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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
HARBOUR VISTA CONDOMINIUMS

FULOP, ROLSTON,
BURNS & MCKITTRICK
A LAW CORPORATION

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AND RESERVATION OF EASEMENTS
FOR
HARBOUR VISTA CONDOMINIUMS

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR

HARBOUR VISTA CONDOMINIUMS

THIS DECLARATION is made on AUGUST 22, 1980, by HARBOUR VISTA, a California limited partnership, as Sublessor and as Grantor. Sublessor and Grantor are herein referred to collectively as "Declarant".

P R E A M B L E :

A. Sublessor is the owner of a leasehold interest in certain real property ("Property") in the City of Huntington Beach, County of Orange, California, described as follows:

Lots A, B, C and Lot No. 1 of Tract No. 10658, as shown on a Map recorded on December 27, 1979, in Book 466, Pages 37 to 38, inclusive, of Miscellaneous Maps, in the Office of the Orange County Recorder.

Grantor is the owner of the Improvements on the Property. Said interests derive from a Ground Lease between Master Lessor and Declarant, dated August 1, 1979, a memorandum of which was recorded on August 8, 1979, in Book 13261, Pages 1473 et seq., Official Records of Orange County, California.

B. It is the desire and intention of Declarant to subdivide a subleasehold estate in the Property and the fee ownership of the Improvements thereon (collectively the "Project") into subleasehold condominium estates and to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all the subleasehold condominium estates created.

C. Declarant hereby declares that all of the Project shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, licenses, easements, conditions and covenants, all of which are declared and agreed to be in furtherance of a plan for the protection, subdivision, maintenance, improvement and sale of the Project for the purpose of enhancing the value, desirability and attractiveness of the Project. All provisions of this Declaration, including without limitation the licenses, easements, uses, obligations, covenants, conditions and restrictions hereof, are hereby imposed as equitable servitudes upon the Project. All of the limitations, restrictions, licenses, easements, conditions and covenants herein shall run with the land and shall be binding on and for the benefit of all of the Project and all parties having or acquiring any right, title or interest in the Project, or any part thereof, and their successors and assigns.

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D. Declarant, its successors, assigns and grantees, covenant and agree that the undivided interest in the Common Areas, the membership in the Association, any licenses and easements conveyed therewith and the subleasehold interest in the respective Unit conveyed therewith shall not be separated or separately conveyed, and each such undivided interest, membership and license and easement shall be deemed to be conveyed or encumbered with the subleasehold interest in its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit; provided, however, that this restriction upon the severability of the component interests of the Condominiums shall not extend beyond the period for which the right to partition the Project is suspended in accordance with Section 1354(b) of the California Civil Code and the provisions of Article XI hereof. Any conveyance by a Unit Owner of a Condominium or a Unit, or any portion thereof, shall be presumed to convey the entire Condominium, together with a membership in the Association.

ARTICLE I

DEFINITIONS

Unless otherwise expressly provided, the following words and phrases when used in this Declaration or any amendment thereto shall have the meanings hereinafter specified.

Section 1.01. Annexable Area. "Annexable Area" shall mean the real property described in Exhibit "E" attached hereto and incorporated herein by this reference, all or any portion of which may from time to time be made subject to this Declaration by Declarant pursuant to the provisions of Article XV hereof.

Section 1.02. Architectural Committee. "Architectural Committee" shall mean the Architectural Review Committee created pursuant to Article IV of this Declaration.

Section 1.03. Articles. "Articles" shall mean the Articles of Incorporation of the Association as filed or as will be filed in the Office of the Secretary of State of the State of California, a true copy of which is attached hereto, marked Exhibit "B" and incorporated herein by this reference, as such Articles may be amended from time to time.

Section 1.04. Assessment, Annual. "Annual Assessment" shall mean a charge against a particular Unit Owner and his Condominium, representing a portion of the costs of maintaining, improving, repairing and managing the Project and all other Common Expenses, including operation costs for the Common Areas, which are to be paid by each Unit Owner to the Association for Common Expenses as provided herein.

Section 1.05. Assessment, Capital Improvement. "Capital Improvement Assessment" shall mean a charge against each Unit Owner and his Condominium, representing a portion of the cost to the Association for installation or construction of any capital improvements on any of the Common Areas which the Association may from time to time authorize. Such charge shall be levied among all of the Condominiums in the Project in the same proportion as Annual Assessments, as provided herein.

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Section 1.06. Assessment, Reconstruction. "Reconstruction assessment" shall mean a charge against a particular Unit Owner and his Condominium, representing a portion of the cost to the Association for substantial repairs or reconstruction of any of the Common Areas which the Association may from time to time authorize, and which shall be levied among all of the Condominiums in the Project in the same proportion as Annual Assessments, as provided herein.

Section 1.07. Assessment, Special. "Special Assessment" shall mean a charge against a particular Unit Owner and his Condominium, directly attributable to, or reimbursable by, the Unit Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration plus interest and other charges thereon as provided for in this Declaration.

Section 1.08. Association. "Association" shall mean HARBOUR VISTA HOMEOWNERS' ASSOCIATION, INCORPORATED, a California nonprofit corporation (formed pursuant to the General Nonprofit Corporation Law of the State of California), its successors and assigns.

Section 1.09. Beneficiary. "Beneficiary" shall mean a mortgagee under a mortgage or a beneficiary under a deed of trust, as the case may be, and the assignees of such mortgage or beneficiary.

Section 1.10. Board or Board of Directors. "Board of Directors" or "Board" shall mean the Board of Directors of the Association, elected in accordance with the By-Laws.

Section 1.11. By-Laws. "By-Laws" shall mean the By-Laws of the Association which have or will be adopted by the Board, initially in the form of Exhibit "C" attached hereto and incorporated herein by this reference, as such By-Laws may be amended by the Membership of the Association from time to time.

Section 1.12. Close of Escrow. "Close of Escrow" shall mean the date on which a Sublease of Condominium and Grant Deed of Improvements, or a memorandum thereof, is Recorded conveying a Condominium to a purchaser pursuant to a Final Subdivision Public Report for the Project issued by the California Department of Real Estate.

Section 1.13. Common Areas. "Common Areas" shall mean and include all areas on the Project, as it may exist from time to time, except the Units. For maintenance purposes of the Association, but not necessarily by way of legal title, the Common Areas shall include all gas, water, and waste pipes, all sewers, all ducts, chutes, conduits, wires, and other utility installations of the structures wherever located (except the outlets thereof when located within the Units), the lot upon which the structures are located and the airspace above the structures, all bearing walls, columns, unfinished floors, the roofs, foundation slabs, party walls, utility walls, foundations, private streets, walkways, recreation facilities, common stairways, parking areas and landscaping.

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Section 1.14. Common Areas, Restricted. "Restricted Common Areas" shall include those portions of the Common Areas over which exclusive easements and licenses are reserved for the benefit of certain Unit Owners for patios and decks. The Restricted Common Areas are shown and assigned in the Condominium Plan.

Section 1.15. Common Expenses. "Common Expenses" shall mean the actual and estimated costs of: maintenance, management, operation, repair and replacement of the Common Areas (including unpaid Annual Assessments, Special Assessments, Reconstruction Assessments and Capital Improvement Assessments); the costs of any and all utilities metered to more than one Unit and other commonly metered charges for the Project; the costs of any common trash collection and removal; costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all gardening, security and other services benefiting the Common Areas; the costs of fire, casualty and liability insurance, workers' compensation insurance, and other insurance covering the Project and the directors, officers and agents of the Association; the costs of bonding of the members of the Board; taxes paid by the Association, including any blanket tax assessed against the Project; amounts paid by the Association for discharge of any lien or encumbrance levied against the entire Project, or portions thereof; and the costs of any other item or items designated by, or other expenses incurred by, the Association, for any reason whatsoever in connection with the Project, for the common benefit of the Unit Owners.

Section 1.16. Condominium. "Condominium" shall mean an equal undivided interest in a subleasehold estate in a Phase of Development and an equal undivided fee simple interest in the Improvements on such Phase, together with a separate subleasehold interest in a Unit and all easements and licenses appurtenant thereto. Such fractional undivided interest in the subleasehold estate and such fractional undivided fee simple interest for any Phase of Development shall be equal to a fraction whose numerator is one (1) and whose denominator is the number of Units in such Phase.

Section 1.17. Condominium Plan. "Condominium Plan" shall mean the engineering drawings and related materials, as amended from time to time, showing the diagrammatic floor plans of the Units, the boundaries of the Units, the Common Areas, Restricted Common Areas, and where applicable, dimensions, specific alternative uses as authorized by this Declaration, and such other information reasonably necessary to identify a Condominium. A copy of the recorded Condominium Plan for the Project is attached hereto, marked Exhibit "A" and by this reference is incorporated herein.

Section 1.18. Declarant. "Declarant" shall mean Subiessor and Grantor together.

Section 1.19. Declaration. "Declaration" shall mean the within Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, as it may be amended from time to time as provided herein.

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Section 1.20. Deed of Trust. "Deed of Trust" shall mean a mortgage or a deed of trust, as the case may be.

Section 1.21. Family. "Family shall mean one or more Persons each related to the other by blood, marriage or adoption, or a group of not more than four (4) Persons not all so related, inclusive of their domestic servants, who maintain a common household in a Residence.

Section 1.22. Grantor. "Grantor" shall mean HARBOUR VISTA, a California limited partnership, its successors and any Person to which it shall have assigned any of its rights hereunder by an express written assignment.

Section 1.23. Improvements. "Improvements" shall mean all structures and appurtenances thereto of every type and kind, including but not limited to, buildings, outbuildings, walkways, sprinkler pipes, roads, driveways, loading areas, fences, screening walls, retaining walls, patio covers, awnings, stairs, landscaping, hedges, windbreaks, the exterior surfaces of any visible structure, planted trees and shrubs, poles, signs, fixtures or equipment, pools or jacuzzi spas, owned in common by the Unit Owners.

Section 1.24. Maintenance Funds. "Maintenance Funds" shall mean the accounts created for receipts and disbursements of the Association pursuant to Article V hereof.

Section 1.25. Manager. "Manager" shall mean the Person, firm or corporation employed by the Association, and delegated certain duties, power or functions of the Association as limited by the provisions of this Declaration.

Section 1.26. Master Lease. "Master Lease" shall mean and include (a) with respect to Phase 1, that certain lease dated August 1, 1979, between Sublessor and Master Lessor, a memorandum of which was recorded on August 8, 1979, as Instrument No. 11136, in Book 13261, Pages 1473 et seq., in Official Records of Orange County, California, and (b) with respect to any portion of the Annexable Area which is made subject to this Declaration pursuant to Article XV hereof, that certain lease dated August 1, 1979 between Sublessor and Master Lessor, a memorandum of which was recorded on August 8, 1979, as Instrument No. 11137, in Book 13261, Pages 1477 et seq., in Official Records of Orange County, California, or such other lease or leases under which Sublessor acquired its leasehold estate in such portion of the Annexable Area.

Section 1.27. Master Lessor. "Master Lessor" shall mean any Person owning any right, title or interest as lessor under the Master Lease. As of the date this Declaration is Recorded, Jessie M. Duc, Eugene Duc and Charlotte Kirchen are collectively Master Lessor.

Section 1.28. Member. "Member" shall mean and refer to every Person holding a membership in the Association, pursuant to Article II hereof.

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Section 1.29. Mortgage. "Mortgage" shall mean any mortgage or deed of trust or other conveyance of a Condominium or other portion of the Project to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance.

Section 1.30. Mortgagee, Mortgagor. "Mortgagee" shall mean a Person to whom a mortgage is made and shall include the beneficiary of a Deed of Trust; "Mortgagor" shall mean a Person 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. The term "Trustor" shall be synonymous with the term "Mortgagor" and the term "Beneficiary" shall be synonymous with the term "Mortgagee."

Section 1.31. Notice and Hearing. "Notice and Hearing" shall mean written notice and a public hearing before the Board, at which the Unit Owner concerned shall have an opportunity to be heard in Person, or by counsel at the Unit Owner's expense, in the manner further provided in the By-Laws.

Section 1.32. Person. "Person" shall mean a natural individual, a corporation or any other entity with the legal right to hold title to real property.

Section 1.33. Phase 1. "Phase 1" shall mean all of the real property described in Paragraph A to the Preamble of this Declaration.

Section 1.34. Phase of Development. "Phase of Development" or "Phase" shall mean Phase 1 or any other portion of the Project for which a Final Subdivision Public Report has been issued by the California Department of Real Estate and for which a Notice of Addition of Territory has been Recorded pursuant to Article XV of this Declaration.

Section 1.35. Project. "Project" shall mean that portion of the subleasehold interest in the Property, together with the improvements thereon, which is divided into Condominiums in accordance with Section 1350 of the California Civil Code, including the Common Areas thereon and the Units therein. The term "Project", as used herein, may constitute more than one Project as defined in Section 1350 of the California Civil Code.

Section 1.36. Property. "Property" shall mean all of the real property described in Paragraph A of the Preamble to this Declaration, together with any real property which may be annexed thereto, after such real property has been annexed in accordance with Article XV of this Declaration.

Section 1.37. Record, File, Recordation. "Record" or "File" or "Recordation" shall mean, with respect to any document, the recordation or filing of such document in the Office of the County Recorder of the County of Orange, State of California.

Section 1.38. Residence. "Residence" shall mean and include a Unit, intended for use by a single family.

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Section 1.39. Restrictions. "Restrictions" shall mean the Declaration and the Rules and Regulations from time to time in effect.

Section 1.40. Rules and Regulations. "Rules and Regulations" shall mean the rules and regulations adopted by the Board pursuant to the By-Laws, as such Rules and Regulations may be amended from time to time.

Section 1.41. Sublessor. "Sublessor" shall mean HARBOUR VISTA, a California limited partnership, their successors, and any Person to which they shall have assigned any of their rights hereunder by an express written assignment.

Section 1.42. Unit. "Unit" shall mean the elements of a Condominium not owned in common with the Owners of other Condominiums in the Project. Each of the Units shall be a separate subleasehold estate, as separately shown, numbered and designated in the Condominium Plan. Each such Unit consists of a living area space or spaces bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows, and doors, together with a separately defined area of space for a garage, as shown and assigned in the Condominium Plan. In interpreting deeds, declarations and plans, the existing physical boundaries of the Unit or a Unit constructed or reconstructed in substantial accordance with the Condominium Plan and the original plans thereof, if such plans are available, shall be conclusively presumed to be its boundaries, rather than the description expressed in the deed, Condominium Plan or Declaration, regardless of settling or lateral movement of the building and regardless of minor variances between boundaries as shown on the Condominium Plan or defined in the deed and Declaration and the boundaries of a building as constructed or reconstructed.

Section 1.43. Unit Owner. "Unit Owner" or "Owner" shall mean the record owner, whether one or more Persons, of a Condominium, including Grantor with respect to each Condominium owned by Grantor, and including sellers under executory contracts of sale, but excluding those Persons holding title in security for the performance of an obligation.

ARTICLE II

HARBOUR VISTA HOMEOWNERS' ASSOCIATION, INCORPORATED

Section 2.01. Organization of Association. The Association is or shall be incorporated under the name of HARBOUR VISTA HOMEOWNERS' ASSOCIATION, INCORPORATED, as a corporation not for profit under the General Nonprofit Corporation Law of the State of California.

Section 2.02. Duties and Powers. The duties and powers of the Association are those set forth in the Declaration, the Articles and By-Laws, together with its general and implied powers of a nonprofit corporation, generally to do any and all things that a corporation organized under the laws of the State of California

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may lawfully do which are necessary or proper, in operating for the peace, health, comfort, safety and general welfare of its members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws and in this Declaration. From and after Close of Escrow for the sale of the first Condominium in a Phase of Development of the Project, the Association shall assume the payment of real property taxes assessed against such Phase of Development and accruing subsequent to such Close of Escrow, until such taxes are assessed directly against the Unit Owners and their individual Condominiums. Declarant shall furnish the Association with any and all tax statements in order to assist the Association in carrying out its obligations hereunder. The Association shall further have the right to install or construct capital improvements on the Common Areas, as provided herein. The Association may at any time, and from time to time reconstruct, replace or refinish any improvement or portion thereof upon the Common Areas and Restricted Common Areas in accordance with the original design, finish or standard of construction of such improvement; replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Common Areas, as further provided herein. The Association may employ personnel necessary for the effective operation and maintenance of the Common Areas, including the employment of legal, management and accounting services, as provided in this Declaration and the By-Laws.

Section 2.03. Membership. Every Unit Owner, upon becoming the Owner of a Condominium, shall automatically become a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his Membership in the Association shall automatically cease. Ownership of a Condominium shall be the sole qualification for Membership in the Association. All memberships shall be appurtenant to the Condominium conveyed, and with the exception of Grantor, a Person shall be deemed a Unit Owner of a Condominium only upon recordation of a Sublease of Condominium and Grant Deed of Improvements, or assignment thereof, to such Person. Except as may otherwise be provided herein, the rights, duties, privileges and obligations of all Members of the Association shall be as provided in this Declaration and in the Rules and Regulations.

Section 2.04. Transfer. The Membership held by any Unit Owner shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Unit Owner's Condominium, and then only to the purchaser or Beneficiary of such Condominium. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. A Class A Member who has sold his Condominium to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his Membership right in the Association. Such delegation shall be in writing and shall be delivered to the Board before such contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments attributable to his Condominium until title to the Condominium sold is transferred, as further provided in Article Section 5.07 of this Declaration. In the event the Owner of a Condominium should fail or refuse to transfer the Membership registered in his name to the purchaser of such Condominium upon transfer of title thereto, the Board of Directors shall have the

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right to record the transfer upon the books of the Association. Until satisfactory evidence of such transfer has been presented to the Board, the purchaser shall not be entitled to vote at meetings of the Association.

Section 2.05. Classes of Membership. The Association shall have two (2) classes of voting Membership.

Class A. Class A Members shall be all Unit Owners with the exception of Grantor for so long as there exists a Class B Membership. Class A Members shall each be entitled to one (1) vote for each Condominium owned by such Class A Member. Grantor shall become a Class A Member with regard to Condominiums owned by Grantor upon conversion of Grantor's Class B Membership as provided below. When more than one (1) Person holds such interest in any Condominium, all such Persons shall be Members. The vote of such Condominium shall be exercised as they among themselves determine in accordance with Section 2.06 of this Article II of this Declaration, but in no event shall more than one (1) Class A vote be cast with respect to any Condominium.

Class B. The Class B Member shall be Grantor, and Grantor shall be entitled to three (3) votes for each Condominium owned by Grantor. The Class B Membership shall cease and be converted to Class A Membership on the happening of the earliest to occur of the following events:

(1) When the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership; or

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

(3) The fourth anniversary of the original issuance of the Final Subdivision Public Report for Phase 1.

All voting rights shall be subject to the restrictions and limitations provided in this Declaration and in the Articles and By-Laws of the Association. As long as there exists a Class B membership, any provision of this Declaration, the Articles or By-Laws which expressly requires a vote or written consent of a specified percentage of the voting power of the Association before being undertaken shall require the approval of such specified percentage of the voting power of each class of membership. Upon termination of the Class B membership, any provision of this Declaration, the Articles or By-Laws which expressly requires a vote or written consent of Owners representing a specified percentage of the voting power of each class of Members shall then require the vote or written consent of Owners representing such specified percentage of both the total voting power of the Association and the voting power of the Association residing in Owners other than Grantor.

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Section 2.06. Voting Rights. At any meeting of the Association, each Unit Owner, except as otherwise provided in Section 2.05 of this Article II with respect to the voting power of Grantor, shall be entitled to cast no more than one (1) vote for each Condominium owned as shown on the Condominium Plan. Where there is more than one (1) record Unit Owner of a Condominium ("co-owners"), any or all of such co-owners shall be Members and may attend any meeting of the Association, but only one (1) of such co-owners shall be entitled to exercise the single vote to which the Condominium is entitled. Such co-owners shall from time to time all designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Condominium shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if such designation has been revoked, the vote for such Unit shall be exercised as the majority of the co-owners of the Unit mutually agree. Unless the Board receives a written objection in advance from a co-owner, it shall be conclusively presumed that the corresponding voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for any Condominium where the majority of the co-owners present in person or by proxy and representing such Condominium cannot agree to said vote or other action. The non-voting co-owner or co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Condominium and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting procedures established herein, or in the By-Laws of the Association, shall be deemed to be binding on all Unit Owners, their successors and assigns.

Section 2.07. Repair and Maintenance Rights and Duties of Association. Subject to Article XI pertaining to eminent domain and subject to Article X pertaining to destruction of Improvements, the Association shall paint, maintain, repair, resurface and make necessary Improvements to the Common Areas and Restricted Common Areas or shall contract for such maintenance, repair, resurfacing and Improvements, to assure reasonable maintenance of the Common Areas and Restricted Common Areas; provided, however, that the Association shall not be responsible for or obligated to perform those items of maintenance, repair or Improvement of the Units, the maintenance of which is the responsibility of the Unit Owners as provided in Section 2.08 of this Article II. Association maintenance, repairs and Improvements shall include, without limitation, the right, without obligation, to perform all corrective architectural, janitorial and repair work within any Unit, if the Unit Owner fails to maintain such Unit as provided in Section 2.08 of this Article II; the repair and payment for all centrally metered utilities, water charges, and mechanical and electrical equipment in the Common Areas; payment of all charges for any and all utilities which serve individual Units but which are subject to a common meter; maintenance and replacement of shrubs, trees, vegetation, irrigation systems and other landscaping improvements; repair and maintenance of all walks, common stairways, private streets, parking areas and other means of ingress and egress within the Project. All such fees, maintenance, repairs and Improvements for the Project shall be paid

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for as Common Expenses out of the Association Maintenance Fund as provided in this Declaration. All work performed for or on behalf of a Unit Owner shall be charged to such Unit Owner as a Special Assessment, as herein provided. It shall further be the affirmative duty of the Board of Directors to require strict compliance with all provisions of this Declaration and to cause the Project to be inspected by the Architectural Committee for any violation thereof.

To the extent not assessed to or paid by the Unit Owners, the Association shall pay all real and personal property taxes and assessments levied upon any portion of the Project. In addition, if all of the Units in the Project are taxed under a blanket tax bill covering all of the Project, each Unit Owner shall pay his proportionate share of any installment due under said blanket tax bill to the Association at least ten (10) days prior to the delinquency date; and the Association shall transmit such taxes to the appropriate tax collection agency. Blanket taxes shall be allocated among the Unit Owners in the same ratio that Annual Assessments are assessed against the Unit Owners. The Association shall, at least forty-five (45) days prior to the delinquency date of any such blanket tax installment, deliver to each Unit Owner a copy of the tax bill, along with a written notice setting forth such Unit Owner's obligation to pay his proportionate share of such tax installment and the potential additional charges to such Unit Owner for failure to comply. The Association shall pay such taxes on behalf of any Unit Owner who does not pay his proportionate share, and shall use any available sums in the Operating Fund or borrow such sums as may be required to make such payments on behalf of delinquent Owners. The Association shall levy a Special Assessment in the amount of any such sum advanced against any delinquent Unit Owner, plus interest at the rate of ten percent (10%) per annum and may, in addition, include as part of such Special Assessment an amount necessary to reimburse the Association for any penalty or late charge actually assessed in connection with the blanket tax bill which late charge results from the failure of the delinquent Owner(s) to make timely payment of his proportionate share of such taxes. The foregoing provisions relating to the collection of taxes in connection with a blanket tax bill on all or any portion of the Project may not be amended without the express written consent of Declarant.

Section 2.08. Repair and Maintenance by Unit Owner. Each Unit Owner shall maintain, repair, replace, paint, paper, plaster, tile, finish and restore or cause to be so maintained, repaired, replaced and restored, at his sole cost and expense, all portions of his Unit, including the interior surfaces of the walls, ceilings, windows, floors, doors and permanent fixtures, in a clean, sanitary and attractive condition, in accordance with the Condominium Plan and the original construction design of the Improvements in the Project. Notwithstanding the foregoing, no interior walls, ceilings, floors or other structural or utility bearing portions of the building housing the Units shall be pierced or otherwise altered or repaired, without the prior written approval of the plans for such alteration or repair by the Architectural Committee. It shall further be the duty of each Unit Owner, at his sole cost and expense, to keep free from debris and in a reasonably good state of repair subject to the approval of the Architectural Committee, any

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patio, deck or parking area which constitutes a portion of the Restricted Common Areas subject to his exclusive control, provided, however, that no Unit Owner shall be responsible for any periodic structural repair, painting, resurfacing or replacement of such patio, deck or parking area so long as such repair, painting, resurfacing or replacement is not caused by the willful or negligent acts of the Unit Owner or his family, guests, tenants, or invitees. It shall further be the duty of each Unit Owner to pay when due any and all charges for all utility services which services are not centrally metered but are separately metered to his Unit.

Section 2.09. Use of Agent. The Board of Directors, on behalf of the Association, may contract with a professional management agent for the performance of maintenance and repair and for conducting other activities on behalf of the Association. The term of such contract, or any contract with Grantor for the furnishing of services to the Association, shall not exceed one (1) year, renewable by agreement of the parties for successive one-year periods, and such contract shall be terminable by the Association, acting through the Board, at any time (1) for cause upon thirty (30) days' written notice thereof, and (2) without cause or the payment of a termination fee upon ninety (90) days' written notice.

ARTICLE III

RIGHTS IN COMMON AREAS

Section 3.01. Association Rights. The Association shall have a non-exclusive easement over those portions of the Common Areas made up of the Improvements on the Property and a nonexclusive license over all other portions of the Common Areas for the purposes described in this Declaration. Upon Close of Escrow for the first sale of a Condominium in the Project, the Association shall immediately become responsible for all maintenance, operation, control and expenses associated with the Common Areas.

Section 3.02. Partition. There shall be no judicial partition of the Common Areas, or any part thereof for the term of the Project, nor shall Grantor, any Unit Owner or any other Person acquiring any interest in any Condominium in the Project seek any such judicial partition.

Section 3.03. Members' Rights of Use and Enjoyment of Common Areas. Subject to the provisions of this Declaration, every Member of the Association shall have, for himself and his family, a non-exclusive easement of access, ingress, egress, use and enjoyment of, in and to those portions of the Common Areas made up of the Improvements on the Property and a nonexclusive license over all other portions of the Common Areas and such easements and licenses shall be appurtenant to and shall pass with title to every Condominium in the Project.

Section 3.04. Extent of Members' Rights. The rights of Members of use and enjoyment of the Common Areas created by this Declaration shall be subject to Restrictions, including without limitation the following:

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(a) The right of the Board to suspend the voting rights, easements and licenses of any Member, and the Persons deriving such rights, easements and licenses from any Member, for use of the Common Areas, for any period during which the payment of any Annual, Special, Capital Improvement or Reconstruction Assessment against such Member and his Condominium remains delinquent, and, after Notice and Hearing as provided in the By-Laws, to suspend such rights, easements and licenses for the period set forth in the By-Laws for any violation of the Restrictions, it being understood that any suspension for either nonpayment of any Assessment or breach of the Restrictions shall not constitute a waiver or discharge of the Member's obligation to pay Assessments as provided herein;

(b) The right of the Association to consent to or otherwise cause the construction of additional Improvements on the Common Areas and to consent to or otherwise cause the alteration or removal of any existing Improvements on the Common Areas the benefit of the Members of the Association;

(c) The right of the Association, acting through the Board, to consent to or join in the grant or conveyance of easements, licenses or rights-of-way in, on or over the Common Areas for purposes not inconsistent with the intended use of the Project as a residential Condominium project;

(d) Subject to the provisions of this Declaration, the right of each Unit Owner to the exclusive use of the Restricted Common Areas allocated to his respective Unit;

(e) The rights and reservations of Sublessor and Grantor as set forth in this Declaration; and

(f) The right of the Association, acting through the Board, to reasonably restrict access to roofs, maintenance areas and other areas of the Project.

(g) The right of the Association to reasonably limit the number of guests, tenants and invitees of Owners using the Common Areas.

(h) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Areas and Restricted Common Areas, including, without limitation, the right and obligation of the Association to enforce all parking restrictions within the Common Areas and Restricted Common Areas as set forth in Article VIII hereof.

Section 3.05. Delegation of Use. Any Member entitled to the right of use and enjoyment of the Common Areas may delegate, in accordance with the By-Laws, his right to use of the Common Areas

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to his tenants, contract purchasers or subtenants who purchase or lease his Condominium, subject to reasonable regulation by the Board.

Section 3.06. Waiver of Use. No Member may exempt himself from personal liability for Assessments duly levied by the Association, nor effect the release of his Condominium from the liens and charges thereof, by waiver of the use of the Common Areas or by abandonment of his Condominium.

Section 3.07. Damage by Member. Each Member shall be liable to the Association for any damage to the Common Areas not fully reimbursed to the Association by insurance which may be sustained by reason of the negligence, willful misconduct or unauthorized or improper installation or maintenance of any Improvement by said Member, his guests, tenants, or invitees, or any other Persons deriving their right of use of the Common Areas from said Member, or his guests, tenants, or invitees. Notwithstanding the foregoing, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right, after Notice and Hearing as provided in the By-Laws, to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by such Member or the Person for whom such Member may be liable as described above. In the case of joint ownership of a Condominium, the liability of such Unit Owners shall be joint and several, except to the extent that the Association shall have previously contracted in writing with such joint Unit Owners to the contrary. After Notice and Hearing as provided in the By-Laws, the cost of correcting such damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against the Condominium, and may be enforced as provided herein for the enforcement of other Assessments.

ARTICLE IV

ARCHITECTURAL REVIEW COMMITTEE

Section 4.01. Members of Committee. The Architectural Review Committee ("Architectural Committee" or "Committee"), consisting of at least three members is hereby created with the rights and powers set forth in this Declaration. The initial members of the Committee shall be representatives appointed by Grantor, whose business address is 15052 Springdale Street, Suite A, Huntington Beach, California 92649. Regardless of the fact that Grantor may then have lost voting control within the Association, Grantor shall have the unilateral right and power at all times to appoint or remove a majority of the members of the Committee or to fill any vacancy of such majority until the "turnover date" which shall be the date either (1) on which Close of Escrow has occurred for the sale by Grantor of ninety percent (90%) of the Condominiums then subject to this Declaration (subject to subsection (2) below, Grantor's rights of appointment hereunder may be reinstated upon annexation of all or part of the Annexable Area pursuant to Article XV), or (2) five (5) years following the date of original issuance

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of the Final Subdivision Public Report for Phase 1, whichever occurs first. Grantor may at any time assign in writing such powers of removal and appointment to any Person, subject to such terms and conditions as Grantor may choose to impose. Commencing one (1) year from the original issuance of the Final Subdivision Public Report for Phase 1, the Board shall have the power to appoint one (1) member to the Architectural Committee, until the turnover date. Thereafter, the Board shall have the power to appoint and remove all of the members of the Architectural Committee. Members appointed to the Committee by the Board shall be from the Membership of the Association, but Persons appointed to the Architectural Committee by Grantor need not be Members of the Association.

Section 4.02. Review of Proposed Construction. The Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. Subject to Article VII of this Declaration, no construction, alteration, addition, modification, decoration, redecoration or reconstruction of an improvement in the Project shall be commenced or maintained until the plans and specifications therefor showing the nature, kind, shape, height, width, elevation, color, materials and location of the same shall have been submitted to the Committee and approved in writing by the Committee. The Unit Owner shall obtain a written receipt for the plans and specifications from an authorized agent of the Committee. The Committee shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Project as a whole, or will not unreasonably interfere with the view of another Unit Owner; that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction thereof will not detract from the harmony, wholesomeness and attractiveness of the Common Areas or the use and enjoyment thereof by the Members; and that the upkeep and maintenance thereof will not become a burden on the Association. The Committee may condition its approval of proposals or plans and specifications for any improvement (1) on such changes therein as it deems appropriate, (2) upon the agreement by the Person (referred to in this Section 4.02 as "applicant") submitting the same to grant appropriate easements to the Association for the maintenance of the improvements (as applicable), or (3) upon the agreement of the applicant to reimburse the Association for the cost of maintenance, or all three. The Committee may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee shall also issue Architectural Committee Standards or guidelines setting forth specific standards of approval, procedures for the submission of plans for approval (including the requirement of a fee to the Association to accompany each application for approval), and any

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additional reasonable factors which it will take into consideration in reviewing submissions. The Committee may provide that the amount of such fee shall be uniform, or that it be determined in any other reasonable manner, such as based upon the reasonable cost of the construction, alterations or additions contemplated. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plan submitted for approval. Decisions of the Committee and the reasons therefor shall be transmitted by the Committee to the applicant at the address set forth in the application for approval, within forty-five (45) days after receipt by the Committee of all materials required by the Committee. Any application submitted pursuant to this Section 4.02 shall be deemed approved, unless written disapproval or a request for additional information or materials by the Committee shall have been transmitted to the applicant within forty-five (45) days after the date of receipt by the Committee of all required materials. Grantor need not seek approval of the Committee with respect to its construction activities, until Close of Escrow for the sale of all of the Condominiums in the Project.

Section 4.03. Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 4.07 of this Article IV. In the absence of such designation, the vote of a majority of the Committee, or the written consent of a majority of the Committee taken without a meeting, shall constitute an act of the Committee.

Section 4.04. No Waiver of Future Approvals. The approval of the Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar proposals, plans and specifications, drawings or matter whatsoever subsequently or additionally submitted for approval or consent.

Section 4.05. Compensation of Members. The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

Section 4.06. Correction of Defects. Inspection of work and correction of defects therein shall proceed as follows:

(a) The Committee or its duly authorized representative may at any time inspect any Improvement for which approval of plans is required under this

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Article IV, provided, however, that the Committee's right of inspection of the Improvement for which plans have been submitted and approved shall terminate sixty (60) days after such work of Improvement shall have been completed and the respective Unit Owner shall have given written notice to the Committee of such completion. The Committee's rights of inspection shall not terminate pursuant to this paragraph in the event that plans for the work of Improvement have not previously been submitted to and approved by the Committee. If, as a result of such inspection, the Committee finds that such Improvement was done without obtaining approval of the plans therefor or was not done in substantial compliance with the plans approved by the Committee, it shall notify the Unit Owner in writing of failure to comply with this Article IV within sixty (60) days from the inspection specifying the particulars of noncompliance. The Committee shall have the authority to require the Unit Owner to take such action as may be necessary to remedy the noncompliance.

(b) If noncompliance exists, the Unit Owner shall immediately upon receipt of such notification commence to remedy or remove the same and shall complete such work within a period of not more than forty-five (45) days from the date that notice of the Committee ruling is given to the Unit Owner. The Committee shall determine the estimated cost of correcting or removing the same. If the Unit Owner does not comply with the Committee ruling within such period, the Board, at its option, may, after Notice and Hearing as provided in the By-Laws, Record a Notice of Noncompliance and may peacefully remove the noncomplying Improvement or otherwise peacefully remedy the noncompliance, and the Unit Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Unit Owner or the Association, the Board shall levy a Special Assessment against such Unit Owner for reimbursement collectible in the same manner as Annual Assessments provided in this Declaration. The right of the Association to remove a non-complying Improvement or otherwise remedy the noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity or in this Declaration.

(c) If for any reason the Committee fails to notify the Unit Owner of any noncompliance with previously submitted and approved plans within sixty (60) days after receipt of said written notice of completion from the Unit Owner, the Improvement shall be deemed to be in accordance with said approved plans.

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Section 4.07. Scope of Review. The Architectural Committee shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Project generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of improvements, landscaping, color schemes, exterior finishes and materials and similar features. The Committee's approval or disapproval shall be based solely on the considerations set forth in this Article IV, and the Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 4.08. Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variance must be evidenced in writing, must be signed by at least a majority of the Committee, and shall become effective upon Recordation. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance and shall not necessarily serve as a basis for subsequent variances with respect to other Condominiums. The granting of any variance shall not affect in any way the Unit Owner's obligation to comply with all governmental laws and regulations affecting his use of the Condominium.

ARTICLE V

ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

Section 5.01. Creation of the Lien and Personal Obligation of Assessments. Grantor, for each Condominium owned by it, hereby covenants and agrees to pay, and each Unit Owner, by acceptance of a Sublease of Condominium and Grant Deed of Improvements whether or not it shall be so expressed therein, is deemed to covenant and agree to pay to the Association all Annual Assessments for Common Expenses and all applicable Special Assessments, Reconstruction Assessments and Capital Improvement Assessments. Except as provided in Section 5.07 of this Article V, all such assessments, together with interest, costs, and reasonable attorneys' fees, shall be a separate, distinct and personal obligation of the Person who was the Unit Owner of such Condominium at the time when the assessment fell due, and shall bind his heirs, devisees, personal representatives and assigns. This personal obligation cannot be avoided by abandonment of the Condominium or by an offer to waive use of the Common Areas.

Section 5.02. Maintenance Funds of Association. The Board of Directors shall establish no fewer than two (2) separate accounts (the "Maintenance Funds"), into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under this Declaration. Each of the Maintenance Funds shall be established as separate trust savings or trust checking accounts at a banking or savings institution. The Maintenance Funds shall include: (1) an Operating Fund for current Common Expenses of the Association, (2) a Reserve Fund for capital improvements, replacements, painting and repairs of the Common Areas (which cannot normally be expected to recur on an annual basis), and (3) any other funds which the Board of Directors may establish to the extent necessary under the provisions of this Declaration. The Board of Directors shall not commingle any amounts deposited into any of the Maintenance Funds with one another. Nothing contained herein shall limit, preclude or impair the establishment of additional Maintenance Funds by the Association, so long as the amounts assessed to, deposited into, and disbursed from any such Fund are earmarked for specified purposes authorized by this Declaration.

Section 5.03. Purpose of Assessments. The assessments levied by the Board of Directors on behalf of the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Condominiums in the Project and for the operation, replacements, improvement and maintenance of the Project. All amounts deposited into the Maintenance Funds must be used solely for the common benefit of all of the Unit Owners for purposes authorized by this Declaration, as amended from time to time. Disbursements from the Operating Fund shall be made by the Board of Directors for such purposes as may be necessary for the discharge of its responsibilities herein for the common benefit of all of the Unit Owners, other than those purposes for which disbursements from the Reserve Fund are to be used. Disbursements from the Reserve Fund shall be made by the Board of Directors for the respective purposes specified in this Article V. Nothing in this Declaration shall be construed in such a way as to permit the Association from using any assessments to abate any annoyance or nuisance emanating from outside the boundaries of the Project.

Section 5.04. Basis of Maximum Annual Assessment. Until the first day of the Association's fiscal year next following the Close of Escrow for the sale of the first Condominium in the Project, the maximum Annual Assessment under this Article V shall be determined in accordance with the initial budget of the Association as filed with the California Department of Real Estate and reflected in the most recent Final Subdivision Public Report for the sale of Condominiums in the Project. A copy of such initial budget is attached hereto, marked Exhibit "D" and incorporated herein by this reference. Should the Board of Directors determine that such initial maximum Annual Assessment is insufficient to meet the Common Expenses of the Association during the remainder of the Association's initial fiscal year, the Board of Directors may, by majority vote, increase that Annual Assessment by not more than twenty percent (20%) above the maximum Annual Assessment for such year reflected in the budget for the Association. Any proposed Annual

Assessment in excess of twenty percent (20%) above the maximum Annual Assessment prior to the end of the Association's initial fiscal year shall be subject to approval by a majority vote of each class of Members.

(a) Commencing on the first day of the fiscal year next following the Close of Escrow for the sale of the first Condominium in the Project, the maximum Annual Assessment may be increased by the Board, above the maximum Annual Assessment for the previous year, without a vote of the Membership and effective no sooner than the first day of each fiscal year, in an amount no more than the greater of (1) ten percent (10%), or (2) the percentage by which the U.S. Bureau of Labor Statistics, Los Angeles-Long Beach-Anaheim, Consumer Price Index for All Urban Consumers, as of the date of the increase, has increased over the level of such Index as of the date the Annual Assessment was last established; provided, however, that in no event shall the Board have the authority to increase the maximum Annual Assessment above the maximum Annual Assessment for the previous year by more than twenty percent (20%) without a vote of the membership.

(b) Commencing on the first day of the fiscal year next following the Close of Escrow for the sale of the first Condominium to a purchaser pursuant to a Final Subdivision Public Report, the maximum Annual Assessment may be increased above the greater of (1) ten percent (10%) or (2) said percentage by which the Index has so increased, by the vote or written assent of Members representing at least fifty-one percent (51%) of the voting power residing in each class of Members of the Association.

(c) The Board of Directors may not fix an Annual Assessment at any amount in excess of the maximum Annual Assessment for that fiscal year.

Section 5.05. Commencement of Annual Assessments. The Board of Directors shall authorize and levy the amount of the Annual Assessment upon each Condominium, as provided herein, by majority vote of the Board. The initial Annual Assessment shall begin on all Condominiums in a Phase of Development (including unsold Condominiums therein owned by Grantor) on the first day of the calendar month following Close of Escrow for the sale of the first Condominium in such Phase. Unless otherwise indicated in the Association budget, Annual Assessments shall be assessed equally against the Unit Owners and their Condominiums based upon the number of Condominiums owned by each Member. The initial Annual Assessment shall be adjusted according to the number of months remaining in the fiscal year as set forth in the By-Laws. The Board shall fix the amount of the Annual Assessment against each Condominium at least thirty (30) days in advance of each Annual Assessment period.

Each Member shall thereafter pay to the Association his Annual Assessment in installments at such frequency and in such amounts as

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established by the Board. Each Annual Assessment may be paid by the Member to the Association in one check or in separate checks as payments attributable to the deposits under the Operating Fund and the Reserve Fund. In the event that any installment of an Annual Assessment payment is less than the amount assessed and the payment does not specify the Maintenance Fund or Funds into which it should be deposited, the receipt by the Association from that Unit Owner shall be credited in order of priority first to the Operating Fund, until that portion of the Annual Assessment has been satisfied, and second to the Reserve Fund.

In the event that the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all expenses of the Project for any reason, it shall immediately determine the approximate amount of such inadequacy. Subject to the provisions of Section 5.04 of this Article V, the Board shall have the authority to levy, at any time by a majority vote, a supplemental Annual Assessment, reflecting a revision of the total charges to be assessed against each Condominium. The total of such supplemental Annual Assessments levied in any fiscal year, when added to the Annual Assessment for such fiscal year, shall not exceed the maximum Annual Assessment established pursuant to Section 5.04 above. Written notice of any change in the amount of Annual Assessments levied by the Association through the Board shall be given to all Members not less than thirty (30) days prior to the effective date of such change.

Section 5.06. Association Budgets. The Board of Directors shall cause to be prepared an annual report containing a balance sheet, an income statement reflecting income and expenditures of the Association for each fiscal year, including deposits in and withdrawals from the Reserve Fund and the Operating Fund, a statement of changes in financial position and a statement of the place where the names and addresses of the current Members may be found. The Board shall cause to be distributed a copy of each such annual report to each Member, and to each first Mortgagee who has filed a written request for copies of the same with the Board of Directors, in the manner provided in the By-Laws of the Association. The Board of Directors may cause financial statements to be distributed to all Members in such greater frequency and at such further intervals as deemed appropriate by the Board of Directors of the Association. Prior to the beginning of each fiscal year, the Board of Directors shall prepare and distribute to the Membership of the Association, a written, itemized estimate (budget) of the income and expenses of the Association during such year in performing its functions under this Declaration (including a reasonable provision for contingencies and deposits into the Reserve Fund, less any expected income and accounting for any surplus from the prior year's respective Maintenance Funds). Each Annual Assessment shall constitute an aggregate of separate assessments for each of the Maintenance Funds, reflecting an itemization of the amounts assessed and attributable to prospective deposits into the Reserve Fund and the Operating Fund.

Section 5.07. Collection of Annual Assessments. From and after the first day of the first month following Close of Escrow for the first sale of a Condominium in the Project, the Board of Directors shall fix and collect from each Member his pro rata

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share of the Annual Assessments. Annual Assessments for fractions of any month involved shall be prorated. Grantor shall pay its full pro rata share of the Annual Assessments on all unsold Condominiums in the Project.

At the end of any fiscal year of the Association, the Membership may determine that all excess funds in the Operating Fund may be returned to the Members proportionately, or may be retained by the Association and used to reduce the following year's Annual Assessments. Upon dissolution of the Association incident to the abandonment or termination of the Project, any amounts remaining in any of the Maintenance Funds shall be distributed proportionately to or for the benefit of the Members.

Upon any voluntary or involuntary conveyance of a Condominium, the new Unit Owner ("Purchaser") shall be jointly and severally liable with the previous Unit Owner ("Seller") for all unpaid assessments levied by the Board of Directors against the Seller for his share of the Common Expenses up to the time the conveyance was Recorded, without prejudice to the right of the Purchaser to collect from the Seller therefor. However, any such Purchaser shall be entitled to a statement from the Board of Directors or the Management Agent of the Association, as the case may be, setting forth the amount of the unpaid assessments against the Seller due the Association; and such Purchaser shall not be liable for, nor shall the Condominium conveyed be liable for any unpaid assessments levied by the Board of Directors against the Seller in excess of the amount set forth in the statement; provided, however, that the Purchaser shall be liable for any such assessment becoming due after the date of any such statement. Notwithstanding the foregoing, any first Mortgagee or other Purchaser for value who obtains title to a Condominium pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage, shall not be liable for unpaid assessments or charges against the mortgaged Condominium which accrue prior to the time such Mortgagee acquires title to that Condominium.

Section 5.08. Capital Improvement Assessments. Should the Board of Directors determine the need for a capital Improvement or other such expenditure, the cost of which in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for the then current fiscal year, then the vote or written consent of at least a majority of the voting power of each class of Members, as provided herein, shall be required to approve and render effective. Capital Improvement Assessment levied by the Board of Directors to cover the cost of such expenditure. Capital Improvement Assessments may be levied by the Board without the consent of the Members, if the aggregate cost of the expenditure does not exceed five percent (5%) of the budgeted gross expenses of the Association for the then current fiscal year.

Section 5.09. Delinquency and Acceleration. Any installment of an assessment provided for in this Declaration shall become delinquent if not paid on the due date as established by the Board of Directors of the Association. With respect to each installment of an assessment not paid within ten (10) days after its due date, the Board of Directors may, at its election, require the delinquent Unit Owner to pay a late charge of not to exceed Five Dollars

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(\$5.00) or five percent (5%) of the amount of the delinquent installment, whichever is greater, together with interest at the maximum rate permitted by law on such delinquent sums, calculated from the date of delinquency to and including the date full payment is received by the Association. If any installment of an Annual Assessment is not paid within thirty (30) days after its due date, the Board may mail a notice to the Unit Owner and to each first Mortgagee of a Condominium which has requested a copy of the notice. Such notice shall specify (1) the fact that the installment is delinquent; (2) the action required to cure the default; (3) a date, not less than thirty (30) days from the date the notice is mailed to the Unit Owner, by which such default must be cured; and (4) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the installments of the Annual Assessment for the then current fiscal year and sale of the Condominium. The notice shall further inform the Unit Owner of his right to cure after acceleration and to bring a court action to assert the nonexistence of a default or any defense of the Unit Owner to acceleration and sale. If the delinquent installments of the Annual Assessment and any charges thereon are not paid in full on or before the date specified in the notice, the Board at its option may declare all of the unpaid balance of the Annual Assessment for the then current fiscal year, attributable to that Unit Owner and his Condominium, to be immediately due and payable without further demand and may enforce the collection of the full Annual Assessment and all charges thereon in any manner authorized by law and this Declaration.

Section 5.10. Notice of Lien. The Board of Directors may cause to be Recorded a Notice of Assessment ("Notice of Lien") securing the payment of any assessment or installment thereof, levied by the Association against any Unit Owner as provided in Section 1356 of the Civil Code. Such Notice of Lien shall state the amount of such assessment or installment, as the case may be, and other authorized charges and interest, including the cost of preparing and recording such Notice of Lien, the expenses of collection in connection with any delinquent installments, reasonable attorneys' fees, a sufficient description of the Condominium against which the same has been assessed, the name and address of the Association, and the name of the Unit Owner thereof. Such Notice of Lien shall be signed by an authorized representative of the Association. Upon payment to the Association of the full amount claimed in the Notice of Lien, or other satisfaction thereof, the Board of Directors shall cause to be Recorded a Notice of Satisfaction and Release of Lien ("Notice of Release") stating the satisfaction and release of such amount claimed. The Board of Directors may demand and receive from the applicable Unit Owner a reasonable charge for the preparation and Recordation of such Notice of Release before Recording the same. Any purchaser or encumbrancer who has acted in good faith and extended value may rely upon such Notice of Release as conclusive evidence of the full satisfaction of the sums stated in the Notice of Lien.

Section 5.11. Liens, Enforcement. All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on the respective Condominium prior and superior to all other liens, except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien

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or charge of any first Mortgage of record (meaning any Recorded Mortgage or Deed of Trust with first priority or seniority over other Mortgages or Deeds of Trust) made in good faith and for value and Recorded prior to the date on which the lien became effective, subject to the provisions of Article V, Section 5.07 and Article XII of the Declaration. Notwithstanding the foregoing, any assessment lien provided for hereunder shall be prior and superior to any declaration of homestead Recorded after the Recording of this Declaration. Said lien shall become effective upon Recording of the Notice of Lien in the manner provided in Section 5.10 of this Article V. Such lien shall relate only to the individual Condominium against which the Assessment was levied and not to the Project as a whole. It shall be the duty of the Board of Directors to enforce the collection of any amounts due under this Declaration by one or more of the alternative means of relief afforded by this Declaration. Such lien may be enforced by sale of the Condominium by the Association, its attorney or other persons authorized to make the sale, after failure of the Unit Owner to pay an assessment, or installment thereof, as provided herein. Such sale shall be conducted in accordance with the provisions of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any manner permitted by law. An action may be brought to foreclose the lien of the Association by the Board, or by any Unit Owner if the Board fails or refuses to act, after the expiration of at least thirty (30) days from the date on which the Notice of Lien was Recorded; provided that at least ten (10) days have expired since a copy of the Notice of Lien was mailed to the Unit Owner affected thereby, and subject to the provisions of Section 5.09 of this Article V in the event that the Board accelerates the due date of any Annual Assessment installments. In any such foreclosure, the Unit Owner shall be required to pay a reasonable rental for the Condominium, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Association, through its agents, shall have the power to bid on the Condominium at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Suit to recover a money judgment for unpaid Assessments shall be maintainable without foreclosing or waiving the lien securing the same, but this provision or any institution of suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit in law or equity initiated pursuant to this Section may include reasonable attorneys' fees as fixed by the court.

ARTICLE VI

PROJECT EASEMENTS AND RIGHTS OF ENTRY

Section 6.01. Easements and Licenses.

(a) Access. Declarant expressly reserves for the benefit of the Unit Owners in the Project reciprocal, nonexclusive easements for access, ingress and egress over all portions of the Common Areas made up of the Improvements on the Property and nonexclusive licenses over all other portions of the Common Areas, including

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any driveways currently existing in the Project or subsequently added thereto, which easements and licenses may be conveyed by Sublessor or Grantor to Unit Owners and to the Association for so long as Sublessor or Grantor owns any interest in the Project. Subject to the provisions of this Declaration governing use and enjoyment thereof, such easements and licenses may be used by Grantor, its successors, purchasers and all Unit Owners, their guests, tenants and invitees, residing on or temporarily visiting the Project, for walkways, vehicular access, parking and such other purposes reasonably necessary for use and enjoyment of a Condominium in the Project. The Board, with a vote or written consent of a majority of each class of Members, shall have the right to grant easements over those portions of the Common Areas made up of the Improvements on the Property and nonexclusive licenses over all other portions of the Common Areas to any Person after Close of Escrow for the first sale of a Condominium in Phase 1.

(b) Maintenance and Repair. Declarant expressly reserves for the benefit of the Board of Directors and all agents, officers and employees of the Association, nonexclusive easements over all portions of the Common Areas made up of the Improvements on the Property and nonexclusive licenses over all other portions of the Common Areas as necessary to maintain and repair the Common Areas (including the Restricted Common Areas), and to perform all other tasks in accordance with the provisions of this Declaration. Such easements and licenses over the Common Areas shall be appurtenant to and shall pass with the title to every Condominium conveyed.

(c) Restricted Common Areas. Declarant expressly reserves for the benefit of Unit Owners exclusive easements and licenses for the use of those Restricted Common Areas for patios and decks, as shown and assigned in the Condominium Plan.

(d) Utility Easements. Declarant expressly reserves for the benefit of the Association the right of Sublessor or Grantor to grant additional easements and rights-of-way over the Project to utility companies and public agencies, as necessary, for the proper development and disposal of the Project, until Close of Escrow for the sale of all Condominiums in the Project.

(e) Encroachments. Grantor, the Association and Unit Owners of contiguous Condominiums shall have a reciprocal license appurtenant to each of the Condominiums over the Condominiums, the Common Areas for the purpose of (1) accommodating any existing encroachment of any wall of the building, and (2) maintaining the same and accommodating authorized construction,

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reconstruction, repair, shifting, movement or natural settling of the buildings or any other portion of the Project housing their respective Units. There are specifically reserved for the benefit of the Unit Owners easements and reciprocal negative easements for utility services and repairs, replacement and maintenance of the same over all of the Common Areas. The foregoing easements and licenses shall be used so as not to unreasonably interfere with the use and enjoyment by the Unit Owners of adjoining Condominiums. No portion of the Common Areas including, without limitation, any amenities contemplated as a part of the Project, are proposed to be leased by Grantor to the Unit Owners or to the Association.

Section 6.02. Rights of Entry. The Board of Directors shall have a limited right of entry in and upon the Common Areas and the exterior of all Units for the purpose of inspecting the Project, and taking whatever corrective action may be deemed necessary or proper by the Board of Directors, consistent with the provisions of this Declaration. However, nothing herein shall be construed to impose any obligation upon the Association to maintain or repair any property or improvements the maintenance or repair of which is the responsibility of the Unit Owner. Nothing in this Article VI shall in any manner limit the right of the Unit Owner to exclusive occupancy and control over the interior of his Unit. However, a Unit Owner shall permit a right of entry to the Board of Directors or any other person authorized by the Board of Directors, as reasonably necessary, such as in case of any emergency originating in or threatening his Unit, whether the Unit Owner is present or not. Furthermore, a Unit Owner shall permit other Unit Owners, or their representatives, to enter his Condominium for the purpose of performing required installation, alterations or repairs to the mechanical or electrical services to a Condominium, provided that such requests for entry are made in advance and that entry is at a time reasonably convenient to the Unit Owner whose Unit is to be entered and provided further that the entered Unit is left in substantially the same condition as existed immediately preceding such entry. In case of an emergency, such right of entry shall be immediate. Upon receipt of reasonable notice from the Association (which shall in no event be less than seven (7) days) each Unit Owner shall vacate his or her Unit in order to accommodate efforts by the Association to eradicate the infestation of wood destroying or other pests and organisms from the Common Areas or to perform any other maintenance or repairs pursuant to the Declaration. The Board shall have the right of entry to the Units and the right to remove Unit Owners from their Units, as necessary, to accomplish its duties as provided herein. The cost of eradicating any such infestation or of performing any such maintenance or repairs shall be a Common Expense of the Association; however, each Unit Owner shall bear his or her own costs of temporary relocation.

ARTICLE VII

GRANTOR'S RIGHTS AND RESERVATIONS

Nothing in the Restrictions shall limit, and no Unit Owner or the Association shall do anything to interfere with, the right of

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Grantor to subdivide or resubdivide any portion of the Property, or to complete refurbishment of Improvements to and on the Common Areas or any portion of the Project owned solely or partially by Grantor, or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as Grantor deems advisable in the course of development of the Project so long as any Condominium in the Project is owned by Grantor. Such right shall include, but shall not be limited to, such structures, displays, signs, billboards, flags and sales offices as may be reasonably necessary for the conduct of its business of completing the work and disposing of the same by sale, lease or otherwise. Each Unit Owner by accepting a Sublease of Condominium and Grant Deed of Improvements thereby acknowledges that the activities of Grantor may constitute a temporary inconvenience or nuisance to the Unit Owners, and thereby consents to such inconvenience or nuisance. This Declaration shall not limit the right of Grantor at any time prior to acquisition of title to a Condominium in the Project by a purchaser from Grantor to establish on that Condominium additional licenses, easements, 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 Project. Grantor may use any Condominiums owned by Grantor in the Project as models or real estate sales or leasing offices. All or any part of the rights of Grantor hereunder and elsewhere in these Restrictions may be assigned by Grantor to any successor in interest to any portion of Grantor's interest in any portion of the Project by the Recordation of an express written assignment thereof. Notwithstanding any other provision of this Declaration, the prior written approval of Grantor, as developer of the Project, will be required before any amendment to this Article shall be effective. Each Unit Owner, by virtue of acceptance of a Sublease of Condominium and Grant Deed of Improvements, grants an irrevocable, special power of attorney to Grantor to execute and Record all documents and maps necessary to allow Grantor to exercise its rights under this Article. Grantor shall be entitled to the nonexclusive use of the Common Areas and any facilities thereon, without further cost for access, ingress, egress, use or enjoyment, in order to show the Project to its prospective purchasers and dispose of the Project as provided herein, provided that such access and use by Grantor shall not unreasonably interfere with the rights of the Unit Owners.

ARTICLE VIII

USE RESTRICTIONS

All of the Project shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemptions of Grantor set forth in this Declaration.

Section 8.01. Single Family Residences. Units shall be used exclusively for single family residential purposes, subject to the exemption granted Grantor under Article VII of this Declaration. A Unit Owner may rent his Unit to a single family provided that such Unit is rented for a term greater than thirty (30) days, subject to all the provisions of the Restrictions.

Section 8.02. Parking and Vehicular Restrictions. No boat, camper, trailer or recreational vehicle shall be parked or left anywhere on the Project. No vehicle of any kind which is not in operating condition shall be parked or left anywhere on the Project. There shall be no parking in the driveways, if to do so will or may obstruct free traffic flow, constitute a nuisance, or otherwise create a safety hazard. The Architectural Committee shall determine, in its discretion, whether there is noncompliance with the parking and vehicular restrictions herein. There shall be no restoring of vehicles permitted anywhere on the Project. Any additional guest parking spaces which may constitute a part of the Common Areas shall be subject to reasonable control and use limitation by the Board of Directors. Without in any way limiting the obligations of the Unit Owners as elsewhere herein described, the Association, or agency representing Association, shall have the right, and shall be obligated, to enforce all parking restrictions herein set forth and to remove any vehicles in violation thereof in accordance with the provisions of Section 22658 of the California Vehicle Code, or other applicable laws, codes, and statutes. If, for any reason, the Unit Owners shall fail to enforce said parking restrictions, the City or County, as applicable, shall have the right, but not the duty, to enforce said parking restrictions in accordance with the California Vehicle Code and all other applicable laws, codes, statutes and local ordinances.

Section 8.03. Nuisances. No noxious or offensive activities (including, without limitation, the repair of motor vehicles) shall be carried on upon the Project. No horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of a Condominium and its contents, shall be placed or used in any such Condominium. No loud noises or noxious odors shall be permitted on the Project, and the Board of Directors of the Association shall have the right to determine if any noise, odor, or activity producing such noise or odor constitutes a nuisance. No Unit Owner shall permit or cause anything to be done or kept upon the Project which will increase the rate of insurance thereon, or result in a cancellation of such insurance, or which will obstruct or interfere with the rights of other Unit Owners, nor will he commit or permit any nuisance thereon. Each Unit Owner shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of his Condominium. Each Unit Owner shall be accountable to the Association and other Unit Owners for the conduct and behavior of his guests, tenants or invitees visiting his Unit and of family members residing in his Unit. Any damage to the Common Areas, personal property of the Association, or property of another Unit Owner, caused by such guests, tenants, invitees or family members shall be repaired at the sole expense of the Unit Owner with whom said guests, tenants, invitees or family members are residing or visiting.

Section 8.04. Signs. No sign, poster, display or other advertising device of any character shall be erected or maintained on, or shown or displayed from any Residence, without the prior

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written consent of the Architectural Committee; provided, however, that the restrictions of this Section shall not apply to any sign or notice of customary and reasonable dimension which states that the premises are for rent or sale. Such sign or notice may be placed within a Unit but not upon any portion of the Common Areas. The Board of Directors shall erect within the Common Areas a master directory of Units which are for sale or for lease. Address identification signs and mail boxes shall be maintained by the Board of Directors. This Section shall not apply to any signs used by Grantor or its agents in connection with the sale and any construction or alteration of the Condominiums as set forth in Article VII. Any sign erected in the Project shall comply with all applicable laws and regulations.

Section 8.05. Inside and Outside Installations. No outside installation of any type, including but not limited to a television or radio pole, antenna or clothesline shall be constructed, erected or maintained on any Residence, excepting antennae installed by Grantor as a part of the initial construction of the Project and except as may be installed by, or with the prior consent of the Architectural Committee. No patio or balcony covers, wiring, or installation of air conditioning, water softeners, or other machines shall be installed on the exterior of the buildings of the Project or be allowed to protrude through the walls or roof of the buildings, unless the prior written approval of the Architectural Committee is secured. Outdoor patio or lounge furniture, plants and barbeque equipment may be maintained pursuant to rules and procedures of the Architectural Committee. The type and color of all exposed window coverings shall be subject to the prior written approval of the Architectural Committee. Notwithstanding the specificity of the foregoing, no exterior addition, change or alteration to any Residence shall be commenced without the prior written approval of the Architectural Committee. Nothing shall be done in any Unit or in, on or to the Common Areas which will or may tend to impair the structural integrity of any building in the Project or which would structurally alter any such building except as otherwise expressly provided herein. There shall be no alteration, repair or replacement of wall coverings within Units which may diminish the effectiveness of the sound control engineering within the buildings in the Project. No interior wall in any of the buildings of the Project shall be pierced or otherwise altered in any way, without the prior approval of the Architectural Committee and a structural engineering analysis. No Unit Owner shall cause or permit any mechanic's lien to be filed against any portion of the Project for labor or materials alleged to have been furnished or delivered to the Project or any Condominium Unit for such Unit Owner. Any such Unit Owner shall immediately cause such lien to be discharged within five (5) days after notice to the Unit Owner from the Board. If the Unit Owner fails to do so, the Board may discharge the lien and charge the Unit Owner a Special Assessment for such cost of discharge after Notice and Hearing.

Section 8.06. Animal Regulations. No animals, livestock, reptiles or poultry shall be kept in any Residence except that

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usual and ordinary domestic dogs, cats, fish and birds inside bird cages may be kept as household pets within any Residence provided that they are not kept, bred or raised therein for commercial purposes or in unreasonable quantities or sizes. As used in the Declaration, "unreasonable quantities" shall ordinarily mean no more than two (2) pets per Residence; provided, however, that the Board may determine that a reasonable number in any instance may be more or less. The Association shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board of Directors, a nuisance to any other Unit Owners. Animals belonging to Unit Owners, occupants or their licensees, tenants or invitees within the Project must be either kept within an enclosure, an enclosed patio or deck or on a leash being held by a person capable of controlling the animal. The enclosure must be so maintained that the animal cannot escape therefrom and shall be subject to the approval of the Architectural Committee of the Association. Should any animal belonging to a Unit Owner be found unattended out of the enclosure and not being held on a leash by a person capable of controlling the animal, such animal may be removed by Grantor (for so long as it owns an interest in any portion of the Property) or other occupant or Unit Owner within the Project, or a person designated by them to do so, to a pound under the jurisdiction of the local municipality in which the Project is situated and subject to the laws and rules governing said pound, or to a comparable animal shelter. Furthermore, any Unit Owner shall be absolutely liable to each and all remaining Unit Owners, their families, guests and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Project by a Unit Owner or by members of his family, his tenants or his guests; and it shall be the absolute duty and responsibility of each such Unit Owner to clean up after such animals which have deposited droppings or otherwise used any portion of the Common Areas.

Section 8.07. Rubbish Removal. All rubbish, trash, garbage and other waste shall be regularly removed from each Unit and shall not be allowed to accumulate therein. No refuse container shall be maintained on the Common Areas other than in the location and manner provided for by the Architectural Committee in accordance with its rules adopted from time to time. No storage area, machinery or equipment shall be kept or maintained in any Unit so as to be visible from the Common Areas. The Association shall be responsible for the costs of refuse storage, collection and removal which costs shall constitute a portion of the Common Expenses.

Section 8.08. Further Subdivision. Unless at least three-fourths (3/4ths) of the first Mortgages (based upon one vote for each mortgage owned), or three-fourths (3/4ths) of Unit Owners (other than Grantor), have given their prior written approval, and all applicable laws and regulations have been complied with, no Unit Owner shall further subdivide his Unit (physically or legally); provided, however, that this provision shall not be construed to limit the right of a Unit Owner to rent or lease all of his Unit by means of a written lease or rental agreement, subject to the Restrictions. No Unit Owner shall be permitted to lease or rent his Unit for hotel or transient purposes. The terms of any such

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lease or rental agreement shall be subject in all respects to the provisions of this Declaration and the By-Laws of the Association and shall (a) expressly refer to this Declaration and contain a covenant by the lessee or tenant that he accepts the leasehold estate subject to this Declaration, and (b) contain either a covenant that the lessee or tenant agrees to perform and comply with the Restrictions or adequate provisions to permit entry and other actions by the lessor for the purpose of performing and comply with the Restrictions. Any failure by the lessee of such Unit to comply with the terms of this Declaration or the By-Laws of the Association shall constitute a default under the lease or rental agreement. This Section may not be amended without the prior written approval of at least three-fourths (3/4ths) of the Mortgagees of Condominiums in the Project.

Section 8.09. View Obstructions. No fence, structure, improvement, vegetation or other obstruction shall be constructed, planted or maintained upon any patio or deck in the Restricted Common Areas in such location or of such height as to unreasonably obstruct the view from any other Residence in the vicinity thereof, except that Grantor may vary or exceed said height or location of any improvement in accordance with its architectural and landscaping plans. In the event of a dispute between Unit Owners as to the obstruction of a view from a Residence, such dispute shall be submitted to the Architectural Committee, whose decision in such matters shall be binding. Any such obstruction shall, upon request of the Architectural Committee, be removed or otherwise altered to the satisfaction of the Board of Directors, by the Unit Owner of the Residence upon which said obstruction is located. Any item or vegetation maintained upon any patio or deck in the Restricted Common Areas, which item or vegetation is exposed to the view of any Unit Owner, shall be removed or otherwise altered to the satisfaction of the Architectural Committee, if such Committee determines that the maintenance of such item or vegetation in its then existing state is contrary to the purposes or provisions of this Declaration. The Architectural Committee shall ensure that the vegetation on the Common Areas maintained by the Association is cut frequently, so that the view of any Unit Owner is not unreasonably obstructed.

ARTICLE IX

INSURANCE

Section 9.01. Duty to Obtain Insurance; Types. The Board shall obtain or cause to be obtained and continued in effect adequate blanket public liability insurance (including medical payments), with such limit, as may be considered acceptable to the Federal National Mortgage Association and the Mortgage Corporation, insuring against liability for bodily injury, death and property damage arising from the activities of the Association and its Members, with respect to the Common Areas and any other property under its jurisdiction. The limits of such insurance shall be not less than \$1 million for bodily injury or death to any one person, not less than \$10 million for bodily injury or death to two or more persons arising out of a single accident or occurrence, and not less than \$500,000 for property damage. The Board shall also obtain or cause to be obtained and continued in effect fire and casualty insurance with extended coverage,

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without deduction for depreciation, in an amount as near as possible to the full replacement value of the Common Areas and those portions of the Units consisting of all improvements, built-in or set-in appliances, cabinets and initial basic floor coverings, all as provided in the plans and specifications for the Project. Such insurance shall be maintained for the benefit of Master Lessor, Sublessor, the Association, the Unit Owners, and the Mortgagees, as their interests may appear, as named insureds, subject, however, to loss payment requirements as set forth herein. The Board of Directors shall purchase such other insurance, as necessary, including but not limited to, errors and omissions, directors, officers and agents liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and worker's compensation, and such other risks as shall customarily be covered with respect to condominium projects similar in construction, location and use. Fidelity bond coverage must be obtained by the Association for any person or entity handling funds of the Association, including, but not limited to, officers, directors, trustees and employees of the Association and employees of the professional managing agent of the Association. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium projects established by the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA") and The Mortgage Corporation ("FHLMC"), so long as any of which is a Mortgagee or Owner of a Condominium within the Project, except to the extent such coverage is not available or has been waived in writing by the FNMA, GNMA, and FHLMC, as applicable. The Association shall procure and keep in force, in form and coverage reasonably satisfactory to Sublessor, such additional insurance from time to time reasonably required by Sublessor, against other insurable risks, if at the time they are commonly insured against for real property similar to the Project and containing comparable improvements, but only if Sublessor is required to procure such insurance pursuant to the Master Lease. The Association shall also increase the limits of coverage of any policies maintained by the Association to the extent such increases are required of Sublessor under the Master Lease.

Section 9.02. Waiver of Claims Against Association. As to all policies of insurance maintained by or for the benefit of the Association and the Unit Owners, which policies will not be voided or impaired thereby, the Association and the Unit Owners hereby waive and release all claims against one another, the Board of Directors, Master Lessor, Sublessor and Grantor, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said Persons.

Section 9.03. Rights and Duty of Unit Owner to Insure. It shall be the responsibility of each Unit Owner to provide insurance on his personal property and upon all other property and improvements within his Unit. Nothing herein shall preclude any Unit Owner from carrying any public liability insurance as he may deem desirable to cover his individual liability for damage to

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person or property occurring inside his individual Unit or elsewhere upon the Project. All policies as may be carried by Unit Owners shall contain waivers of subrogation of claims against Master Lessor, Sublessor, Grantor, the Association, the Board, the officers of the Association and all other Unit Owners. Such policies shall not adversely affect or diminish any insurer's liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board. If any loss intended to be covered by insurance carried by, or on behalf of, the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Unit Owner, such Unit Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 9.04. Notice of Expiration Requirements. All of the policies of insurance maintained by the Association shall contain a provision that said policy or policies shall not be cancelled or terminated, or expired by their terms, without at least thirty (30) days prior written notice to the Board, Master Lessor, Sublessor, Grantor (for so long as Grantor is a Unit Owner), Unit Owners and their respective first Mortgagees (provided that such Mortgagees have filed written requests with the carrier for such notice) and every other Person in interest who shall have requested such notice of the insurer.

Section 9.05. Insurance Premiums. Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included in the Annual Assessments levied by the Association and collected from the Unit Owners. The portion of such payments necessary for the required insurance premiums shall be separately accounted for by the Association in the Reserve Fund, to be used solely for the payment of premiums of required insurance as such premiums become due.

Section 9.06. Trustee for Policies. The Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Section 9.01 of this Article shall be paid to the Board of Directors as Trustees. The Board shall furnish Master Lessor and Sublessor with copies of all insurance policies maintained by the Association, or certificates evidencing such policies, promptly on receipt of such policies or certificates. The Board shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article X of this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire, of first Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in Article X, Section 10.04 of this Declaration. Any two Directors

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of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds.

Section 9.07. Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Unit Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to seventy-five percent (75%) of the first Mortgagees of the Condominiums who have filed requests under Section 9.04 of this Article to the extent such first Mortgagees desire to participate. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Mortgagees who have requested the same in writing.

Section 9.08. Annual Insurance Review. The Board shall review the insurance carried by or on behalf of the Association at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in Section 9.01 above. The Board shall obtain a current appraisal of the full replacement value of the Improvements on the Property except for foundations and footings without deduction for depreciation, from a qualified independent insurance appraiser, prior to each such annual review.

Section 9.09. Required Waiver. All policies of physical damage insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

- (a) subrogation of claims against the tenants of the Unit Owners;
- (b) any defense based upon co-insurance;
- (c) any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;
- (d) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Unit Owner or any tenant of any Unit Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured;
- (e) any right of the insurer to repair, rebuild or replace, and, in the event the building is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;

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(f) notice of the assignment of any Unit Owner of its interest in the insurance by virtue of a conveyance of any Condominium; and

(g) any right to require any assignment of any mortgage to the insurer.

ARTICLE X

DESTRUCTION OF IMPROVEMENTS

Section 10.01. Restoration of the Project. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Project the replacement or repair of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article IX hereof for reconstruction or repair of the Property shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Project shall be reconstructed or rebuilt substantially in accordance with the Condominium Plan and the original construction plans if they are available, unless changes recommended by the Architectural Committee shall have been approved in writing by Sublessor, seventy-five percent (75%) of the Unit Owners and by all of the holders of record of first Mortgages upon the Condominiums of the approving Unit Owners. 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 and repair, a Reconstruction Assessment of the Unit Owners, with each Unit Owner contributing in the same proportion that Annual Assessments are levied among the Unit Owners, shall be levied by the Board of Directors 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 Board shall call a special meeting of the Association to be held within thirty days after the damage or loss occurred. At such meeting the Board shall be authorized to levy a Reconstruction Assessment to provide the necessary additional funds for restoration if such levy is approved by not less than eighty-five percent (85%) of the Unit Owners present and entitled to vote, in person or by proxy, at such meeting and by all the holders of record of first Mortgages on the Condominiums of the approving Unit Owners. If such Reconstruction Assessment has not been approved within thirty days after the damage or loss occurred, the Association and all Unit Owners shall be conclusively deemed to have elected not to rebuild the Project and the Board shall proceed in accordance with Section 10.02 hereof.

Section 10.02. Election Not to Rebuild. In the event of an election not to rebuild the Project as provided above, the Board shall immediately arrange for the teardown and removal of all remaining parts of the Improvements on the Property and of all debris

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resulting from the casualty and otherwise clean-up and restore the Property to its original condition. This cleanup operation shall be completed no later than ninety (90) days after the damage or loss occurred. The insurance proceeds shall be used first to pay the balance due on any valid Mortgages of record on Condominiums in the Project and second to pay the costs of the clean-up operation. The balance, if any, shall be paid to Sublessor.

Section 10.03. Interior Damage. With the exception of any casualty or damage insured against by the Association pursuant to Article IX, Section 9.01 of this Declaration, restoration and repair of any damage to the interior of any individual Condominium, including without limitation all fixtures, cabinets and other improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the Unit Owner of the Condominium so damaged. In the event of a determination to rebuild the Project after partial or total destruction, as provided herein, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Architectural Committee.

Section 10.04. Notice to Unit Owners and Listed Mortgagees. The Board, immediately upon having knowledge of any damage or destruction (1) to the Common Areas or any portion thereof, which damage or destruction is substantial or may be restored only at a cost exceeding Ten Thousand Dollars (\$10,000), or (2) to any individual Unit which damage or destruction may only be restored at a cost exceeding One Thousand Dollars (\$1,000), shall promptly notify Lessor, all Unit Owners and all institutional holders of first Mortgages on Condominiums in the Project who have filed a written request for such notice with the Board.

ARTICLE XI

EMINENT DOMAIN

Section 11.01. Definitions; Total Taking, Partial Taking, Special Partial Taking. The Term "taking" as used in this Article shall mean condemnation by exercise of power of eminent domain or by sale under threat of the exercise of the power of eminent domain. Any taking shall be deemed to be effective on the date the condemning authority takes actual physical possession of the taken property. A "Total Taking" shall occur if there is a permanent taking by eminent domain of an interest in all or part of the Common Areas or of all or part of one or more Units, so as to prevent or substantially impair the ownership, operation and use of the Project in accordance with the provisions of this Declaration. Such ownership, operation and use of the Project shall be conclusively deemed to be prevented or substantially impaired if, within forty-five (45) days after the effective date of the taking, the Unit Owners of any Units (i) not taken, or (ii) only partially taken and capable of being restored to at least ninety-five percent (95%) of their floor area and to substantially their condition prior to the taking (collectively the "Remaining Units") do not by affirmative vote of a majority of their entire voting interest (without adjustment among such Units for relative voting rights because of such partial taking), and with the written consent of

the first Mortgagees, if any, of the Condominiums of the approving Unit Owners, approve the continuation of the Project and the repair, restoration and replacement to the extent feasible of the Common Areas and the Remaining Units. A "Partial Taking" shall occur if there is any other permanent taking of the Property. A Partial Taking shall include, without limitation, a "Special Partial Taking" which is described herein as a taking of all or part of one or more Units, as Units, subject to all of the provisions of this Declaration, without involving any taking of the Common Areas except to the extent of the proportionate interest therein of the Units taken, so that the taking authority becomes a successor in title to the Unit Owner or Unit Owners of the Condominium or Condominiums so taken with the same effect as if such Units were purchased by the taking authority. Following any taking which in the opinion of the Board of Directors would constitute a Total Taking in the absence of the affirmative vote of the Remaining Unit Owners as required by the foregoing provisions, the Board of Directors shall call a special meeting of the Remaining Unit Owners to be held promptly, and in any event within sixty (60) days after the effective date of such taking, to determine if such Remaining Unit Owners will, or will not, decide to continue the Project as provided herein.

Section 11.02. Awards; Repair; Restoration and Replacement.

(a) In the event of a Total Taking, the Board of Directors shall proceed as follows:

(1) Except as provided in Section 11.03 of this Article, the Board shall represent all Unit Owners in an action to recover any and all awards, subject to the right of Master Lessor, Sublessor and all first Mortgagees of record, upon request, to join in the proceedings.

(2) The Board shall divide proportionately among Unit Owners that portion of any condemnation award attributable to the value of the Condominiums in the Project, such proportions to be computed by dividing the appraised fair market valuation of each Condominium in the Project as of the effective date of the taking by the total of the appraised fair market valuations of all Condominiums in the Project as of such effective date. Notwithstanding the foregoing, no distribution shall be made to a Unit Owner hereunder without first paying from such Unit Owner's share in order of priority, the balance then due on any valid encumbrance of record on the Condominium of such Owner.

(3) After deducting any incidental fees and expenses, the Board shall pay the balance of the award, if any, to Sublessor for distribution pursuant to the Master Lease.

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(b) In the event of a Partial Taking, other than a Special Partial Taking, the provisions of Section 11.02(a) (1) shall be applicable. The net proceeds of the Partial Taking awards allocated to the subleasehold estate of the Unit Owners in the Property taken, the Taken Units (as defined below), and the Improvements on the Property taken shall be held by the Board of Directors, after deducting related fees and expenses and the portions of the awards allotted in the taking proceedings or, failing such allotment, allotted by the Board of Directors to (i) Units totally taken or partially taken and not capable of being restored to at least ninety-five percent (95%) of their floor area and substantially their condition prior to the taking, and (ii) Units taken in the same manner as in a Special Partial Taking except that the taking is made subject to only some or to none of the By-Laws and the Rules and Regulations (collectively the "Taken Units").

The proceeds of the Partial Taking award allocated to the subleasehold estate of the Unit Owners in the Property taken, the Taken Units, and the Improvements on the taken property and allotted to the Taken Units shall be paid to the Unit Owners respectively entitled thereto; provided, however, that such proceeds shall first be applied to the balance then due on any Mortgages of Record in order of priority before the distribution of any such proceeds to any Unit Owner whose Condominium is subject to any such Mortgage. First Mortgages of Record with respect to the Remaining Units affected by such Partial Taking shall be entitled to severance damages payable out of the award proceeds held by the Board of Directors to the extent that such Mortgages can prove that their security has been impaired by such taking. The balance of the net proceeds allocated to the subleasehold estate of the Unit Owners in the Property taken and to the Improvements on the Property taken shall then be applied to the repair, restoration and replacement of the Common Areas and the Remaining Units (but not Unit Owners' personal property nor those portions of the Units which the Unit Owners are obligated to restore) to as nearly their condition prior to the taking as may be feasible, in the same manner and under the same provisions applicable to the proceeds of insurance as set forth in Article X hereof, except for any provisions relating to Unit Owners' personal property. Any portion of the award still held for restoration by the Board of Directors following completion thereof shall be divided proportionately among Remaining Unit Owners, such proportions to be computed by dividing the appraised fair market valuation of each Remaining Unit as of the effective date of the taking by the total of the appraised fair market valuations of all Remaining Units as of such effective date.

In the event that the funds held for restoration by the Board of Directors are less than the cost of restoration and repair, a Reconstruction Assessment of the

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Remaining Unit Owners, with each Remaining Unit Owner contributing a sum in the same proportion as Annual Assessments paid by such Unit Owner, be levied by the Board of Directors to provide the necessary additional funds for such reconstruction. In no event shall the Board of Directors be required to undertake any repair or restoration work or make any payments with respect to any Unit in excess of that portion of the awards reasonably attributable to the loss to that Unit. Following any Partial Taking, the Association and the Project shall continue, subject to and with the benefit of all the provisions of this Declaration, so far as applicable to the Remaining Units, and the voting interests of the Unit Owners shall be the same.

(c) In the event of a Special Partial Taking or a temporary taking of any Condominium, Section 11.02 (a)(1) shall be applicable. The Unit Owner of the Condominium taken, together with his mortgagees, shall be entitled to that portion of any award allocated to the subleasehold estate of such Unit Owner in the taken Property and to the undivided interest of such Unit Owner in the Improvements on the taken Property. In the event of a temporary taking of Common Areas, the Board of Directors shall have exclusive rights to prosecute the proceedings for the respective taking awards and shall apply the proceeds thereof to reduce Common Expenses.

(d) After accomplishing the distribution of the portions of the condemnation awards described above, the balance, if any, of such awards shall be paid to Sublessor for distribution pursuant to the Master Lease.

(e) For purposes of this Section the portion of the award allocated to the subleasehold estate of Unit Owners in the Property taken, the Taken Units and the Improvements on the Property taken shall not exceed the appraisal of the condemning authority or judgment, if any, with respect to the amount of the award allocable to such subleasehold estate, such Taken Units and such Improvements, provided, however, that such portion of the award shall not be less than the aggregate amount of the unpaid balances (as of the effective date of the taking) of the indebtednesses secured by first Mortgages on the Condominiums in the Property taken.

Section 11.03. Awards for Unit Owners' Personal Property and Relocation Allowances. Where all or part of the Project is taken by eminent domain, each Unit Owner shall have the exclusive right to claim all of the award made for such Unit Owners' personal property, and any relocation, moving expense, or other allowance of a similar nature designed to facilitate relocation. Notwithstanding the foregoing provisions, however, or the provisions of Sections 11.01 and 11.02, the Board of Directors, except in the case of a Special Partial Taking, shall represent each Unit Owner in an action to recover all awards with respect to such portion, if any, of a Unit Owner's personal property which is at the time

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of any taking, as a matter of law, part of the real estate comprising any Unit, and shall allocate to such Unit Owner so much of any awards as is allotted in the taking proceedings or, failing such allotment, allotted by the Board of Directors to such Unit Owner's personal property. The amount so allocated shall be paid to the Unit Owner entitled thereto, whether or not the Unit in which such Unit Owner's personal property was located is to be restored by the Board of Directors. Notwithstanding restoration of the Unit, the Board of Directors shall have no responsibility for restoration of such Unit Owner's personal property.

Section 11.04. Notice to Unit Owners and Listed Mortgagees.
The Board of Directors immediately upon having knowledge of any taking by eminent domain of the Project or any portion thereof, or any threat thereof, shall promptly notify Master Lessor, Sublessor, all Unit Owners and all institutional holders of first Mortgages on Condominiums in the Project who have filed a written request for such notice with the Board.

ARTICLE XII

RIGHTS OF MORTGAGEES

Notwithstanding any other provision of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any Deed of Trust upon a Condominium made in good faith and for value, provided that after the foreclosure of any such Deed of Trust such Condominium shall remain subject to this Declaration, as amended. Notwithstanding any and all provisions of this Declaration to the contrary, in order to induce The Mortgage Corporation ("FHLMC"), the Government National Mortgage Association ("GNMA") and the Federal National Mortgage Association ("FNMA") to participate in the financing of the sale of Condominiums within the Project, the following provisions are added hereto (and to the extent these added provisions, pertaining to the rights of Mortgagees, FHLMC, FNMA, GNMA, VA and FHA, conflict with any other provisions of this Declaration or any other of the Restrictions, these added restrictions shall control):

(a) Each first Mortgagee of a Mortgage encumbering any Condominium, upon filing a written request for notification with the Board, is entitled to written notification from the Association of any default by the Mortgagor of such Condominium in the performance of such Mortgagor's obligations under the Restrictions, the Articles or the By-Laws (collectively referred to as the "Project Documents"), which default is not cured within thirty (30) days after the Association learns of such default. For purposes of this Declaration, a "first Mortgagee" shall mean a Mortgagee of a Mortgage with first priority over other Mortgages.

(b) Every Unit Owner, including every first Mortgagee of a Mortgage encumbering any Condominium, which

obtains title to such Condominium pursuant to the remedies provided in such Mortgage, or pursuant to foreclosure of the Mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal".

(c) Each first Mortgagee of a Mortgage encumbering any Condominium, which obtains title to such Condominium, pursuant to judicial foreclosure, pursuant to the powers provided in such Mortgage or by deed (or assignment) in lieu of foreclosure, shall take title to such Condominium free and clear of any claims for unpaid assessments or charges against such Condominium which accrued prior to the time such holder acquires title to such Condominium.

(d) Unless at least three-fourths (3/4ths) of the first Mortgagees (based upon one vote for each Mortgage owned) or three-fourths (3/4ths) of the Unit Owners (other than Grantor) have given their prior written approval, neither the Association nor the Unit Owners shall:

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

(2) change the method of determining the obligations, assessments, dues or other charges [other than the Special Assessments or late charges imposed by the Board in accordance with the provisions of this Declaration] which may be levied against any Unit Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(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 the Common Areas of the Project;

(4) fail to maintain or cause to be maintained Fire and Extended Coverage on insurable Common Areas as provided in Article IX of this Declaration;

(5) use hazard insurance proceeds for losses to Improvements to any condominium property (whether to Units or the Common Areas) for other than the repair, replacement or reconstruction of such Improvements, subject to the provisions of Article X of this Declaration;

(6) take any action to implement a decision by the Association to terminate professional management and assume self-management of the Project;

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(7) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area. (The granting of easements for public utilities or for other purposes consistent with the intended use of the Common Areas under this Declaration shall not be deemed a transfer within the meaning of this clause.)

(e) First Mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours, (2) require from the Association the submission of annual financial reports and other financial data, (3) receive written notice of all meetings of the Unit Owners, and (4) designate in writing a representative to attend all such meetings.

(f) All first Mortgagees, upon written request, shall be given thirty (30) days written notice prior to the effective date of any proposed, material amendment to the Project Documents which amendment would adversely affect the rights of first Mortgagees under this Declaration.

(g) The Reserve Fund described in Article V of this Declaration must be funded by regular scheduled monthly, quarterly, or semi-annual payments rather than by large Special Assessments.

(h) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to, employees of the professional Manager.

(i) In addition to the foregoing, the Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, the FHA, the FELMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Condominiums. Each Unit Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their residential Condominiums, if such agencies approve the Project as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage encumbering a Condominium.

(j) Each Unit Owner hereby authorizes the first Mortgagee of a first Mortgage on his Condominium to furnish information to the Board concerning the status of such first Mortgage and the loan which it secures.

ARTICLE XIII

DURATION AND AMENDMENT

Section 13.01. Duration. This Declaration shall continue in full force for a term of approximately sixty-two (62) years, commencing on the date hereof, and ending on August 31, 2041. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Unit from the concomitant Membership in the Association, as long as this Declaration shall continue in full force and effect. The provisions of this Article are subject to the provisions of Article X and XI of this Declaration.

Section 13.02. Amendment. Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by a Unit Owner at a meeting of Members of the Association. The resolution shall be adopted by the vote, in person or by proxy, or written consent of seventy-five percent (75%) of the voting power of each class of Members. A copy of each amendment shall be certified by at least two (2) officers of the Association and the amendment shall be effective when the Certificate of Amendment is Recorded. Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved in writing by the record holders of seventy-five percent (75%) of the first Mortgages on all of the Condominiums in the Project at the time of such amendment, based upon one vote for each Mortgage owned:

(a) Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protection granted to encumbrancers as provided in Articles V, IX, X, XI, XII and XIII hereof.

(b) Any amendment which would necessitate an encumbrancer after it has acquired a Condominium through foreclosure to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.

(c) Any amendment which would or could result in an encumbrance being cancelled by forfeiture, or in the individual Condominium not being separately assessed for tax purposes.

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

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

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A Certificate, signed and sworn to by two (2) officers of the Association that the record Owners of seventy-five percent (75%) of the Condominiums have either voted for or consented in writing to any amendment adopted as above provided, when Recorded, shall be conclusive evidence of such fact. The association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. The Certificate reflecting any amendment which requires the written consent of any of the record holders of first Mortgages shall be signed and sworn to by such first Mortgagees. When such Certificate is Recorded, it shall be noted that such amendment has been so approved.

Section 13.03. Protection of Grantor and Sublessor. The prior written approval of Grantor, as developer of the Project, will be required before any amendment which would impair or diminish the rights of Grantor to complete the Project or sell or lease Condominiums therein in accordance with this Declaration shall become effective. The prior written approval of Sublessor will be required before any amendment to this Declaration shall become effective.

ARTICLE XIV

ENFORCEMENT OF CERTAIN BONDED OBLIGATIONS

Section 14.01. Consideration by Board of Directors. In the event that (1) the Improvements to be located on the Common Areas are not complete prior to the issuance of a Final Subdivision Public Report by the California Department of Real Estate ("DRE") for the sale of Condominiums in the Project, and (2) the Association is obligee under a bond or other arrangement ("Bond") required by the DRE to secure performance of the commitment of Grantor to complete the Improvements, the Board of Directors of the Association ("Board") shall consider and vote on the question of action by the Association to enforce the obligations under the Bond, with respect to any such improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Improvement on the Common Areas, the Board shall be directed to consider and vote on the aforesaid question (if a Notice of Completion has not been filed), within thirty (30) days after the expiration of the extension.

Section 14.02. Consideration by the Members. A special meeting of Members, for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question, shall be held no fewer than fifteen (15) days nor more than thirty (30) days after receipt by the Board of a petition for such a meeting signed by Members representing ten percent (10%) of the total voting power of the Association residing in Members other than Grantor. A vote to take action to enforce the obligations under the Bond by Members representing a majority of the total voting power of the Association residing in Members other than Grantor shall be deemed to be the decision of the Association, and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

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ARTICLE XV

ANNEXATION OF ADDITIONAL PROPERTY

Additional real property may be annexed to the real property described in Paragraph A of the Preamble to this Declaration and such additional real property may become subject to this Declaration by any of the methods set forth hereinafter:

Section 15.01. Additions by Declarant. Declarant or its successors or assigns shall have the right from time to time to add the Annexable Area, or any portion or parts thereof (including any recreation facilities located thereon), to the Project and to bring such added territory within the general plan and scheme of this Declaration without the approval of the Association, its Board of Directors, or Members; provided that such a right of Declarant and its successors and assigns shall terminate on the third anniversary of the original issuance of the most-recently-issued Final Subdivision Public Report for the most recent Phase of Development. For so long as and provided the Federal Housing Administration ("FHA") or the Veterans Administration ("VA") are insuring or guaranteeing loans on any Condominium in the Project, or have agreed to insure or guarantee loans on any Condominium in the Project, then a condition precedent to such annexation shall be that the FHA or VA determines that the annexation is in accordance with the general plan theretofore approved by them. As each Phase of Development is developed, Declarant may, with respect thereto, record a Supplemental Declaration which may supplement this Declaration with such additional covenants, conditions, restrictions, reservations and easements as Declarant may deem appropriate for that Phase of Development.

Section 15.02. Other Additions. In addition to the provision for annexation specified in Section 15.01 above, additional real property may be annexed to the Project and brought within the general plan and scheme of this Declaration upon the approval by vote or written consent of Members entitled to exercise no less than three-fourths (3/4ths) of the voting power of each Class of Members and of the first Mortgagees, if any, of the approving Members.

Section 15.03. Rights and Obligations of Members of Added Territory. Subject to the provisions of Section 15.04, upon the Recording of a Notice of Addition of Territory containing the provisions as set forth in this Section, all provisions contained in this Declaration shall apply to the real property described in such Notice of Addition of Territory (the "added territory") in the same manner as if it were originally covered by this Declaration. Thereafter, the rights, powers and responsibilities of the parties to this Declaration with respect to the added territory shall be the same as with respect to the Property originally covered hereby, and the rights, powers and responsibilities of the Owners, lessees and occupants of Units within the added territory, as well as within the Property originally subject to this Declaration, shall be the same as if the added territory were originally covered by this Declaration. From and after Close of Escrow for the sale of the first Condominium in the added territory, the Owners of Condominiums located in the added territory shall share in the

payment of assessments to the Association to meet Common Expenses of the entire Project as provided in Section 5.05 hereof.

Section 15.04. Notice of Addition of Territory. The additions authorized under Sections 15.01 and 15.02 shall be made by Recording a Notice of Addition of Territory, or other similar instrument (which Notice or Instrument may contain the Supplemental Declaration, if any, affecting each such Phase of Development), with respect to the added territory which shall be executed by Declarant and shall extend the general plan and scheme of this Declaration to such added territory ("Notice of Addition"). The Recordation of said Notice of Addition shall constitute and effectuate the annexation of the added territory described therein, and thereupon said added territory shall become and constitute a part of the Project, become subject to this Declaration and encompassed within the general plan and scheme of covenants, conditions, restrictions, reservation of easements and equitable servitudes contained herein, and become subject to the functions, powers and jurisdiction of the Association; and the Owners of Condominiums in said added territory shall automatically become Members of the Association. Such Notice of Addition may contain such additions and modifications of the covenants, conditions, restrictions, reservation of easements and equitable servitudes contained in this Declaration as may be necessary to reflect the different character, if any, of the added territory, or as Declarant may deem appropriate in the development of the added territory, and as are not inconsistent with the general plan and scheme of this Declaration. In no event, however, shall such Notice of Addition revoke, modify or add to the covenants, conditions, restrictions, reservation of easements, or equitable servitudes established by this Declaration as the same shall pertain to the real property originally covered by this Declaration or modify in any way the proportionate ownership interest in the Common Areas of Unit Owners in any other Phase of Development.

Section 15.05. Deannexation. Declarant may delete all or a portion of a Phase of Development from coverage of this Declaration and the jurisdiction of the Association, so long as Declarant is the owner of all of such Phase of Development, and provided that (1) a Notice of Deletion of Territory is Recorded in the same manner as the applicable Notice of Addition was Recorded, (2) Grantor has not exercised any Association vote with respect to any portion of such Phase of Development, (3) assessments have not yet commenced with respect to any portion of such Phase of Development, (4) Close of Escrow has not occurred for the sale of any condominium in such Phase of Development, and (5) the Association has not made any expenditures or incurred any obligations with respect to any portion of such Phase of Development.

ARTICLE XVI

GENERAL PROVISIONS

Section 16.01. Legal Proceedings. The failure of any Unit Owner, his Family, guests, invitees and tenants to comply with any of the Restrictions, after Notice and Hearing as set forth in the By-Laws of the Association (except for the nonpayment of any Assessments provided for herein), shall be grounds for relief which

may include, without limiting same, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision, or any other provision hereof. The Board, any Unit Owner (not at the time in default hereunder), Master Lessor, Sublessor or Grantor shall be entitled to bring an action for damages against any defaulting Unit Owner, and in addition may enjoin any violation of this Declaration. Any judgment rendered in any action or proceeding pursuant thereto shall include a sum for attorneys' fees in such amount as the Court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs. Each remedy provided for in this Declaration shall be cumulative and not exclusive or exhaustive.

Section 16.02. Violation of Restrictions. Without in any way limiting the generality of the foregoing, in the event that the Board determines that there is a violation of any provision of the Restrictions, then the Board shall give written Notice to the Unit Owner of the condition or violation. The Board, after giving such Unit Owner an opportunity for Notice and Hearing, may undertake to remedy such condition or violation complained of, and the cost thereof shall be charged to the Unit Owner and his Condominium. Such cost shall be deemed to be a Special Assessment to such Unit Owner, and his Condominium, and shall be subject to levy, enforcement and collection by the Board in accordance with the assessment lien procedure provided for in this Declaration.

Section 16.03. Severability. The provisions hereof shall be deemed independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provisions hereof.

Section 16.04. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the creation and operation of a residential condominium development and for the maintenance of Common Areas, and any violation of this Declaration shall be deemed to be a nuisance. The Article and Section headings, titles and captions have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. As used herein, unless the context dictates otherwise, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include the masculine, feminine and neuter.

Section 16.05. Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants, conditions and restrictions established by this Declaration governing the Project, together

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with the covenants and restrictions established upon any other property, as one plan.

Section 16.06. Use of Common Area Facilities. The Board of Directors shall have the right to limit the number of guests that a Unit Owner may permit to use any parking or other facilities on the Common Areas. The Board shall have the right to set further reasonable restrictions on the time and manner of use of said facilities, in accordance with the Rules and Regulations.

Section 16.07. No Public Right or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Property or the Project to the public, or for any public use.

Section 16.08. No Representations or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Grantor, or its agents or employees in connection with the Project, or any portion thereof, their physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a Condominium Project, except as specifically and expressly set forth in this Declaration and as may be filed by Grantor from time to time with the California Department of Real Estate.

Section 16.09. Nonliability and Indemnification. Except as provided herein, no right, power, or responsibility conferred on the Board or the Architectural Committee by this Declaration, the Articles or the By-Laws shall be construed as a duty, obligation or disability charged upon the Board, the Committee, any member of the Board or of the Committee, or any other officer, employee or agent of the Association. No such Person shall be liable to any party (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's acts or omissions within what such Person reasonably believed to be the scope of his Association duties ("Official Acts"), except to the extent that such injuries or damage result from such Person's willful or malicious misconduct. No such Person shall be liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or willful or malicious misconduct.

The Association shall pay all expenses incurred by, and satisfy any judgment or fine levied against, any Person as a result of any action or threatened action against such Person to impose liability on such Person for his Official Acts, provided that:

(1) The Board determines that such Person acted in good faith and in a manner such Person reasonably believed to be in the best interests of the Association;

(2) In the case of a criminal proceeding, the Board determines that such Person had no reasonable cause to believe his conduct was unlawful; and

(3) In the case of an action or threatened action by or in the right of the Association, the Board determines that such Person acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Any determination of the Board required under this Section 16.09 must be approved by a majority vote of a quorum consisting of Directors who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, such determination may be made by the vote of a majority of a quorum of the Members of the Association voting at a meeting of the Association called for such purpose, provided that the Person to be indemnified shall not be entitled to vote.

Payments made hereunder shall include amounts paid and expenses incurred in settling any such action or threatened action. This Section 16.09 shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law.

Notwithstanding the foregoing, no employee, officer, or director of Grantor, serving the Association as an appointee of Grantor, shall be granted indemnification hereunder.

The entitlement to indemnification hereunder shall inure to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any Person entitled to such indemnification.

Section 16.10. Notices. Except as otherwise provided in this Declaration, in each instance in which notice is to be given to a Unit Owner, the same shall be in writing and may be delivered personally to the Unit Owner, in which case personal delivery of such notice to one or more co-owners of a Condominium or to any general partner of a partnership owning a Condominium shall be deemed delivery to all co-owners or to the partnership, as the case may be. Personal delivery of such notice to any officer or agent for the service of process on a corporation shall be deemed delivery to the corporation. In lieu of the foregoing, such notice may be delivered by regular United States mail, postage prepaid, addressed to the Unit Owner at the most recent address furnished by such Unit Owner to the Association or, if no such address shall have been furnished, to the street address of such Unit. Such notice shall be deemed delivered seventy-two (72) hours after the time of such mailing, except for notice of a meeting of Members or of the Board of Directors in which case the notice provisions of the By-Laws of the Association shall control. Any notice to be given to the Association may be delivered personally to any Member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as shall be fixed from time to time and circulated to all Unit Owners.

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Section 16.11. Priorities and Inconsistencies. If there are conflicts or inconsistencies between this Declaration and either the Articles of Incorporation or the By-Laws of the Association, the terms and provisions of this Declaration shall prevail.

THIS DECLARATION has been executed as of this 20TH day of AUGUST, 1980.

HARBOUR VISTA,
a California limited partnership

By: [Signature]

By: [Signature]

Its General Partner

"Sublessor" and "Grantor"

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On AUGUST 21, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared FRANK WOOLSEY and CHARLES L. HERMANSEN, known to me to be the general partner of HARBOUR VISTA, the limited partnership that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of such limited partnership, and acknowledged to me that such limited partnership executed the within instrument.

WITNESS my hand and official seal.



[Signature]
BETTY L. SHOMPER
Notary Public in and for said State

FULOP, ROLESON,
BURNS & MCINTYRE
A LAW CORPORATION

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SUBORDINATION

The undersigned, as holder of the beneficial interest in and under that certain Deed of Trust dated October 19, 1979, and recorded on October 24, 1979, in the Office of the Orange County Recorder as Instrument No. 37274 (the "Deed of Trust"), which Deed of Trust is by and between Harbour Vista, a California limited partnership, as Trustor, Crocker Custody Corporation, a corporation, as Trustee, and Crocker National Bank, a national banking association, as Beneficiary, hereby expressly subordinates said Deed of Trust and the beneficial interest thereunder to the foregoing Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Harbour Vista Condominiums.

Dated: AUGUST 20, 1980.

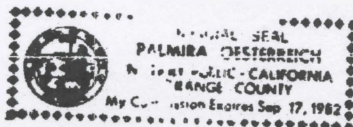
CROCKER NATIONAL BANK,
a national banking association

By: *Lorilee S. Cedar*
Its: VICE PRESIDENT

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

On AUGUST 30, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared LORILEE S. CEDAR, known to me to be the VICE PRESIDENT of Crocker National Bank, the national banking association that executed the within instrument, and acknowledged to me that such banking association executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



Palmira Oesterreich
Notary Public in and for said State

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FULOP, ROLETON,
BURNS & MCINTYCK
A LAW CORPORATION

BK 13713P0 1102

SUBORDINATION

The undersigned, as holder of the beneficial interest in and under that certain unrecorded option, a memorandum of which was recorded on October 24, 1979, in the Office of the Orange County Recorder as Instrument No. 37273, hereby expressly subordinates said option and the beneficial interest thereunder to the foregoing Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Harbour Vista Condominiums.

Dated: AUGUST 20, 1980.

Frank Woolsey
FRANK WOOLSEY

Charles T. Hermansen
CHARLES T. HERMANSEN

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

On AUGUST 21, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared FRANK WOOLSEY, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

WITNESS my hand and official seal.



Betty L. Shomper
Notary Public in and for said State
BETTY L. SHOMPER

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

On AUGUST 21, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared CHARLES T. HERMANSEN, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

WITNESS my hand and official seal.



Betty L. Shomper
Notary Public in and for said State
BETTY L. SHOMPER

BK 13713P0 1103

SUBORDINATION

The undersigned, as holder of the beneficial interest in and under that certain Deed of Trust dated July 13, 1979, and recorded on July 26, 1979, in the Office of the Orange County Recorder as Instrument No. 34724 (the "Deed of Trust"), which Deed of Trust is by and between Frank Woolsey and Charles T. Hermansen, as Trustors, California Land Title Company, a corporation, as Trustee, and William T. O'Brien, as Beneficiary, hereby expressly subordinates said Deed of Trust and the beneficial interest thereunder to the foregoing Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Harbour Vista Condominiums.

Dated: August 20, 1980.

William T. O'Brien
WILLIAM T. O'BRIEN

STATE OF CALIFORNIA)

COUNTY OF ORANGE)

ss.

On August 22, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared William T. O'Brien, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

WITNESS my hand and official seal.



Betty L. Shomper
Notary Public in and for said State
BETTY L. SHOMPER

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FULOP, ROLESTON,
BURNS & MCKITTRICK
A LAW CORPORATION

BK 13713PG 1104

SUBORDINATION

The undersigned, as holder of the beneficial interest in and under that certain Deed of Trust dated July 13, 1979, and recorded on July 26, 1979, in the Office of the Orange County Recorder as Instrument No. 34725 (the "Deed of Trust"), which Deed of Trust is by and between Frank Woolsey and Charles T. Hermansen, as Trustors, California Land Title Company, a corporation, as Trustee, and H. Kent Rogers, Jr. and Wayne P. DeCaro, as Beneficiary, hereby expressly subordinates said Deed of Trust and the beneficial interest thereunder to the foregoing Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Harbour Vista Condominiums.

Dated: August 20, 1980.

William T. O'Brien
WILLIAM T. O'BRIEN

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On August 20, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared William T. O'Brien, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

WITNESS my hand and official seal.



Betty L. Shomper
Notary Public in and for said State
BETTY L. SHOMPER

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FULOP, ROLETON,
BURNS & McINTYRE
A LAW CORPORATION

**RECORDING REQUESTED BY
AND
WHEN RECORDED MAIL TO:**

HARBOUR VISTA HOMEOWNERS'
ASSOCIATION
c/o Berding Weil LLP
2175 North California Blvd. #500
Walnut Creek, CA 94506
Attn: Paul W. Windust, Esq.

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

**FIRST AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS AND RESERVATION OF
EASEMENT OF HARBOUR VISTA HOMEOWNERS' ASSOCIATION**

NOTICE

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

FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENTS OF HARBOUR VISTA HOMEOWNERS' ASSOCIATION

This First Amendment Declaration of Covenants, Conditions and Restrictions and Reservation of Easements of Harbour Vista Homeowners Association ("First Amendment") is made on the date set forth at the end of this document by Harbour Vista Homeowners Association, a California nonprofit mutual benefit corporation (referred to in this document as the "Association").

- A. WHEREAS, this First Amendment is made with respect to that certain DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENT OF HARBOUR VISTA HOMEOWNERS ASSOCIATION, recorded on August 22, 1980, as Document No. Book 1371 Page 1046, in the Official Records of the County of Orange, State of California (the "Declaration").
- B. WHEREAS, the Declaration establishes certain limitations, easements, covenants, restrictions, conditions, liens, and charges which run with, and are binding upon all parties having or acquiring any right, title, or interest in, that certain real property located in the County of Orange, State of California, and more particularly described in Exhibit A attached hereto.
- C. WHEREAS, all of the covenants, conditions, and restrictions set forth herein shall constitute enforceable equitable servitudes as provided in California *Civil Code* section 5975, shall constitute covenants that shall run with the said real property, and shall be binding upon and inure to the benefit of each Owner of any portion of the said real property or the owner or holder of any interest or estate therein and their heirs, successors, and assigns.
- D. WHEREAS, the Members, by the requisite vote, desire to amend the Declaration pursuant to Article XIII, Section 13.02 ("Amendment"), thereof.

NOW, THEREFORE, the Association hereby declares that notwithstanding anything to the contrary in the Declaration, the Declaration is hereby amended as follows (words with a ~~strike through~~ are deleted and in ***bold italics*** are added).

- 1. The existing Article XIII, Section 13.01 ("Duration") is deleted in its entirety is hereby amended to read as follows:

Section 13.01. Duration. ***This Declaration, and any covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges, and equitable servitudes contained in this Declaration shall run with and shall benefit and burden all of the real property subject to this***

Declaration, including without limitation, the Condominiums and Common Areas, shall inured to the benefit of and be binding upon the Owners, the Association, its Board of Directors and officers, and their respective successors in interest, for a term of thirty (30) years from the date of recordation of this Amendment, and thereafter, the term shall be automatically extended for successive periods of ten (10) years each, unless within six (6) months prior to the expiration of the initial thirty-year term or a date within six (6) months prior to the expiration of any ten (10) year extension period a written instrument, approved by the Owners entitled to vote and holding at least a seventy-five percent (75%) of the total voting power of the Association, terminating the effectiveness of this Declaration shall be recorded in the Office of the County Recorder of Orange County, State of California. The provisions of Article are subject to the provisions of Article X and XI of this Declaration.

IN WITNESS WHEREOF, we, the Members of the Association, pursuant to the requisite approval, and by means of the signatures of the President and the Secretary, do hereby affirm, approve, and adopt this First Amendment in accordance with Article XIII, Section 13.02 ("Amendment"), of the Declaration, by means of the signatures of the President and the Secretary, and which First Amendment shall be recorded with the Recorder of the County of Orange, State of California.

DATED: _____

HARBOUR VISTA HOMEOWNERS
ASSOCIATION, a California nonprofit mutual
benefit corporation

President

Secretary

EXHIBIT A

Legal Description of the Property Comprising the Development Subject to the Declaration

Lots A, B, C, and Lot No. 1 of Tract No. 10658, as shown on a Map recorded on December 27, 1979, in Book 466, Pages 37 to 38, inclusive, of Miscellaneous Maps, in the Office of the Orange County Recorder.

CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
personally appeared _____, who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
personally appeared _____, who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)


4819-4765-7204

Declaration, including without limitation, the Condominiums and Common Areas, shall inured to the benefit of and be binding upon the Owners, the Association, its Board of Directors and officers, and their respective successors in interest, for a term of thirty (30) years from the date of recordation of this Amendment, and thereafter, the term shall be automatically extended for successive periods of ten (10) years each, unless within six (6) months prior to the expiration of the initial thirty-year term or a date within six (6) months prior to the expiration of any ten (10) year extension period a written instrument, approved by the Owners entitled to vote and holding at least a seventy-five percent (75%) of the total voting power of the Association, terminating the effectiveness of this Declaration shall be recorded in the Office of the County Recorder of Orange County, State of California. The provisions of Article are subject to the provisions of Article X and XI of this Declaration.

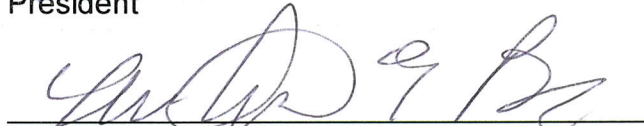
IN WITNESS WHEREOF, we, the Members of the Association, pursuant to the requisite approval, and by means of the signatures of the President and the Secretary, do hereby affirm, approve, and adopt this First Amendment in accordance with Article XIII, Section 13.02 ("Amendment"), of the Declaration, by means of the signatures of the President and the Secretary, and which First Amendment shall be recorded with the Recorder of the County of Orange, State of California.

DATED: 12-2-21

HARBOUR VISTA HOMEOWNERS
ASSOCIATION, a California nonprofit mutual
benefit corporation



President



Secretary

CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF Orange) ss.
)

On 12-2-2021, before me, Erick Manriquez, Notary Public,
personally appeared MIKE E. BORI, who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

 **ERICK MANRIQUEZ**
Notary Public - California
Orange County
Commission # 2237609
My Comm. Expires May 3, 2011

Signature _____ (Seal)

 **ERICK MANRIQUEZ**
Notary Public - California
Orange County
Commission # 2237009
My Comm. Expires May 3, 2022

CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF Orange)

On 12-2-2021, before me, Eric M. Maurique, Notary Public,
personally appeared Michael A. Barto, who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

4819-4765-7204

