCES ARE TO BE MAINTAINED BY THE MASTER ASSOCIATION.

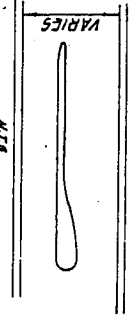
**RPB**  
 Robert Reed, William Reed & Associates  
 1000 West 10th Street, Suite 100, Omaha, NE 68102  
 Telephone: (402) 442-1111

**LEGEND**  
 [Symbol] INDICATES LANDSCAPED AREAS

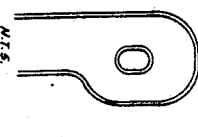


**CREEKSIDE: THE COUNTRY COLLECTION**  
**EXHIBIT "E" PUBLIC RIGHT-OF-WAYS,**  
 SHOWING LANDSCAPED AREAS TO BE MAINTAINED BY THE  
 MASTER ASSOCIATION

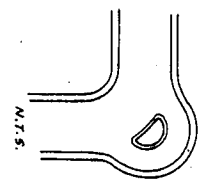
TYPICAL LANDSCAPED  
 MEDIAN



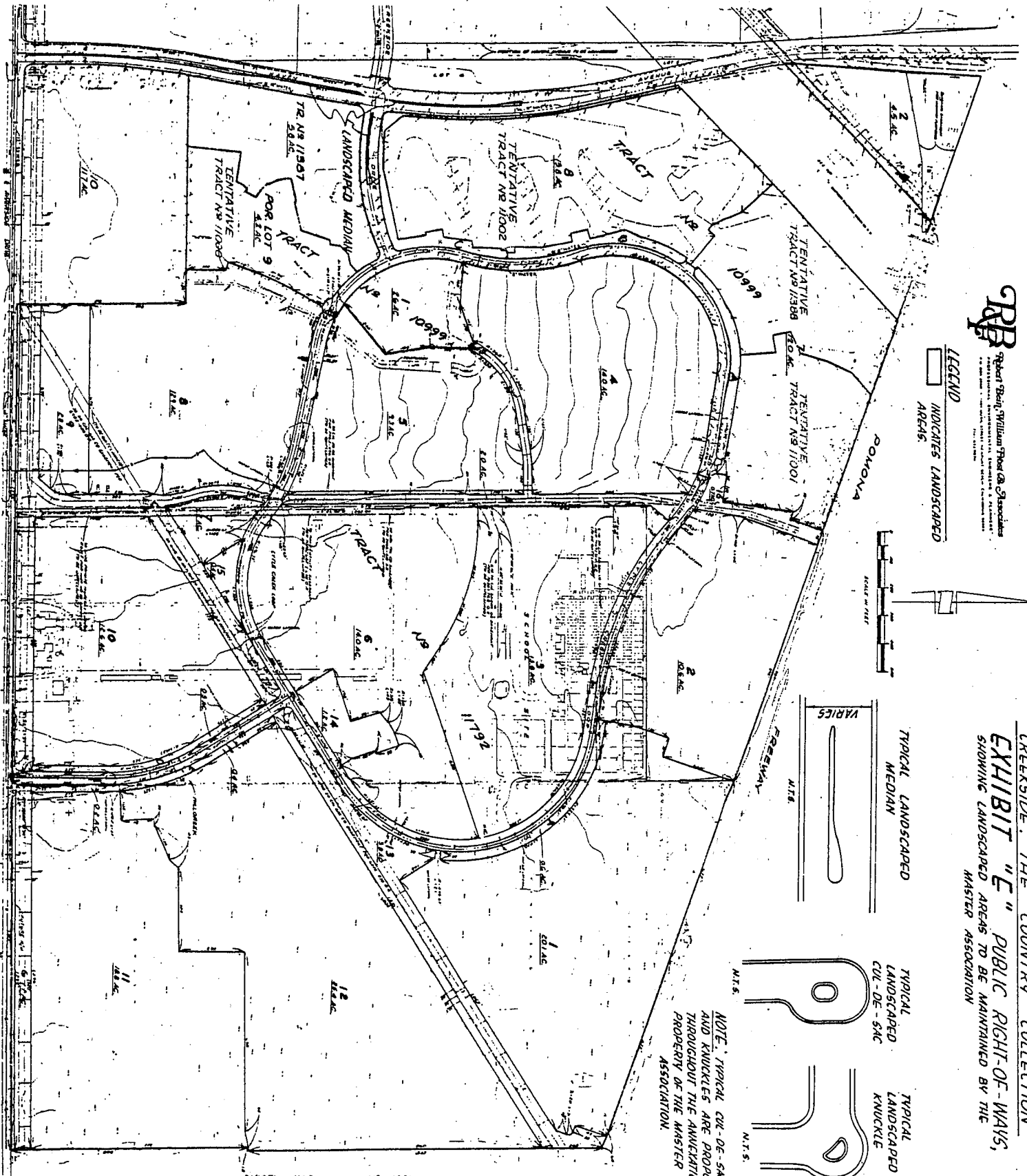
TYPICAL LANDSCAPED  
 CUL-DE-SAC



TYPICAL LANDSCAPED  
 KNUCKLE



**NOTE: TYPICAL CUL-DE-SACS AND KNUCKLES ARE PROPOSED THROUGHOUT THE AMUNITION PROPERTY OF THE MASTER ASSOCIATION.**



PARCEL MAP NO 4951

EXHIBIT "F"

DOMINANT AND SERVIENT TENEMENTS

Not applicable to  
Initial Covered Property.

AVE.

HAVEN

CHANNEL

CHANNEL

50'±

50'±

BRIDGE RAIL-WALL

BRIDGE RAIL-WALL

39.67'  
B.C.

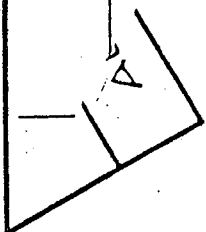
39.67'  
B.C.

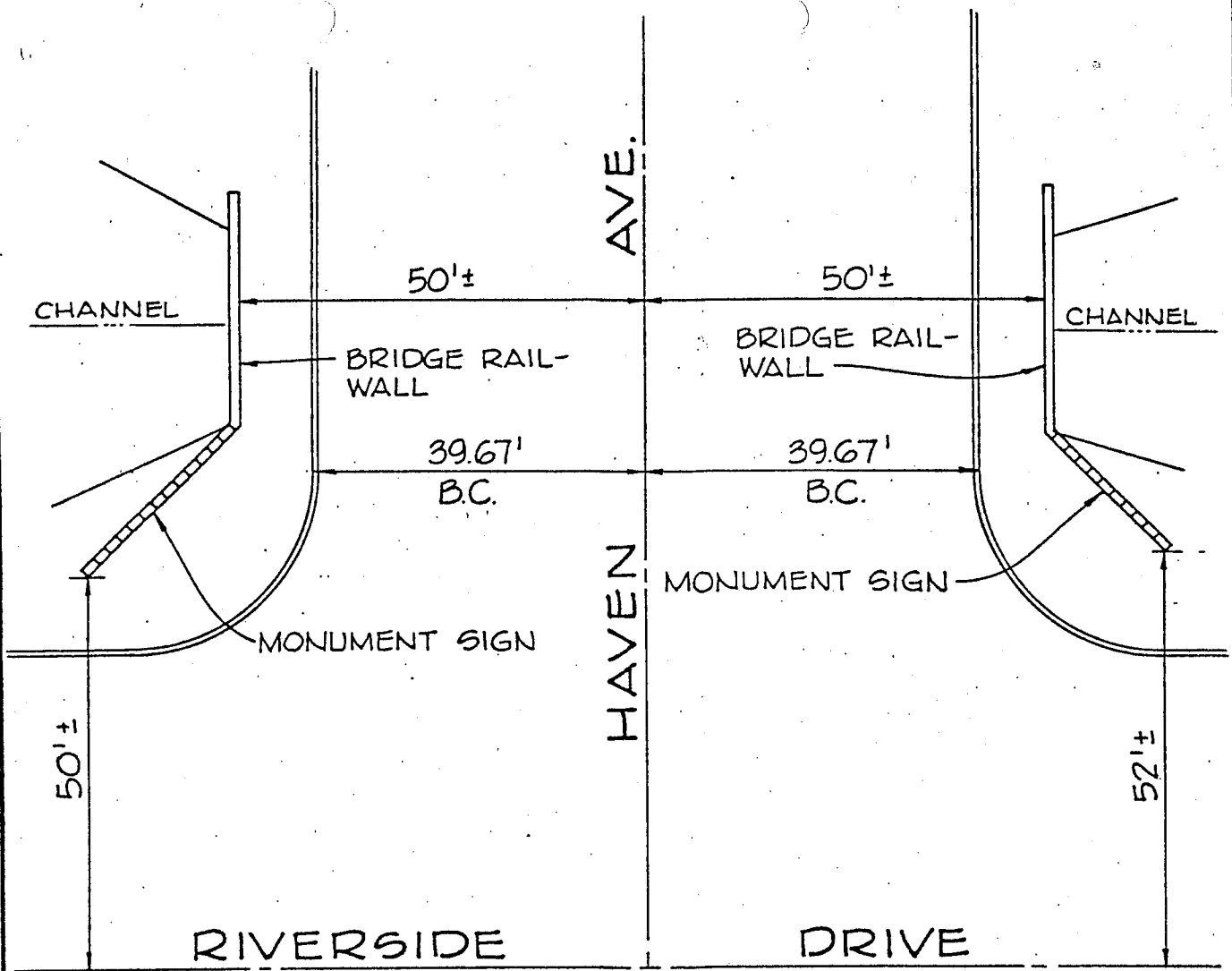
MONUMENT SIGN

MONUMENT SIGN

50'±

52'±





# THE COUNTRY COLLECTION

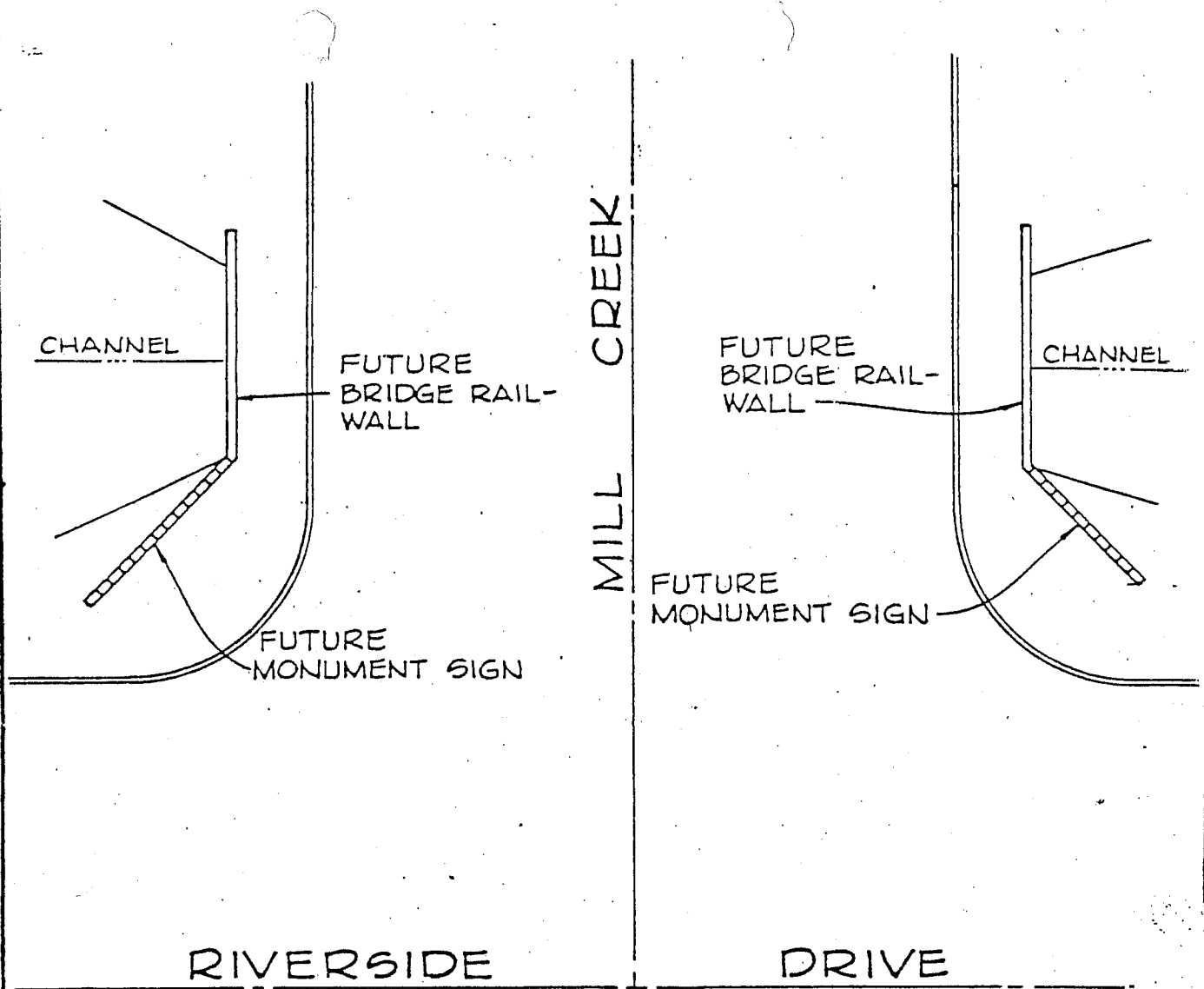
EXHIBIT 'G'  
 MAIN ENTRANCE TO  
 COMMUNITY, SHOWING  
 MAIN ENTRY, BRIDGE  
 AND COMMUNITY  
 MONUMENT SIGNS



*Robert Bein, William Frost & Associates*  
 PROFESSIONAL ENVIRONMENTAL ENGINEERS & PLANNERS  
 P.O. BOX 2890 • 1401 QUAIL STREET NEWPORT BEACH CALIFORNIA 92663  
 (714) 833-0070

SHEET 1 OF 2

DATE AUGUST 26, 1982	SCALE 1" = 20'	FIELD BOOK	JOB NO. 21725
-------------------------	-------------------	------------	------------------



THE COUNTRY COLLECTION

EXHIBIT 'G'  
 SHOWING FUTURE ENTRY  
 BRIDGE AND COMMUNITY  
 MONUMENT SIGNS



Robert Bein, William Frost & Associates  
 PROFESSIONAL ENVIRONMENTAL ENGINEERS & PLANNERS  
 P.O. BOX 2990 • 1401 QUAIL STREET NEWPORT BEACH, CALIFORNIA 92662  
 (714) 833-0070

SHEET 2 OF 2

DATE AUGUST 26, 1982	SCALE 1" = 20'	FIELD BOOK	JOB NO. 21725
-------------------------	-------------------	------------	------------------

1 FEE 10	6 CHRG 01
2 MSYS 5	7 GIMS
3 PCOR	8 NO FEE
4 LNNT	9 ST FEE 4
5 SVY	
5 DTT	<b>C</b>

**DOCUMENT #**

**94274844**

RECORDED IN THE  
OFFICIAL RECORDS OF  
SAN BERNARDINO COUNTY  
ERROL J MACKZUM  
RECORDER

**Jun/20/1994**  
**3:30:00:PM**

\*

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

LYNDA MACKEY  
BARRATT AMERICAN INCORPORATED  
2035 Corte Del Nogal, Suite 160  
Carlsbad, California 92009

\*\*\*\*\*

NOTICE OF ANNEXATION  
FOR  
PHASE VI OF TRACT NO. 14805

THIS NOTICE OF ANNEXATION FOR PHASE VI OF TRACT 14805 (herein "Notice of Annexation") is made on this 19th day of October, 1993, by BARRATT AMERICAN INCORPORATED, a Delaware corporation, (hereinafter the "Declarant").

PREAMBLE

WHEREAS, Declarant is the owner of that certain real property (hereinafter the "Annexed Territory") located in the City of Ontario, County of San Bernardino, State of California, described as follows:

Lots 20, 21, 24 through 27, inclusive, and Lot C of Tract 14805, in the City of Ontario, County of San Bernardino, State of California, according to Map thereof No. 14805 filed in the Office of the County Recorder of San Bernardino County on September 20, 1993 and

WHEREAS, Declarant on August 4, 1982, did execute that certain Declaration of Restrictions for the Creekside Community Master Association (hereinafter the "Declaration"), which Declaration was recorded on August 31, 1982, as Instrument No. 82-172973 of Official Records in the Office of the San Bernardino County Recorder. The Declaration is binding upon all Owners in the Project (as such terms are defined in the Declaration); and

WHEREAS, Article XV, Section 3, of the Declaration provides for the annexation of certain additional real property by a two-thirds (2/3) approval of the Members of the Association; and

WHEREAS, pursuant to Article XV, Section 3 of the Declaration, Declarant now desires to add the Annexed Territory into the project as Phase VI thereof, and to subject same to the covenants, conditions, restrictions, and other matters contained in the Declaration.

NOW, THEREFORE, Declarant hereby declares as follows:

1. Annexation of Territory. Declarant is the Owner of the Annexed Territory and hereby declares that the Annexed Territory is hereby annexed to and subject to the Declaration and this Notice of Annexation, as Phase I thereof.

2. Membership in Association. Each purchaser from Declarant of one (1) or more Lots within the Annexed Territory pursuant to a Final Subdivision Public Report covering the Annexed Territory shall become an "Owner" as defined in the Declaration and shall automatically become a Member of the Creekside Community Master Owners' Association, a California nonprofit mutual benefit corporation (hereinafter the "Association").

3. Assessment Obligations. The rights, obligations and easements of Owners of Lots located in the Annexed Territory shall be as specified in the Declaration. The assessments provided for in the Declaration shall commence as to all of the Lots in the Annexed Territory on the first day of the month following the close of the first sale of a Lot by Declarant in the Annexed Territory.

4. Miscellaneous. The provisions of this Notice of Annexation shall run with all of the real property within the Annexed Territory and the Project, and shall be binding upon all persons having or acquiring any interest in the Project, the Annexed Territory, or any part thereof. The provisions hereof shall inure to the benefit of and be binding upon each successor-in-interest of Declarant and may be enforced by any Owner, Declarant, the Association, or their respective successors-in-interest. Unless otherwise provided herein, the capitalized terms in this Notice of Annexation shall have the same meaning as set forth in the Declaration. Except as otherwise expressly provided, all of the provisions of the Declaration, are hereby incorporated by this reference as if fully set forth herein.

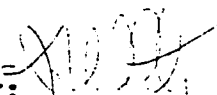
5. Approval of Members. The undersigned do hereby certify that the annexation effected hereby was approved in writing by not less than sixty seven percent (67%) of the voting power of the Members of the Association as provided for in Article XV, Section 3 and Article XVIII, Section 5 of the Declaration.



This Notice of Annexation has been executed by Declarant on the date first written above.

"DECLARANT"

BARRATT AMERICAN INCORPORATED,  
a Delaware Corporation

By:   
J. Michael Armstrong

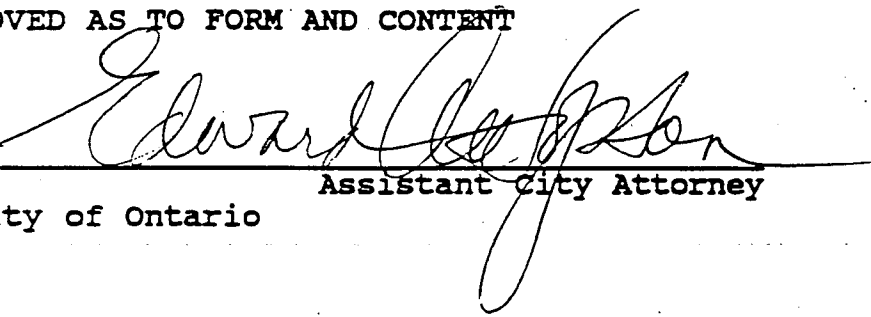
Its: Assistant Vice President

CREEKSIDE COMMUNITY MASTER ASSOCIATION  
a California Non-Profit Mutual Benefit Corporation

By: 

By:   
TREASURER

APPROVED AS TO FORM AND CONTENT

By:   
Assistant City Attorney  
City of Ontario

**ACKNOWLEDGEMENT**

94-274844

STATE OF CALIFORNIA)

COUNTY OF SAN BERNARDINO ) ss.

On 10-19-93, before me, MICHAEL A. COTTER, Sr., Notary  
personally appeared RICHARD D. JOCHUM and KATHLEEN M. CADE  
personally known to me (or proved to me on the basis of  
satisfactory evidence) to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized  
capacity(ies), and that by his/her/their signature(s) on the  
instrument the person(s) or the entity upon behalf of which the  
person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature [Handwritten Signature]

