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FIRST AMERICAN TITLE GUARANTY COMPANY

By Shirley Fisher

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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

VISTA TASSAJARA

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ARTICLE I

DEFINITIONS

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

Section 1.01 - Allowable Charges. "Allowable Charges" shall mean the costs, late charges and interest in the amounts permitted by Section 1366(c) of the California Civil Code which may be recovered by the Association when any Assessment becomes delinquent which, as of the date hereof, permits (i) reasonable costs incurred in collecting delinquent Assessments including reasonable attorneys' fees, (ii) a late charge not exceeding ten percent (10%) of the delinquent Assessments or Ten Dollars (\$10.00), whichever is greater, and (iii) interest on all sums imposed in accordance with this Section, including the delinquent Assessment, reasonable costs of collection and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing thirty (30) days after the Assessment becomes due.

Section 1.02 - Annexation Property. "Annexation Property" shall mean and refer to that real property in the Town of Danville, County of Contra Costa, State of California, described as Tract Map No. 6736, including the portion thereof resubdivided under Tract 7148 filed in Book 336, Pages 1 to 9, inclusive, of Maps, records of said County excepting therefrom the Initial Covered Property.

Section 1.03 - Annexed Property. "Annexed Property" shall mean and refer to any property that is described in a Supplementary Declaration that has been recorded in the Official Records and has become a part of the Covered Property.

Section 1.04 - Architectural Committee. "Architectural Committee" shall mean and refer to the committee or committees provided for in the Article hereof entitled "Architectural Control."

Section 1.05 - Articles and Bylaws. "Articles" and "Bylaws" shall mean and refer to the Articles of Incorporation and Bylaws of the Association as the same may from time to time be duly amended.

Section 1.06 - Assessments. "Assessments" shall mean each of the charges levied by the Board pursuant to the provisions of the Association Management Documents for the purposes indicated below:

- (a) Cable Television Service Assessment for cable television

services which may be levied against an Owner who has subscribed for such services;

(b) Capital Improvement Assessment levied against each Owner in any calendar year applicable to that year only for the purpose of defraying, in whole or in part, the cost of any installation, construction or replacement of a described capital Improvement upon the Nonexclusive Use Common Area to the extent the same is not covered by Reconstruction Assessments, including the necessary fixtures and personal property related thereto;

(c) Penalty Assessment levied against an Owner as a monetary penalty as a disciplinary measure for failure of such Owner to comply with the provisions of the Association Management Documents or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to the Nonexclusive Use Common Area for which the Owner was allegedly responsible or bringing such Owner and his Lot into compliance with the provisions of the Association Management Documents;

(d) Reconstruction Assessment levied against each Owner to cover the cost to the Association for the repair, replacement or reconstruction of any portion or portions of the Insured Improvements pursuant to the provisions of the Article entitled "Destruction of Improvements" of this Declaration;

(e) Regular Assessment levied against each Owner for such Owner's proportionate share of the estimated Common Expenses for the forthcoming fiscal year;

(f) Special Assessments levied against all Owners to cover the cost of any action or undertaking on behalf of the Association which is not specifically covered under any other Assessment. In the event the Association undertakes to provide materials or services which benefit a particular Owner, such Owner in accepting such materials and services agrees that the cost thereof shall also be a Special Assessment; and

(g) Special Benefits Assessment levied against the Owners of Lots 57, 58 and 59 of Tract Map No. 6736 representing such Owners' proportionate share of the estimated Special Benefits Expenses for the forthcoming fiscal year. The Board shall distribute to each such Owner a pro forma operating statement or budget for the upcoming fiscal year which shall estimate the total Special Benefits Expenses to be incurred for such fiscal year, and shall determine the amount of the Special Benefits Assessment, and the installments thereof, to be paid by each such Owner.

Section 1.07 - Association. "Association" shall mean and refer to Vista Tassajara Homeowners Association, a nonprofit mutual benefit corporation incorporated under the laws of the State of

California, its successors and assigns, for the purpose of managing the Covered Property.

Section 1.08 - Association Management Documents. "Association Management Documents" shall mean and refer to the Articles, Bylaws, Architectural Standards, Declaration, Supplementary Declaration and the Association Rules and any amendments to any of the foregoing.

Section 1.09 - Association Property. "Association Property" shall mean and refer to the real property and the Improvements thereon owned in fee, by easement or leased from time to time by the Association. The Association Property within the Initial Covered Property is described as Parcels B and E of Tract Map No. 6736.

Section 1.10 - Association Rules. "Association Rules" shall mean rules adopted, amended and repealed from time to time by the Board pursuant to the Article entitled "Discipline of Members" of the Bylaws.

Section 1.11 - Board. "Board" shall mean the Board of Directors of the Association.

Section 1.12 - Budget. "Budget" shall mean an itemized written estimate of the income and Common Expenses of the Association prepared from time to time pursuant to the provisions of the Bylaws.

Section 1.13 - California Statutes. "California statutes" (Sections of the California Civil Code, Business and Professions Code, Code of Civil Procedure or Corporations Code) when referenced in any of the Association Management Documents shall mean each such statute or any successor statute thereof.

Section 1.14 - Common Area. "Common Area" shall mean and refer to the Covered Property excepting therefrom the Lots.

Section 1.15 - Common Driveway. "Common Driveway" shall mean and refer to that portion of Lot 57 of Tract Map No. 6736 described on Tract Map No. 6736 as "Private Access Easement" for the use of the homeowners of Lots 57, 58 and 59 of said Tract No. 6736.

Section 1.16 - Common Expenses. "Common Expenses" shall mean and refer to the actual and estimated costs or amounts established by the Board to be paid for:

(a) maintenance, management, operation, repair and replacement of the Common Area except any portion thereof that is required to be maintained by the Owners pursuant to the provisions of this Declaration;

(b) unpaid Assessments;

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

(d) to the extent not metered or billed to Owners, utilities, trash pickup and disposal, gardening and other services which generally benefit and enhance the value and desirability of the Covered Property;

(e) premiums on all insurance and fidelity bonds maintained by the Association pursuant to the Article entitled "Insurance" of this Declaration (except for fidelity bonds obtained by a management agent for its officers, employees and agents);

(f) adequate reserves to cover the deductible amounts of any insurance policies maintained by the Association and for the periodic maintenance, repair and replacement of Improvements maintained by the Association pursuant to this Declaration, including reserves for replacements for structural elements and mechanical equipment of recreational or other facilities maintained by the Association;

(g) taxes paid by the Association;

(h) discharge of any lien or encumbrance levied against the Association Property or portions thereof;

(i) expenses incurred by committees established by the Board;

(j) security systems or services installed by or contracted for by the Association; and

(k) other expenses incurred by the Association for any reason whatsoever in connection with the Common Area, or the costs of any other item or items designated by the Association Management Documents, or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association.

Section 1.17 - Common Facilities. "Common Facilities" shall mean and refer to the Improvements upon the Nonexclusive Use Common Area.

Section 1.18 - County. "County" shall mean and refer to the County of Contra Costa, State of California.

Section 1.19 - Covered Property. "Covered Property" shall mean and refer to the real property development consisting of the Initial Covered Property and, subsequent to the annexation

thereof, any Annexed Property. The Covered Property is a common interest development as defined in Section 1351(c) of the California Civil Code which is being developed as a planned development.

Section 1.20 - Declarant. "Declarant" shall mean and refer to:

(a) Standard Pacific, L.P., a Delaware limited partnership, its successors and assigns, by merger, consolidation or by purchase of all or substantially all of its assets; and

(b) any person or entity, his or its successors and assigns, to which the foregoing Declarant has assigned any or all of its rights and obligations by an express assignment which may be incorporated into a recorded instrument including but not limited to a deed, lease, option agreement, land sale contract or assignment as the case may be, transferring such interest if such assignee agrees in writing with Declarant to accept such assignment.

Section 1.21 - Declaration. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions as it may be amended from time to time.

Section 1.22 - Development. "Development" shall mean and refer to the Initial Covered Property and the Annexation Property.

Section 1.23 - DRE. "DRE" shall mean and refer to the Department of Real Estate of the State of California.

Section 1.24 - Emergency Vehicle Access Easement Area.

"Emergency Vehicle Access Easement Area" shall mean and refer to those portions of Lots 30 and 31 of Tract Map No. 6736 described on said tract map as "Emergency Vehicle Access Easement" or "E.V.A.E".

Section 1.25 - Exclusive Use Common Area. "Exclusive Use Common Area" shall mean those portions of the Common Area the exclusive use of which, subject to the rights of the Association and Declarant, has been granted to the Owner or Owners of particular Lots. Exclusive Use Common Areas shall be created pursuant to the Section entitled "Exclusive Use Common Areas" of the Article entitled "Easements and Rights" of this Declaration.

Section 1.26 - Exhibit. "Exhibit" shall mean and refer to any document so designated herein and attached hereto or so designated in a Supplementary Declaration and attached thereto and each of such Exhibits is by this reference incorporated in this Declaration or such Supplementary Declaration.

Section 1.27 - Federal Agencies. "Federal Agencies" shall mean and refer to collectively one or more of the following agencies

to the extent that any such agency is a Mortgagee, Owner, or insurer or guarantor of a Mortgage within the Covered Property and the following letter designation for such agencies shall mean and refer to respectively the agency specified within the parentheses following such letter designation: FHA (Federal Housing Administration), FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association), VA (Veterans Administration).

Section 1.28 - Final Subdivision Public Report. "Final Subdivision Public Report" shall refer to that report issued by the DRE pursuant to Section 11018.2 of the California Business and Professions Code.

Section 1.29 - Improvement. "Improvement" shall mean all:

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

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

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

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

(e) any change or alteration of any Improvement including any change of material, exterior appearance, color or texture.

Section 1.30 - Local Government. "Local Government" shall mean and refer to the Town, if any, in which the Covered Property is located. If the Covered Property is not located within a Town, "Local Government" shall mean and refer to the County.

Section 1.31 - Lot and Original Lot. "Lot" shall mean and refer to a lot shown on the most recently filed tract map describing such lot or a parcel shown on the most recently filed parcel map describing such parcel covering any portion of the Covered

Property and filed for record in the County as such lot or parcel may be adjusted from time to time by any recorded lot line adjustment. "Original Lot" shall mean and refer to each lot within the Initial Covered Property as such lot is shown on Tract Map No. 6736 and subsequent to the annexation thereof, each lot shown on the tract map or each parcel shown on the parcel map that was filed for record in the County and specifically referenced and described in the Supplementary Declaration by which such property was annexed to the plan of the Declaration, as such Original Lot may be adjusted from time to time by any recorded lot line adjustment. Lot or Original Lot shall not include any Association Property.

Section 1.32 - Member. "Member" shall mean and refer to every person or entity who is an Owner including Declarant so long as Declarant continues to be an Owner.

Section 1.33 - Mortgage and Mortgagee. "Mortgage" and "Mortgagee" shall mean and refer respectively to any duly recorded mortgage or deed of trust encumbering a Lot and the holder of the mortgagee's or beneficiary's interest under any such Mortgage. "First Mortgage" and "First Mortgagee" shall mean and refer respectively to a Mortgage which has priority over all other Mortgages encumbering a specific Lot and the holder of any such First Mortgage.

Section 1.34 - Nonexclusive Use Common Area. "Nonexclusive Use Common Area" shall mean and refer to the real property and amenities owned or managed by the Association for the common use of all Owners. The Nonexclusive Use Common Area within the Initial Covered Property shall consist of the Common Area excepting therefrom any Exclusive Use Common Area.

Section 1.35 - Official Records. "Official Records" shall mean the Official Records in the Office of the County Recorder of the County.

Section 1.36 - Owner. "Owner" shall mean and refer to one or more persons or entities who are alone or collectively the record owner of a fee simple title to a Lot, including Declarant, excluding those having any such interest merely as security for the performance of an obligation. If a Lot has been sold under a land sale contract in which the State of California is the vendor, then the vendee shall be deemed to be the Owner of such Lot.

Section 1.37 - Phase. "Phase" shall mean and refer to each increment of the Covered Property on which the DRE has issued a Final Subdivision Public Report. "First Phase" shall mean the first of any such Phases to have had a conveyance of a Lot which requires the delivery of a Final Subdivision Public Report.

Section 1.38 - Special Benefits Area. "Special Benefits Area" shall mean and refer to that portion of the Covered Property described as Lots 57, 58 and 59 of Tract Map No. 6736.

Section 1.39 - Special Benefits Expenses. "Special Benefits Expenses" shall mean and refer to the actual and estimated costs or expenses incurred by the Association for the maintenance, repair and replacement (including reasonable reserves as deemed appropriate by the Board) of Improvements upon the Common Driveway for the exclusive benefit of the Owners within the Special Benefits Area.

Section 1.40 - Supplementary Declaration. "Supplementary Declaration" shall mean a writing annexing additional property extending the plan of this Declaration to such additional property.

Section 1.41 - Town. "Town" shall mean and refer to the incorporated Town of Danville, California, a municipal corporation of the State of California.

ARTICLE II

THE ASSOCIATION

Section 2.01 - General Duties and Powers. Subject to the limitations and restrictions enumerated in the Association Management Documents, including without limitation, the Article entitled "Mortgagee Protection" of the Declaration and the Article entitled "Powers, Duties and Limitations" of the Bylaws, the Association, through the Board, shall have the duty and obligation to manage and maintain the Covered Property pursuant to the provisions of the Association Management Documents, and in the performance of such duties and obligations shall have all of the powers of a nonprofit mutual benefit corporation permitted by California statute as set forth in Corporations Code Section 7140, Code of Civil Procedure Section 374 and Civil Code Section 1363. Such powers, duties and obligations are more particularly described elsewhere in the Association Management Documents but include, without limitation, the duty and obligation to manage and maintain real and personal property in which the Association holds an interest, the power to borrow money and mortgage Association Property, dedicate or transfer all or any portion of the Association Property, establish special tax assessment districts, grant permits, licenses and easements on, over and under the Association Property, sell real or personal property belonging to the Association and enter upon any Lot as necessary in the event of any emergency involving illness, maintenance and repairs, or as may otherwise be necessary in the performance of such powers, duties and obligations. The foregoing power of the Association shall include the right to join with the Declarant in the execution of any lot line adjustment and to accept title to additional property or to quitclaim all right, title and interest in and to any Association Property as necessary to transfer title in accordance with any lot line adjustment provided that such lot line adjustment and the resulting conveyance are made (i) for the purpose of eliminating encroachments due to engineering errors or errors in construction of any Improvements upon any of the affected property, (ii) to permit changes in the development plan in circumstances where such changes are the result of topography, obstruction, hardship, aesthetic or other environmental conditions, (iii) are the requirement of a regulatory agency, (iv) do not have a significant negative impact upon the Association or the Owners, or (v) to transfer the burden of management and maintenance of any Association Property which in the reasonable judgment of the Board is generally inaccessible or is not likely to be of any particular use or benefit to the Owners.

Section 2.02 - Association to Defend. In the event that a lawsuit is filed against all or substantially all of the Owners, or a lien is levied against all or substantially all of the Covered Property, the Association, upon a majority vote of the

Owners named as defendants or those Owners whose property is covered by the lien, shall defend such lawsuit or cause such lien to be removed. The costs of such litigation or removal shall be a Special Assessment against all Owners joined as defendants in such lawsuit or whose property is covered by the lien, provided, however, in the event that an insurance carrier is obligated to provide such defense under a policy of insurance carried by the Association, the Association shall be relieved of the obligation to provide such defense. Nothing contained herein shall in any way limit the rights of any Owner or Owners to retain counsel of their choice to represent them in such lawsuit at their own expense. In such event such Owner or Owners shall not be relieved of liability for the Special Assessment provided for in this Section.

Section 2.03 - Membership. Membership of Owners shall be appurtenant to and may not be separated from the interest of such Owner in any Lot. A Member may own more than one membership in the Association by complying with the qualifications of membership as to more than one (1) Lot.

Section 2.04 - Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except that such membership shall automatically be transferred to the transferee of the interest of an Owner required for membership. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. The Association shall have the right to record the transfer upon the books of the Association without any further action or consent by the transferring Owner.

Section 2.05 - Delegation of Membership Rights. A Member who has leased or sold his Lot to a contract purchaser under an agreement to purchase shall be entitled to delegate to such lessee or contract purchaser, as applicable, his membership rights in the Association. Such delegation shall be in writing and must be delivered to the Board before such lessee or contract purchaser may vote. However, the lessor or contract seller shall remain liable for all charges and Assessments attributable to his Lot as long as such lessor or contract seller continues to be an Owner.

Section 2.06 - Classes of Membership. The Association shall have two (2) classes of voting membership.

Class A. Class A Members shall be all Owners with the exception of the Declarant until the Class B membership has been converted to Class A membership, and after such conversion all Owners shall be Class A Members.

Class B. The Class B Member shall be Declarant. The Class B membership shall forever cease and be converted to Class A

membership on the happening of either of the following events, whichever occurs earlier:

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

(b) the fourth anniversary of the original issuance of the Final Subdivision Public Report for the First Phase of the Development.

Section 2.07 - Voting Power. Class A Members shall be entitled to one (1) vote for each Original Lot owned and the Class B Member shall be entitled to three (3) votes for each Original Lot owned. In the event an Original Lot has been split into more than one Lot, the vote for such Original Lot may be allocated to the Owners of such Original Lot in an agreement which is approved in writing by the Board and recorded in the Official Records. When more than one person owns a portion of the interest in a Lot required for membership, each such person shall be a Member and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall the total number of votes for each Original Lot exceed the total number permitted for such Original Lot as provided in this Section. The Association may, but shall not be obliged to, refuse to recognize the vote or written assent of any such co-Owner, except the vote or written assent of the co-Owner designated in a writing executed by all of such co-Owners and delivered to the Association.

Section 2.08 - Voting Rights. All voting rights shall be subject to the restrictions and limitations provided in the Association Management Documents. A Member's right to vote shall vest immediately upon the date Regular Assessments are levied against the Lot of such Member. Except as provided in the Article entitled "Enforcement of Bonded Obligations" of the Declaration, wherever a provision of the Association Management Documents requires the approval of Members other than Declarant, it shall be deemed to mean:

(a) as long as there is a Class B membership, the vote of the prescribed percentage of the total voting power of each class of membership; and

(b) after the Class B membership has been converted to Class A membership, the vote of the prescribed percentage of the total voting power of the Association as well as the vote of a prescribed percentage of the total voting power of Members other than Declarant.

Section 2.09 - Approval of All Members. Unless elsewhere otherwise specifically provided in the Association Management Documents, any provision of the Association Management Documents

which requires the vote or written consent of either the voting power of the Association or of Members other than Declarant shall be deemed satisfied by the following:

(a) the vote in person or by proxy of the specified percentage of all of the votes which are entitled to be cast. Said vote shall be at a meeting duly called and noticed pursuant to the provisions of the Bylaws dealing with annual or special meetings of the Members; and

(b) written consents signed by the specified percentage of all of the votes which are entitled to be cast. Said vote by written consent shall be solicited pursuant to the procedures provided in the Bylaws.

Nothing in this Section or in any other provision of any of the Association Management Documents shall preclude Members from assenting to the amendment of any of the Association Management Documents by joining in the execution of, or attaching their written consent to, such amendment.

Section 2.10 - Certificate Evidencing Approval. The certificate of any officer or officers authorized by resolution of the Board or of the president and secretary certifying that the required voting power of the Association has approved the execution, delivery and/or recordation of an amendment to any of the Association Management Documents, a Supplementary Declaration or any other document requiring the approval of the voting power of the Association shall be deemed conclusive proof thereof.

ARTICLE III

ASSESSMENTS

Section 3.01 - Agreement to Pay. Subject to limitations contained in the Association Management Documents, the Association, through its Board, shall fix, establish and collect from time to time Assessments sufficient to perform its obligations under the Association Management Documents. Each Owner, including the Declarant to the extent Declarant is an Owner as defined herein, is deemed to covenant and agree to pay such Assessments to the Association.

Section 3.02 - Collection and Disbursement. All funds of the Association may be commingled so that the Association may qualify for higher yielding accounts at banking or savings and loan institutions as long as the accounting records of the Association reflect deposits and disbursements in a manner that will insure that the funds collected as Capital Improvement Assessments, Reconstruction Assessments, Regular Assessments and Cable Television Service Assessments will be used only for the purposes for which such funds were collected.

Section 3.03 - Maximum Assessments.

(a) Regular Assessment. The Board may not, without the vote or written assent of Members constituting a quorum, casting a majority of the votes at a meeting or election of the Association, impose a Regular Assessment per Original Lot which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year.

(b) Assessment for Other Acts or Undertakings. In any fiscal year, the Board may not, without the vote or written assent of Members constituting a quorum, casting a majority of the votes at a meeting or election of the Association, levy an Assessment to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the Common Expenses of the Association for that fiscal year.

(c) Quorum and Meeting. For purposes of this Section, a quorum means more than fifty percent (50%) of the voting power of the Association. Any meeting or election of the Association for the purposes of complying with this Section shall be conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3, Division 2 of Title 1 of the California Corporations Code and Section 7613 of the California Corporations Code.

(d) Emergency Situations. Notwithstanding any other provision contained in this Section, the Board may increase.

Assessments necessary for emergency situations. For purposes of this Section, an emergency situation is any one of the following:

(i) an extraordinary expense required by an order of a court;

(ii) an extraordinary expense necessary to repair or maintain the Covered Property or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered; and

(iii) an extraordinary expense necessary to repair or maintain the Covered Property or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the Budget. However, prior to the imposition or collection of an Assessment under this subdivision, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Members with the notice of Assessment.

In the event the Board shall determine that the estimate of total charges for the current year is or will become inadequate to meet all Common Expenses for any reason, it shall then immediately determine the approximate amount of such inadequacy, issue a supplemental estimate of the Common Expenses, and to the extent permitted in this Section determine the revised amount of the Regular Assessment and the installments thereof, if applicable, allocable to each Original Lot, and the date or dates when due. In the event the amount budgeted to meet Common Expenses for the then current year proves to be excessive in light of the actual Common Expenses, the Board in its discretion may either reduce the amount of the Regular Assessment or may abate collection of Regular Assessments as it deems appropriate except that as long as the Declarant is offering Lots for sale pursuant to a Final Subdivision Public Report, the Regular Assessment may not be decreased by ten percent (10%) or more without the express written consent of the Declarant and the DRE.

Section 3.04 - Assessment Allocation. Regular Assessments, Capital Improvement Assessments, Reconstruction Assessments and Special Assessments levied against all Original Lots for an act or undertaking of the Association not covered under Regular Assessments and Capital Improvement Assessments shall be fixed at an equal amount for each Original Lot. Special Benefits Assessments shall be fixed at an equal amount for each Lot within the Special Benefits Area. In the event an Original Lot has been subdivided into more than one Lot, the Assessment for such Original Lot shall be allocated by the Board to the Owners thereof unless the Owners of such Original Lot agree upon an

allocation in an agreement which is approved in writing by the Board and recorded with respect to such Original Lot in the Official Records. In the event the Board elects to contract with a cable television service company to provide service for the benefit of Owners, Cable Television Service Assessments shall be levied against Owners who have subscribed with the Association for such services.

All Assessments may be collected at intervals selected by the Board except that Regular Assessments which include reserves for the replacement of Improvements required to be maintained by the Association must be paid in regularly scheduled installments.

Section 3.05 - Certificate of Payment. The Association shall, upon demand, furnish to any Owner liable for Assessments a certificate in writing signed by an authorized agent of the Association or by the president setting forth whether the Assessments on such Owner's Lot have been paid, and the amount of delinquency, if any. A reasonable charge may be collected by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 3.06 - Exempt Property.

(a) Declarant and any other Owner of a Lot which does not include a structural Improvement for human occupancy shall be exempted from the payment of that portion of the Regular Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and the use of the structural Improvements. The exemption may include, but shall not be limited to, the portion of such Regular Assessment attributable to (i) roof replacement, (ii) exterior maintenance, (iii) walkway and carport lighting, (iv) refuse disposal, and (v) domestic water supplied to the dwelling unit upon the Lot.

Any exemption for the payment of Regular Assessments attributable to dwelling units shall be in effect only until the earliest to occur of the following events:

- (i) notice of completion of the structural Improvements has been recorded;
- (ii) occupation or use of the dwelling unit;
- (iii) completion of all elements of the residential structures which the Association is obliged to maintain; or
- (iv) upon request of the Declarant if necessary to comply with any regulations of any of the Federal Agencies.

The Declarant and any other Owner shall be exempted from the payment of that portion of any Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of a Common Facility that is not complete at the time Assessments commence. Any exemption from the payment of Assessments attributable to Common Facilities shall be in effect only until the earliest of the following events:

(i) a notice of completion of the Common Facility has been recorded;

(ii) the Common Facility has been placed into use;
or

(iii) upon request of the Declarant if necessary to comply with any regulations of any of the Federal Agencies.

(b) All properties dedicated to and accepted by, or otherwise owned or acquired by, a public authority shall be exempt from the Assessments created herein.

Section 3.07 - Date of Commencement. The Regular Assessments shall commence with respect to all Lots in a Phase on the first day of the month following the first conveyance of a Lot within such Phase. The first Regular Assessment shall be adjusted according to the number of months remaining in the fiscal year. Special Benefits Assessments shall commence with respect to Lots within the Special Benefits Area on the first day of the month following the first conveyance of a Lot within the Special Benefits Area.

All other Assessments may be levied against an Owner when Regular Assessments have commenced against such Owner's Lot.

Section 3.08 - No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason.

Section 3.09 - Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of California now in effect or in effect from time to time hereafter.

Section 3.10 - Delinquency. Any Assessment provided for in this Declaration which is not paid shall be delinquent fifteen (15) days after such Assessment was due (the "delinquency date") and Allowable Charges may be recovered if an Assessment becomes delinquent. The Association may at its option, and without

waiving the right to judicially foreclose its lien against the Lot, pursue any available remedies, including, without limitation, bringing an action at law against the Owner personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in the Section entitled "Personal Obligation; Lien" of this Article, to foreclose the lien against such Owner's Lot under the power of sale granted herein. Each Owner vests in the Association, or its assigns, the right and power to bring all actions at law or any lien foreclosure against such Owner or other Owners for the collection of such delinquent Assessments.

Section 3.11 - Limitation on Fees. The Association shall comply with Section 1366.1 and 1368(c) of the California Civil Code and, until such Sections are amended to provide otherwise, shall not:

(a) impose or collect an Assessment, penalty or fee that exceeds the amount necessary for the purposes for which it is levied; and

(b) impose or collect any Assessment, penalty, or fee in connection with a transfer of title or any other interest except the Association's actual cost to change its records and that authorized in connection with Section 6.01(n) of the Bylaws to provide copies of Association Management Documents, copies of financial statements and statements of unpaid Assessments and Allowable Charges.

Section 3.12 - Personal Obligation; Lien. An Assessment and any Allowable Charges shall be a personal obligation and debt of the Owner of the Lot at the time the Assessment or Allowable Charges are levied. The amount of the Assessment, plus any Allowable Charges, shall be a lien on the Owner's Lot from and after the time the Association causes to be recorded in the Official Records a notice of delinquent assessment which shall state (i) the amount of the Assessment and Allowable Charges, (ii) a description of the Owner's Lot against which the Assessment and Allowable Charges are levied, (iii) the name of the record Owner of the Lot against which the lien is imposed, and (iv) in order for the lien to be enforced by nonjudicial foreclosure as hereinafter provided, the name and address of the trustee authorized by the Association to enforce the lien by sale. The notice of delinquent assessment shall be signed by the officers authorized for such purpose by resolution of the Board or by the president of the Association. Upon payment of the sums specified in the notice of delinquent assessment, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof. A lien created pursuant to this Section shall be prior to all other liens recorded subsequent to the notice of delinquent assessment, except (i) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (ii) the lien or charge of any First Mortgage.

Section 3.13 - Not Subject to Lien. Penalty Assessments and Allowable Charges incurred in connection with delinquent Penalty Assessments may not be characterized nor treated as an Assessment which may become a lien against an Owner's Lot enforceable in accordance with the Section entitled "Foreclosure Sale" of this Article. Nothing in this Declaration, however, shall prevent the Association from bringing an action at law or in equity against an Owner to collect Penalty Assessments.

Section 3.14 - Foreclosure Sale. Said lien created pursuant to this Article may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the Notice of Delinquent Assessment, or sale by a trustee substituted pursuant to Section 2934a of the California Civil Code. Any sale by a trustee provided for above is to be conducted in accordance with the provisions of Sections 2924 et seq. and Section 1367 of the California Civil Code applicable to the exercise of powers of sale in mortgages and deeds of trust. Upon the affirmative vote of a majority of the voting power of the Association, the Association, through its duly authorized agents, shall have the power to bid on the Lot, using Association funds, or funds borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage and convey the same. Nothing in this Section prohibits actions against any Owner to recover sums for which a lien is created pursuant to this Article or prohibits the Association from taking a deed in lieu of foreclosure.

Section 3.15 - Subordination of Assessment Liens. The lien of the Assessments and Allowable Charges provided for in this Declaration shall be subordinate to the lien of any First Mortgage upon any Lot. The foreclosure of any lien provided for in this Article for the payment of Assessments and Allowable Charges shall not operate to affect or impair the lien of a First Mortgage and the foreclosure of the lien of a First Mortgage or the sale under a power of sale included in such First Mortgage (such events being hereinafter referred to as "Events of Foreclosure") shall not operate to affect or impair such Assessment lien, except that any persons who obtain an interest through any of the Events of Foreclosure, and the successors in interest, shall take title free of such Assessment lien or any personal obligation for said charges as shall have accrued up to the time of any of the Events of Foreclosure, but subject to the Assessment lien for all said charges that shall accrue subsequent to the Events of Foreclosure. Notwithstanding the foregoing, any such delinquent Assessments that were extinguished pursuant to this paragraph may be reallocated and assessed to all Lots as a Common Expense.

A First Mortgagee's rights pursuant to this Section shall not be

affected by the failure of such First Mortgagee to deliver a notice to the Board.

The lien of the Assessments and Allowable Charges as aforesaid shall also be subordinate to the interests of the Department of Veterans Affairs of the State of California as the vendor under its Cal-Vet loan contracts to the same extent that the said liens are made subordinate to the liens or charges of First Mortgages as provided above.

ARTICLE IV

ARCHITECTURAL CONTROL

Section 4.01 - Architectural Committee. The Architectural Committee shall consist of not fewer than three (3) nor more than five (5) persons as fixed from time to time by resolution of the Board. The Declarant shall initially appoint the Architectural Committee. The Declarant shall retain the right to appoint, augment or replace all members of the Architectural Committee until one (1) year after the date of the issuance of a Final Subdivision Public Report covering the Initial Covered Property. The Declarant shall retain the right to appoint, augment or replace a majority of the members of the Architectural Committee until five (5) years after the date of the issuance of said Final Subdivision Public Report, or until ninety percent (90%) of the Lots within the Development have been conveyed by the Declarant, whichever shall first occur at which time the right to appoint, augment or replace all members of the Architectural Committee shall automatically be transferred to the Board. As long as Declarant has the right to appoint some but not all of the members of the Architectural Committee, the Board shall have the right but not the obligation to fill the remaining vacancies on the Architectural Committee. Persons appointed by the Board to the Architectural Committee must be Members; however, persons appointed by Declarant to the Architectural Committee need not be Members, in Declarant's sole discretion. The address of the Architectural Committee shall be the address established for giving notice to the Association. Such address shall be the place for the submittal of plans and specifications and the place where the current Architectural Standards shall be kept.

Section 4.02 - Architectural Standards. The Board may, from time to time, adopt and promulgate Architectural Standards to be administered through the Architectural Committee. The Architectural Standards may include among other things those restrictions and limitations upon the Owners set forth below:

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

(b) conformity of completed Improvements to plans and specifications approved by the Architectural Committee;

(c) such other limitations and restrictions on Improvements as the Board in its reasonable discretion shall adopt, including, without limitation, the regulation of the placement, kind, shape, height, materials, species and location of any Improvement; and

(d) a description of the Improvements which, if completed in

conformity with the Architectural Standards, do not require the approval of the Architectural Committee.

Section 4.03 - Functions of Architectural Committee.

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

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

(c) The Architectural Committee may, from time to time, subject to the approval of the Board, adopt, amend and repeal Architectural Committee Rules, may require the prepayment of a deposit to be applied toward the payment of any Special Assessment levied by the Board if such Owner fails to restore any portion of the Covered Property to a clean and attractive condition and may assess a reasonable fee as appropriate for the type and nature of the Improvement, to cover the cost of inspections that may be necessary to insure compliance and in connection with the review of plans and specifications for proposed Improvements, including without limitation, a procedure for approval of preliminary plans and drawings, as well as final approval, the number of sets of plans to be submitted, and may require such detail as it deems proper, including without limitation, floor plans, site plans, elevation drawings, and descriptions or samples of exterior material and colors. Unless any such rules are complied with, such plans and specifications shall be deemed not submitted.

Section 4.04 - Approval.

(a) No Improvements shall be made upon the Covered Property except in compliance with plans and specifications therefor which have been submitted to and approved by the Architectural Committee except as may otherwise be provided in the Architectural Standards or in any Supplementary Declaration.

(b) The Architectural Committee shall review plans and specifications submitted for its approval as to style, exterior design, appearance and location and shall approve such plans and specifications only if it deems that the proposed Improvement will not be detrimental to the appearance of the Development as a whole; that the Improvement complies with the Architectural Standards; that the appearance of any Improvements will be in harmony with the surrounding structures; that the construction of any Improvement will not detract from the beauty and

attractiveness of the Development or the enjoyment thereof by the Owners; and that the upkeep and maintenance of any Improvement will not become a burden on the Association. The Architectural Committee (i) may determine that such Improvement cannot be approved because of its effect on existing drainage, utility or other easements, (ii) may require submission of additional plans and specifications or other information or materials prior to approving or disapproving plans and specifications submitted, or (iii) may condition its approval of plans and specifications for any Improvement on such changes therein as it deems appropriate such as, and without limitation, the approval of such Improvements by a holder of an easement which may be impaired thereby or upon approval of any such Improvement by the appropriate governmental entity. Any Architectural Committee approval conditioned upon the approval by a governmental entity shall not imply the Association is enforcing any government codes or regulations, nor shall the failure to make such conditional approval imply that any such governmental agency approval is not required.

(c) In the event the Architectural Committee fails to approve or disapprove plans and specifications within thirty (30) days after the same have been duly submitted in accordance with any rules regarding such submission adopted by the Architectural Committee, such plans and specifications will be deemed approved.

(d) If for any reason an inspection has not been made within forty-five (45) days of notification by the Owner of the completion of an Improvement or the Owner requesting such inspection has not been notified of any noncompliance within thirty (30) days after such inspection, the Improvement shall be deemed to be completed in substantial conformance with approved plans and specifications.

Section 4.05 - Nonliability for Approval. Plans and specifications are not approved for (a) engineering design, (b) compliance with zoning and building ordinances, and other applicable statutes, ordinances or governmental rules or regulations, (c) compliance with the requirements of any public utility, (d) any easements or other agreement, or (e) preservation of any view and by approving such plans and specifications neither the Architectural Committee, the members thereof, the Association, the Owners, the Board nor Declarant, nor agents, employees, attorneys or consultants of any of the foregoing, assume liability or responsibility therefor, or for any defect in any Improvement constructed from such plans and specifications or for any obstruction or impairment of view caused or created as the result of any Improvements approved by the Architectural Committee.

Section 4.06 - Appeal. In the event plans and specifications submitted to the Architectural Committee are disapproved thereby,

the party or parties making such submission may appeal in writing to the Board. The written request shall be received by the Board not more than fifteen (15) days following the final decision of the Architectural Committee. The Board shall submit such request to the Architectural Committee for review, whose written recommendations are to be submitted to the Board. Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. The failure of the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the appellant.

Section 4.07 - Evidence of Approval. As provided elsewhere in the Association Management Documents, the Declarant is not subject to the provisions of the Association Management Documents pertaining to architectural control. Any Improvements constructed by the Declarant shall automatically be in compliance with the Association Management Documents and shall not be subject to further architectural control until and unless there has been a change or alteration made by a successor in title to the Declarant as to any Lot in the material, texture, color or appearance of any such Improvement upon such Lot. Normal maintenance, repair or reconstruction by any successor in title to the Declarant in the event of a destruction, in substantial conformance with the Improvements constructed by the Declarant, shall not be deemed to be an Improvement that requires approval pursuant to the provisions of this Article. The Architectural Committee of the Association shall provide to any Owner, purchaser, Mortgagee or prospective Mortgagee of a Lot who has submitted a written request therefor a statement as to the compliance or noncompliance, as the case may be, of the Improvements upon such Lot made by Owners other than Declarant with the provisions of the Association Management Documents. If the Improvements upon such Lot comply with the provisions of the Association Management Documents, the Architectural Committee shall, upon such request, issue a statement (hereinafter a "Compliance Statement") which will evidence such compliance. If any of the Improvements upon such Lot do not comply with the provisions of the Association Management Documents, the Architectural Committee shall, upon such request, issue a statement (hereinafter a "Noncompliance Statement") delineating the corrective action that is required to bring such Improvements into compliance with the Association Management Documents. In the event the Architectural Committee has issued a Noncompliance Statement as to any such Lot, the Architectural Committee shall provide a Compliance Statement, upon request, after the corrective work has been satisfactorily completed which shall then evidence that the Improvements upon such Lot comply with the provisions of the Association Management Documents. The Architectural Committee shall provide either a Compliance Statement or a Noncompliance Statement, as applicable, within forty-five (45) days of a written request therefor by any such Owner, purchaser, Mortgagee or prospective Mortgagee provided

that the Architectural Committee, after notice of not less than three (3) days delivered to the Owner of such Lot, was afforded the right to enter upon the affected Lot at a reasonable time specified by the Architectural Committee. Any Compliance or Noncompliance Statement issued by the Architectural Committee shall be executed by any person or persons authorized by resolution of the Board or by the president and secretary of the Association. The signatures on a Compliance Statement shall be notarized. A Compliance Statement shall be conclusive evidence of compliance with the provisions of the Association Management Documents as to the Improvements described in the Compliance Statement and further approval of any such Improvements shall not be required unless there is a change or alteration in material, exterior appearance, color or texture in such Improvements. The Association shall be entitled to collect a fee to cover the cost of inspections and other costs in connection with the issuance of any Compliance Statements and Noncompliance Statements in accordance with the provisions of this Declaration contained in the Section entitled "Limitation on Fees" of the Article entitled "Assessments" and the Section entitled "Functions of Architectural Committee" of this Article. Failure to schedule an inspection or to issue a Compliance Statement or Noncompliance Statement for any reason within the time limitation established herein shall be deemed to mean that all existing Improvements do comply with the Association Management Documents and any such requesting Owner, purchaser, Mortgagee or prospective Mortgagee shall be entitled to receive a Compliance Statement evidencing such compliance.

Section 4.08 - Nonconformity. In the event an Improvement was commenced without the required approval of the Architectural Committee, or, if such Improvement was not completed within the time limitation established for such Improvements in the Architectural Standards or in substantial conformance with the approved plans and specifications, a notice of noncompliance or noncompletion shall be delivered to the violating Owner and the Architectural Committee shall correct the violation or take other appropriate action in accordance with the procedure described in the Article entitled "Discipline of Members" of the Bylaws.

Section 4.09 - Variances. The Board may authorize a variance from compliance with the architectural controls set forth in this Article when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental consideration may require; provided, however, that no variance from the use restrictions contained in the Article entitled "Use Restrictions" of this Declaration may be granted. Written evidence of such variance must be delivered to such Owner and a copy of the resolution of the Board authorizing such variance must be retained in the permanent records of the Association. If such variances are granted, no violation of the covenants, conditions and restrictions contained in the Association Management

Documents 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 the Association Management Documents for any purpose except as to the particular Lot and particular provision of this Article covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all government laws and regulations affecting his use of his Lot including, but not limited to, zoning ordinances and lot setback lines or requirements imposed by any governmental or municipal authority.

ARTICLE V

INSURANCE

Section 5.01 - Obligation to Insure. The Association shall obtain and maintain in effect insurance and fidelity bond coverage in the amounts and with endorsements deemed adequate by the Board which shall be not less than the coverages hereinafter required in this Section. All coverages must be consistent with Local Government and California insurance laws.

(a) Public Liability Insurance. The comprehensive general liability insurance policy shall insure the Association against any liability incident to the ownership or use of the Association Property or any other areas including any commercial spaces (even if such commercial spaces are leased to others) and public ways under the supervision of the Association. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000) for claims arising out of a single occurrence for personal injury, bodily injury, deaths of persons and property damage. Coverage under this policy shall include without limitation liability of the insureds for property damage, bodily injury and deaths of persons in connection with the operation, maintenance or use of the Association Property. If such policy does not include "severability of interest" in its terms, a specific endorsement will be required precluding the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners.

(b) Fire and Casualty Insurance. The policy of fire and casualty insurance shall cover all of the insurable Improvements upon the Association Property except Improvements within Exclusive Use Common Area, including fixtures and building service equipment that are part of such Association Property as well as common personal property and supplies belonging to the Association. The term "insurable Improvements," as used in this Article, shall mean those Improvements which are capable of being insured and specifically do not include items that are usually excluded from insurance coverage.

The policy shall be in an amount equal to one hundred percent (100%) of the insurable value of all such insurable Improvements and shall provide for loss or damage settlement on the current replacement cost, without deduction for depreciation or coinsurance, of all of the property covered by the policy. Such insurance must afford protection against at least loss or damage by fire and other perils normally covered by the standard extended coverage endorsement, and such other perils which are customarily covered and required by private institutional mortgage investors with respect to planned development projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement. The

policy shall name as insured the Association, for the use and benefit of the Owners.

(c) Worker's Compensation Insurance. The Board shall purchase and maintain in force worker's compensation insurance, to the extent that the same shall be required by law, for all employees of the Association.

Section 5.02 - Notice of Cancellation or Modification. All insurance policies and fidelity bonds maintained by the Association must provide that such policies or bonds may not be cancelled, reduced or substantially modified without at least ten (10) days' prior written notice to the Association and in the case of fidelity bonds to each mortgage servicing contractor acting on behalf of any of the Federal Agencies.

Section 5.03 - Waiver by Owners. All insurance obtained by the Association shall be maintained by the Association for the benefit of the Association, the Owners and the Mortgagees as their interests may appear. As to each of said policies which will not be voided or impaired thereby, the Owners hereby waive and release all claims against the Association, the Board, other Owners, the Declarant and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only.

Section 5.04 - Annual Insurance Review. The Board shall at least annually determine whether the amounts and types of insurance it has obtained provide adequate coverage in light of increased construction costs, inflation, practice in the area in which the Covered Property is located, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interest of the Owners and of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 5.05 - Requirements of Federal Agencies. Notwithstanding the foregoing provisions of this Article, the Association shall obtain and maintain in effect such fidelity bonds and insurance policies, coverages and endorsements established from time to time by any of the Federal Agencies which, as of the recordation of this Declaration, include without limitation those specifically itemized below, except to the extent that any such policies, coverages and endorsements are not available or have been waived in writing by the particular Federal Agency that had imposed the requirements.

(a) Hazard Insurance. Each hazard insurance policy must be written by an insurance carrier that meets the requirements of

Association shall be named as an additional obligee in the management agent's bond. The fidelity bond should cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force, but must be written in an amount of not less than a sum equal to three (3) months' aggregate Regular Assessments on all Lots, plus reserves. Fidelity bonds shall name the Association as obligee and shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(d) Flood Insurance. If any part of the Improvements on the Association Property other than Improvements within Exclusive Use Common Area are located in a Special Flood Hazard Area (which is designated as A, AE, AH, AO, Al-30, A-99, V, VE, OR V1-30 on a Flood Insurance Rate Map), the Association shall obtain and maintain a policy of flood insurance to cover any such Improvements. The amount of flood insurance should be at least equal to the lesser of One Hundred Percent (100%) of the insurable value of the facilities or the maximum coverage available under the appropriate National Flood Insurance Administration program. Unless a higher deductible amount is required by California law, the maximum deductible amount for policies covering such Improvements shall be the lesser of Five Thousand Dollars (\$5,000) or one percent (1%) of the policy's face amount.

(e) Mortgage Clause. All insurance policies must have the "standard mortgage clause" or equivalent endorsement providing that coverage of a Mortgagee under the insurance policy will not be adversely affected or diminished by an act or neglect of the Mortgagor, which is commonly accepted by private institutional mortgage investors in the area in which the Covered Property is located, unless such coverage is prohibited by applicable law. A mortgage clause in favor of Mortgagees holding Mortgages on Lots is not required on a policy insuring the Association Property.

ARTICLE VI

ENFORCEMENT OF BONDED OBLIGATIONS

In the event that the Improvements to the Association Property other than Improvements within any Exclusive Use Common Area have not been completed prior to the issuance of a Final Subdivision Public Report covering the Covered Property, and the Association is obligee under a bond or other arrangement (the "Bond") to secure performance of the commitment of Declarant to complete such Improvements, the following provisions shall apply:

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

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

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

the Federal Agencies. Unless a higher maximum is required by California law, the maximum deductible amount shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount. The following endorsements are required:

(i) an Inflation Guard Endorsement, when it can be obtained;

(ii) Construction Code Endorsement, if there is a construction code provision that would require change to undamaged portions of the building(s) even when only part of a building is destroyed by an insured hazard. Typical endorsements include Demolition Cost Endorsements, Contingent Liability from Operation of Building Laws Endorsement and Increased Cost of Construction Endorsement;

(iii) Steam Boiler and Machinery Coverage Endorsement, if the project has central heating or cooling. This coverage should provide for the insurer's minimum liability per accident to at least equal the lesser of Two Million Dollars (\$2,000,000) or the insurable value of the building(s) housing the boiler or machinery; and

(iv) Agreed Amount Endorsement.

The Association must also obtain any additional coverage commonly required by private mortgage investors for developments similar in construction, location and use.

(b) Liability. The Association shall obtain such other coverage in kinds and amounts usually required by mortgage investors in other projects in the area including, where applicable and available, contingent liability from operation of building laws, comprehensive automobile liability, bailee's liability, elevator collision liability, garage keeper's liability, host liquor liability, workers' compensation and employer's liability and contractual liability.

(c) Fidelity Bonds. The blanket fidelity bond shall cover losses resulting from dishonest or fraudulent acts on the part of anyone who handles or is responsible for funds held or administered by the Association, including directors, officers, trustees, employees or volunteers of the Association. Where the Association delegates some or all of the responsibility for the handling of funds to a management agent, fidelity bonds are required for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association whether or not such persons receive compensation for services. A management agent who handles funds for the Association should also be covered by its own fidelity bond which must provide the same coverage required by the Association and must submit evidence of such coverage to the Association. The

ARTICLE VII

REPAIR AND MAINTENANCE

Section 7.01 - By Association. Except to the extent that an Owner may be obligated to maintain and repair as hereinafter provided, and without limiting the generality of the statement of duties and powers contained in the Association Management Documents, the Association acting through its Board and its officers shall have the duty to accomplish the following upon the Covered Property or other land in such manner and at such times as the Board shall prescribe:

(a) manage, operate, control, maintain, repair, restore, replace and make necessary Improvements to the Association Property other than Exclusive Use Common Area, including, without limitation, the following:

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

(ii) drainage facilities and easements in accordance with any requirements of the public official of the County responsible for flood control facilities;

(b) maintain in a safe and attractive condition landscaping and irrigation Improvements on property described on Exhibit A;

(c) maintain, repair and replace all improvements to the Emergency Vehicle Access Easement Area, other than any fence separating said Emergency Vehicle Access Easement Area from the remaining portions of Lots 30 and 31 of Tract Map No. 6736;

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

(e) maintain, repair, restore, replace and make necessary Improvements to the Common Driveway.

The Association shall also have the duty and obligation to accomplish any of the foregoing activities or any maintenance, repair, restoration or replacement of any other Improvements that are described in a Supplementary Declaration covering any subsequent Phase of the Development.

The costs of any such maintenance and repair described in subsections (a), (b), (c) and (d) of this Section shall be a Common Expense except as otherwise specified in this Declaration. The costs of any such maintenance and repair described in subsection (e) of this Section shall be a Special

Benefits Expense except as otherwise specified in this Declaration.

Section 7.02 - By Owner. Each Owner shall:

(a) install yard landscaping upon all portions of the yard of his Lot which are unimproved and visible from a street or Common Area on or before a date six (6) months from the conveyance of such Lot which required the delivery of a Final Subdivision Public Report; and

(b) maintain all Improvements upon his Lot in good condition and repair in accordance with the Architectural Standards, any rules and regulations promulgated by the Board, and, if required by such Architectural Standards or rules and regulations, only after approval of the Architectural Committee. All slopes and terraces on any Lot shall be maintained as to prevent any erosion thereof upon adjacent streets or adjoining property.

In the event the Board shall determine that any portion of the Covered Property required to be maintained by the Association has been damaged or destroyed by any negligent or malicious act or omission of any Owner, his family, guests, employees, tenants or agents, such Owner shall be responsible for the cost of repairing such damage in accordance with the Article entitled "Discipline of Members" of the Bylaws. Any increase in insurance payable by the Association which is the result of damage by any negligent or malicious act or omission of a particular Owner, or any of such Owner's family, guests, employees, tenants or agents, shall also be paid by such Owner. The Board shall have the power to levy a Penalty Assessment against such Owner for the cost of repair or for an amount equal to any such increase in premium.

Section 7.03 - Noncompliance by Owner. In the event that an Owner fails to accomplish any installation, maintenance or repair required by this Article, the Board shall give notice to the Owner describing the deficiency and setting a date for a hearing before the Board or a committee selected by the Board for such purpose. The procedure for such notice and hearing and for the correction of the violation is described in the Article entitled "Discipline of Members" of the Bylaws.

Section 7.04 - Maintenance of Public Utilities. Nothing contained herein shall require or obligate the Association to maintain, replace or restore the underground facilities or public utilities which are located within easements in the Common Area owned by such public utilities.

Section 7.05 - Transfer of Association Property.

(a) The Association Property within a Phase shall be conveyed to the Association prior to or concurrently with the first conveyance of a Lot located within such Phase. Declarant shall convey the Association Property to the Association free of all liens and encumbrances except current real property taxes and assessments (which taxes and assessments shall be prorated as of the date of conveyance), title exceptions of record and the covenants, conditions, reservations and restrictions contained in this Declaration and the instrument which conveys the Association Property to the Association.

(b) The Association shall be deemed to have accepted the obligation to maintain the Improvements upon the Association Property within any Phase (i) when such Improvements have been completed in substantial conformance with the plans and specifications therefor, and (ii) when Regular Assessments have commenced upon the Lots within such Phase. The issuance of a certificate by the architect who designed any such Improvements stating that such Improvements are in substantial conformance with such plans and specifications shall be satisfactory evidence of such completion. The Association shall release Declarant from the Bond defined in the Article entitled "Enforcement of Bonded Obligations" of this Declaration as to any Improvements accepted for maintenance as provided above.

ARTICLE VIII

EASEMENTS AND RIGHTS

Section 8.01 - Nature of Easements. Unless otherwise set forth herein, all easements reserved to Declarant herein shall be nonexclusive.

Section 8.02 - Oil and Mineral Rights. There is hereby reserved to Declarant, together with the right to grant and transfer the same, all oil, oil rights, minerals, mineral rights, natural gas rights, and other hydrocarbons by whatsoever name known, geothermal steam, and all products derived from any of the foregoing, that may be within or under the Covered Property together with the perpetual right of drilling, mining, exploring and operating therefor and storing in and removing the same from said land or any other land, including the right to whipstock or directionally drill and mine from lands other than the Covered Property, oil or gas wells, tunnels and shafts into, through or across the subsurface of the Covered Property and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines without, however, the right to drill, mine, store, explore and operate through the surface or the upper five hundred (500) feet of the subsurface of the Covered Property.

Section 8.03 - Reservations to Declarant. There is hereby reserved to Declarant, together with the right to grant and transfer same:

(a) Improvements. easements (i) over the Association Property for the purpose of constructing, erecting, operating and maintaining thereon, therein or thereunder roads, streets, walks, driveways, parkways and park areas, and (ii) over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, irrigation lines, sanitary sewer lines and drainage facilities;

(b) Cable Television. the right to emplace on, under or across the Covered Property transmission lines and other facilities for a cable television or a community antenna television system and the right to enter upon the Covered Property to service, maintain, repair, reconstruct and replace said lines or facilities;

(c) Construction and Sales. easements for construction, display, maintenance, sales and exhibit purposes over the Nonexclusive Use Common Area in connection with the erection and sale or lease of Lots within the Covered Property provided,

however, that such use shall not be for a period beyond the sale by Declarant of all Lots within the Development; and

(d) Utilities Shown on Tract Map. easements over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities as shown on any recorded final tract or parcel map covering the Covered Property.

The easements reserved to Declarant in this Section shall not unreasonably interfere with the use and enjoyment by the Owners of the Covered Property and any damage, repair or restoration necessitated by any such installation, construction or maintenance shall be completed by Declarant within a reasonable time after the occurrence of such damage or need for restoration.

Section 8.04 - Park District Easements. There is hereby reserved to Declarant easements over the Association Property as follows:

(a) together with the obligation to convey and transfer same to East Bay Regional Park District ("EBRPD"), or designee upon demand by EBRPD, (i) for road purposes to provide ingress and egress for emergency vehicles and to provide maintenance access to any adjoining property dedicated by Declarant to and accepted by EBRPD, and (ii) for non-vehicular trail use of such roadway and for the installation and maintenance of signs upon such trail; and

(b) together with the right to grant and transfer same, easement for construction and installation of water service stubs and appurtenant improvements within the roadway and for the construction of fencing to separate Association Property from any property that has been dedicated by Declarant to, and accepted by EBRPD, all in accordance with an agreement between Declarant and EBRPD in connection with conditions of acceptance by EBRPD of certain property within Tract No. 6736 that has been offered for dedication to EBRPD by Declarant.

The easement reserved to Declarant in this Section shall not unreasonably interfere with the use and enjoyment of the Association Property by the Owner and any restoration necessitated by any such construction and installation required by EBRPD pursuant to this Section shall be completed by Declarant within a reasonable time after the occurrence of damage or need for restoration.

Section 8.05 - Easements for Owners. There is hereby reserved to Declarant, together with the right to grant and transfer same, easements for ingress, egress, use and enjoyment (which includes, without limitation, the unrestricted right of ingress and egress to such Owner's Lot) on and upon the Nonexclusive Use Common Area. Said easement shall be appurtenant to each Lot in each

Phase of the Covered Property. These rights shall be subject to control and management by the Association as more particularly provided in the Association Management Documents.

Section 8.06 - Easements for Association. There is hereby reserved to Declarant, together with the right to grant and transfer the same to the Association with the right of the Association to grant and transfer same, easements over the Covered Property for the purpose of permitting the Association to perform emergency repairs or to do other work reasonably necessary for the proper maintenance of the Covered Property and to discharge any other obligation and power as described in the Association Management Documents including without limitation a right of entry for such purpose as provided in the Bylaws.

Section 8.07 - Common Driveway Easement. There is hereby reserved to Declarant, together with the right to grant and transfer the same to the Owners of Lots within the Special Benefits Area nonexclusive appurtenant easements for access, ingress and egress over the Common Driveway. No Owner of the Lots within the Special Benefits Area shall use any portion of the Common Driveway, whether or not located on said Owner's Lot, in any manner which impedes or hinders the access, ingress and egress of the Owner of another Lot who shares the Common Driveway.

Section 8.08 - Support, Settlement and Encroachment. There is hereby reserved to Declarant, together with the right to grant and transfer the same to another Declarant, the following reciprocal easements for the purposes set forth below:

(a) an easement appurtenant to each Lot which is contiguous to another Lot or Association Property which Lot shall be the dominant tenement and the contiguous Lot or Association Property shall be the servient tenement; and

(b) an easement appurtenant to the Association Property contiguous to a Lot, which Association Property shall be the dominant tenement and which contiguous Lot shall be the servient tenement.

Said easements shall be for the purposes of:

(a) engineering errors, errors in construction, reconstruction, repair, support, and accommodation of the natural settlement or shifting of any portion of the Improvements and for the maintenance thereof;

(b) minor encroachments by reason of a roof or eave overhang and for the maintenance of such roof or eave overhang by the owner of the dominant tenement for as long as such encroachments exist; and

(c) encroachment of fireplaces, doorsteps, foundations, footings, garage doors, utilities and other appurtenances or fixtures and the maintenance thereof by the owner of the dominant tenement, which, in the construction of the structures upon the dominant tenement or from any reconstruction or modifications of such structures, project beyond the external surface of the outer walls of such structures.

The rights and obligations of owners of the dominant tenements shall not be altered in any way by said encroachments, settlement or shifting provided, however, that in no event shall an easement for encroachment be created in favor of an owner of the dominant tenement if said encroachment occurred due to the willful misconduct of any such owner. In the event any portion of a structure on the Covered Property is partially or totally destroyed and then repaired or rebuilt, each such owner agrees that minor encroachments over adjoining Lots or Association Property shall be easements for the maintenance of said encroachments as long as they shall exist.

Section 8.09 - Utilities and Cable Television. Wherever sanitary sewer house connections, water house connections, air conditioning connections or ducts, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Covered Property, the Association or any Owner as the owner of any property served by said connections, lines or facilities shall have the right, and there is hereby reserved to Declarant, together with the right to grant and transfer the same to any such owner, an easement to the full extent necessary for the full use and enjoyment of such portion of such connections which service such owner's property, and to enter, or have utility or cable television companies enter upon any portion of the Covered Property including without limitation, upon the Lot in or upon which said connections, lines or facilities or any portion thereof lie, to repair, replace and generally maintain said connections, lines and facilities as and when the same may be necessary, provided that any damage caused by such entry shall be repaired by such owner, utility or cable television company as promptly as possible after completion of work thereon.

Section 8.10 - Exclusive Use Common Areas. There is hereby reserved to Declarant, together with the right to grant and transfer same, easements over the Association Property, or any portion thereof, for the exclusive use by an Owner or Owners of contiguous property as a yard, recreational, gardening, and/or landscaping area and for minor encroachment of any Improvements thereon and the repair and maintenance thereof. Any such easement when conveyed shall be deemed to be Exclusive Use Common Area to the same extent as if so described in this Declaration or on any Supplementary Declaration. Such easement shall not be effective unless approved by the Board. The Board shall approve

any such easement if it has determined that it would be in the best interests of the Association and the remaining Owners to create such Exclusive Use Common Areas for the benefit of any particular Owner or Owners of any such contiguous property. For example and without limitation, it would be beneficial to the Association and the remaining Owners to transfer the burden of management and maintenance of any property which in the reasonable judgment of the Board is generally inaccessible to the remaining Owners or is not likely to be used by the remaining Owners. Upon conveyance, such Exclusive Use Common Area shall be appurtenant to the property of the Owner who has the exclusive use thereof. Such easement may contain modifications of the covenants, conditions and restrictions as they pertain to such easement area and shall also be subject to any additional terms, conditions and restrictions that may be imposed by the Board.

Section 8.11 - Public Bicycle and Pedestrian Trails. There is hereby reserved to Declarant, together with the right to grant and transfer the same, an easement for public ingress and egress over any bicycle, pedestrian, equestrian or other trails shown on any recorded final tract or parcel map covering the Covered Property. The reservation of this easement shall not imply any right of public use of the Covered Property or Improvements..

Section 8.12 - Subordination. Except as may be otherwise provided in the grant or dedication of an easement, any easement conveyed in favor of a public authority shall be prior and superior to all other easements described herein, and any easement conveyed pursuant to the provisions of this Article to a utility company shall be prior and superior to all other easements described herein except any easement in favor of a public authority. Grantor and any grantee by acceptance of a conveyance of any easement described in this Declaration, whether or not so stated in such conveyance document, agree that such easement shall be subordinate to any such prior and superior easements and further agree to execute any document acknowledging such subordination that may be required by the holder of any such prior easement.

Section 8.14 - Delegation of Use. Any Owner may delegate his right of enjoyment to the Nonexclusive Use Common Area to the members of his family or his tenants who reside on his Lot or to a vendee under a land sales contract subject to the rules and regulations adopted by the Board. In the event and for so long as an Owner delegates said rights of enjoyment to his tenants or a vendee, said Owner shall not be entitled to the use and enjoyment of any facilities or equipment belonging to or controlled by the Association for the use and enjoyment of its Members.

Section 8.13 - Waiver of Use. No Owner may exempt himself from personal liability for Assessments duly levied by the

Association, or release the Lot owned by him from the liens, charges and other provisions of the Association Management Documents by waiver of the use and enjoyment of the Nonexclusive Use Common Area or the abandonment of his Lot.

ARTICLE IX

USE RESTRICTIONS

Section 9.01 - Commercial Use. Subject to the subsection entitled "Construction and Sales" of the Article entitled "Easements and Rights" of this Declaration, no part of a Lot shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any nonresidential purposes except that a Lot may be used for business, commercial, manufacturing, mercantile, storing, vending, or similar nonresidential purposes provided that the existence of such nonresidential activity is not apparent or detectable by sight, sound or smell from the exterior of a Lot and such nonresidential activity does not generate an unreasonable amount of traffic or unreasonably limit parking for Owners and their guests, employees, or agents.

Section 9.02 - Signs. No sign or billboard of any kind shall be displayed to the public view on any portion of the Covered Property except (i) such signs as may be used by Declarant or its sales agents in connection with the development of the Covered Property and sale of the Lots, and (ii) signs installed or displayed by the Association; provided, however, that an Owner may display on his Lot a sign advertising the sale or lease of his Lot so long as such sign shall comply with any customary and reasonable standards promulgated by the Board as to the size, color, shape or other qualification for permitted signs. The Declarant shall repair any damage to or complete any restoration of the Covered Property caused or necessitated by the display of signs by Declarant or its sales agents within a reasonable time after the occurrence of such damage or need for restoration.

Section 9.03 - Nuisance. No noxious or offensive trade or activity shall be permitted upon any part of the Covered Property, nor shall anything be done thereon which shall in any way interfere with the quiet enjoyment of each of the Owners of his respective Lot, or which shall in any way increase the rate of insurance on any other Lot or the Covered Property.

Section 9.04 - Temporary Structures. No structure of a temporary character, trailer, tent or shack shall hereafter be used on any Lot at any time, either temporarily or permanently.

Section 9.05 - Vehicles. Except for temporary parking as provided in this Section:

(a) No commercial vehicle, recreational vehicle or equipment shall hereafter be permitted to remain upon the Covered Property unless placed or maintained within an enclosed area, or unless obscured from view of adjoining Lots, streets, and alleys by a solid wall or fence or appropriate screen, nor permitted to be

parked on any street, alley, or any other portion of the Covered Property.

(b) No automobile, recreational vehicle or equipment, commercial vehicle or any other motorized vehicle may be dismantled, rebuilt, repaired, serviced or repainted on the Covered Property unless performed within a completely enclosed structure located on a Lot which completely screens the sight and sound of such activity from streets, Association Property and neighboring Lots.

(c) As used in this Section, (i) "recreational vehicle or equipment" shall include, without limitation, trailers, boats, campers, trailer coaches, buses, house cars, camp cars, motor homes (if a size larger than seven (7) feet in height and/or greater than one hundred twenty-four (124) inches in wheel base length), or any other similar type of equipment or vehicle, (ii) "commercial vehicle" shall be defined as a truck of greater than three-quarter (3/4) ton capacity, and (iii) temporary parking shall mean temporary parking for washing and polishing of vehicles and activities related thereto, temporary parking for loading and unloading of vehicles, parking of vehicles belonging to guests of Owners and temporary parking of commercial vehicles being used in the furnishing of services to the Association or the Owners.

(d) The Board may adopt rules for the regulation of the admission and parking of vehicles within the Covered Property, including the assessment of Penalty Assessments to Owners who violate, or whose family, guests, employees, tenants or agents violate, such rules. Such rules may permit parking of recreational and commercial vehicles and equipment for limited periods of time on a non-recurring basis.

Section 9.06 - Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept upon the Covered Property, except that dogs, cats or other household pets may be kept on the Lots, provided they are not kept, bred or maintained for any commercial purpose, or in numbers deemed unreasonable by the Board.

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

Section 9.07 - Restrictions on Drilling Operations. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in the

Covered Property nor, subsequent to the recording of this Declaration, shall oil wells, tanks, tunnels, or mineral excavations or shafts be installed upon the surface of the Covered Property or within five hundred (500) feet below the surface of such properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Covered Property.

Section 9.08 - Unsightly Items. All weeds, rubbish, debris, or unsightly material or objects of any kind shall be regularly removed from the Lots and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, trash cans, woodpiles, storage areas, machinery and equipment shall be prohibited upon any Lot unless obscured from view of adjoining streets or portions of the Covered Property from a height of six (6) feet or less.

Section 9.09 - Antennae; Roof Structures. No television, radio, or other electronic towers, aerials, antennae or devices of any type for the reception or transmission of radio or television broadcasts or other means of communication shall hereafter be erected, constructed, placed or permitted to remain on the Covered Property unless and until the same shall have been approved in writing by the Architectural Committee, or unless the same be contained within a building or underground conduits. No other appliances or installations on exterior roofs of structures including, without limitation, roof-top turbine ventilators, shall be permitted unless they are installed in such a manner that they are not visible from streets, Association Property, or neighboring Lots, except that attic ventilators and solar panels which are architecturally treated in conformity with guidelines contained in the Architectural Standards and which have been approved by the Architectural Committee pursuant to the provisions of the Article entitled "Architectural Control" of this Declaration shall be permitted.

Section 9.10 - Drainage. All drainage of water from any Lot shall drain or flow into adjacent streets or alleys and shall not be allowed to drain or flow upon, across, or under any other portion of the Covered Property unless an easement for such purpose is granted. An Owner shall not alter the drainage of water which exists pursuant to the drainage plan originally created at the time of the initial sale of his Lot by Declarant except through the use of a positive drainage device which does not materially affect the concentration or flow direction of drainage water under said drainage plan.

Section 9.11 - Garages. No garage doors shall be permitted to remain open except for a temporary purpose, and the Board may adopt rules for the regulation of the opening of garage doors, including the assessment of Penalty Assessments to Owners whose garage doors have remained open in violation of such rules.

Section 9.12 - Window Covers. Curtains, drapes, shutters or blinds may be installed as window covers. No window shall be covered with aluminum foil, newspapers or other material not designed for use as a window cover.

Section 9.13 - Leases. Any agreement for the leasing or rental of a Lot (hereinafter in this Section referred to as a "lease") shall provide that the terms of such lease shall be subject in all respects to the provisions of the Association Management Documents and any applicable agreements between the Association and any of the Federal Agencies. Said lease shall further provide that any failure by the lessee thereunder to comply with the terms of the foregoing documents shall be a default under the lease. All leases shall be in writing. The Owner of said leased or rented Lot has the duty and obligation to furnish the Board with the name or names of the individuals currently leasing or renting said Lot and to maintain with the Association a record of the current mailing address of said Owner. Any Owner who shall lease his Lot shall be responsible for assuring compliance by such Owner's lessee with the Association Management Documents. No Lot shall be leased for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days or any rental whatsoever if the occupants of the Lot are provided customary hotel services such as room service for food and beverage, maid service, furnishing laundry and linen and bellboy service.

Section 9.14 - View. Each Owner by acceptance of a deed or other conveyance of a Lot acknowledges that any construction or improvement by Declarant, the Association or any other Owner, or any owner of any other property may impair or obstruct any view that such Owner may have enjoyed at the time of the purchase of his Lot and such Owner hereby acknowledges that any rights acquired do not include the preservation of any view and further consents to such obstruction and/or impairment.

ARTICLE X

DESTRUCTION OF IMPROVEMENTS

Section 10.01 - Definitions. The following terms used in this Article are defined to mean as follows:

(a) "Insured Improvements" shall mean the Improvements on the Covered Property insured under the fire and casualty insurance policy maintained by the Association.

(b) "Affected Common Facility" shall mean a partially or totally destroyed Insured Improvement.

(c) "Acceptable Range of Reconstruction Cost" shall mean that the amount of the insurance proceeds paid for partially or totally destroyed Insured Improvements together with the amount of any deductible amount designated in the fire and casualty insurance policy maintained by the Association totals at least ninety percent (90%) of the estimated cost to repair, replace or reconstruct such partially or totally destroyed Insured Improvements.

(d) "Substantial Destruction" shall mean a destruction of Insured Improvements representing at least seventy-five percent (75%) of the current replacement cost value of all Insured Improvements upon the Covered Property.

Section 10.02 - Board Action. In the event any Insured Improvements are damaged, the Board shall take the following action:

(a) Acceptable Range of Reconstruction Cost. The Board shall ascertain the cost of repair, replacement or reconstruction by obtaining fixed price bids from at least two (2) reputable contractors, which bids shall include the obligation of the contractor to obtain a performance bond, if the Board deems that such bids are necessary or appropriate. The Board shall further have full authority to negotiate with representatives of the insurer and to make settlement with the insurer for less than full insurance coverage on the damage. Any settlement made by the Board in good faith shall be binding upon all Owners. After the settlement has been approved by the Board, any two (2) directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim.

(b) Notice of Reconstruction Assessment. The Board shall promptly cause notice to be delivered to all Owners if, during the process of determining the Acceptable Range of Reconstruction Cost, it appears likely that the repair, replacement or reconstruction of a partially or totally destroyed Insured Improvement will result in the levying of Reconstruction

Assessments. Such notice shall specify the estimated amount of any such Reconstruction Assessment.

(c) Vote of Members. The Board shall call a special meeting or shall distribute written ballots to the Owners for action to be taken without a meeting to determine whether not to proceed with the repair, replacement or reconstruction of partially or totally destroyed Insured Improvements upon the happening of any one of the following events:

(i) a Substantial Destruction;

(ii) a determination that the requirements of the Acceptable Range of Reconstruction Cost have not been met;

(iii) receipt of a written request of Owners representing at least five percent (5%) of the total voting power of the Owners requesting such action; or

(iv) failure or inability to make a determination as to the Acceptable Range of Reconstruction Cost within sixty (60) days of the date of destruction.

Section 10.03 - Reconstruction. The repair, replacement or reconstruction shall commence as soon as practicable following any one of the following events:

(a) a determination that the requirements of the Acceptable Range of Reconstruction Cost have been met, except that if Reconstruction Assessments must be levied, such work shall not commence until ten (10) days have elapsed following the delivery of the notice of the Reconstruction Assessment to all Owners required to pay Reconstruction Assessments. The notice of estimated Reconstruction Assessment required to be delivered to each such Owner as hereinabove provided in this Article shall satisfy this condition if the actual amount of the Reconstruction Assessment does not exceed the estimated amount set forth in the said notice;

(b) approval of such action by not less than thirty-three percent (33%) of the voting power of the Owners; or

(c) failure to receive written approval not to proceed with the repair, replacement or reconstruction of the required percentage of First Mortgagees or Owners required under the Article entitled "Mortgagee Protection" of the Declaration within one hundred twenty (120) days of the date of the destruction.

Section 10.04 - Proceeds of Insurance. All insurance proceeds shall be paid to the Association to be used for the benefit of Owners, mortgagees and others as their respective interests shall appear. In the event any portion of the insurance proceeds were

paid to a mortgagee, an amount equal to the amount paid to such mortgagee shall be paid to the Board by the Owners. In the event any Owner fails to pay such amount within thirty (30) days of a written demand therefor by the Association, the Board may levy a Special Assessment against such Owner and his Lot for such amount.

Section 10.05 - Reconstruction Assessments. If necessary, the Board shall levy a Reconstruction Assessment against the Owners at such time and in such amount determined necessary to cover the costs of repair, replacement or reconstruction in excess of insurance proceeds.

Section 10.06 - Compliance with Plans. Any reconstruction undertaken pursuant to this Article shall substantially conform to the original plans and specifications unless other action is approved by a majority of the voting power of the Association.

Section 10.07 - Determination of Allocable Proceeds. The amount of insurance proceeds "allocated" or "allocable" to an Affected Common Facility shall be determined pursuant to this Section as follows:

(a) In the event the insurance carrier allocates insurance proceeds among Affected Common Facilities and such allocation is approved by the Board, such allocation shall be final and binding upon the Owners and mortgagees.

(b) In the event the insurance carrier fails to allocate the insurance proceeds, such allocation shall be determined by multiplying the amount of insurance proceeds available for distribution by a fraction, the denominator of which is the total decrease of M.A.I. appraised fair market value of all of the Affected Common Facilities and the numerator of which is the decrease of M.A.I. appraised fair market value of each such Affected Common Facility. The appraised values shall be determined by an M.A.I. appraiser selected by the Board. Such allocation shall be final and binding on the Owners, the mortgagees and the Association.

Section 10.08 - Distribution of Insurance Proceeds. In the event there has been a decision not to repair, replace or reconstruct any partially or totally destroyed Insured Improvements, the Board shall retain the insurance proceeds allocated to each Affected Common Facility in the general funds of the Association subject to the prior rights of all mortgagees holding mortgages encumbering the particular Affected Common Facility for which such insurance proceeds have been allocated.

Allocable proceeds paid to mortgagees shall be paid in the order of their recorded priority on such Affected Common Facility.

Section 10.09 - Payment of Mortgagees. Any insurance proceeds paid to a mortgagee pursuant to this Article shall be paid in the amount required by such mortgagee, but not to exceed (i) the outstanding indebtedness secured by said mortgage, or (ii) the insurance proceeds allocated to such Affected Common Facility as hereinabove provided in this Article, whichever of (i) or (ii) is the lesser.

ARTICLE XI

EMINENT DOMAIN

Section 11.01 - Definition of Taking. The term "taking" as used in this Article shall mean condemnation by eminent domain, or by sale under threat thereof, of all or part of the Association Property.

Section 11.02 - Representation by Board. In the event of a taking, the Owners hereby appoint the Board and such persons as the Board may delegate to represent all of the Owners in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action.

Section 11.03 - Award. Any awards received on account of the taking of Association Property other than Exclusive Use Common Area shall be paid to the Association and shall be retained in the general funds of the Association subject to the prior rights of any mortgagee holding an encumbrance upon any Association Property for which such award has been paid.

Section 11.04 - Inverse Condemnation. The Board is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

ARTICLE XII

PARTY WALLS

Section 12.01 - Definition. Each wall or fence which is placed on the dividing line between two Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. A party wall shall be considered to adjoin and abut against the property line dividing the Lots from the bottom of the foundation over the full length and height of any wall or fence.

Section 12.02 - Use. Owners whose Lots are separated by a party wall shall equally have the right to use such party wall, except that each shall have the right to the exclusive use of the surface of the wall on his side. Neither such Owner shall use any portion of such party wall so as to interfere with the use and enjoyment of the other Owner.

Section 12.03 - Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 12.04 - Destruction. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 12.05 - Right to Contribution Runs With Land. The right of an Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 12.06 - Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, said dispute shall be submitted to the Board for a resolution thereof. In the event the Board cannot or will not resolve such dispute, it shall employ an arbitrator for said purpose. Said arbitrator shall be selected at the discretion of the Board but shall be a member of the American Arbitration Association. The arbitrator who is chosen by the Board shall resolve said dispute pursuant to the prevailing rules of the American Arbitration Association and the requirements of the law of the State of California.

ARTICLE XIII

ANNEXATIONS

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

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

Section 13.02 - Annexation Without Approval. All or any part of the Annexation Property may be annexed to and become subject to this Declaration and subject to the jurisdiction of the Association without the approval, assent or vote of the Association or its Members, provided that:

(a) the recordation of the Supplementary Declaration annexing a new Phase is effected prior to the third anniversary of the issuance of the original Final Subdivision Public Report for the immediately preceding Phase; and

(b) the DRE has agreed to issue a Final Subdivision Public Report which shall be deemed to be evidence that Declarant has furnished proof satisfactory to the DRE that (i) no proposed annexation will result in overburdening of the common interests of the then existing Owners, and (ii) no proposed annexation will cause a substantial increase in Assessments against existing Owners which was not disclosed in Final Subdivision Public Reports under which pre-existing Owners purchased their interests.

Section 13.03 - Annexation Pursuant to Approval. Upon approval in writing of the Association, pursuant to the vote or written assent of sixty-seven percent (67%) of the total voting power of

Members other than the Declarant as such voting power is determined pursuant to the Section entitled "Voting Rights" of the Article entitled "The Association" of this Declaration, any person who desires to add real property other than the Annexation Property to the plan of this Declaration and to subject such property to the jurisdiction of the Association, may file or record a Supplementary Declaration. The provisions of this Section shall also apply to the Annexation Property subsequent to the expiration of the power of Declarant to annex such property without the approval of the Members as provided in this Article.

Section 13.04 - Effectuation of Annexation. Upon the satisfaction of all of the conditions contained in this Article, the recordation of a Supplementary Declaration in the Official Records shall constitute and effectuate the annexation of the Annexed Property described therein, making said Annexed Property subject to this Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter said Annexed Property shall be part of the Covered Property and all of the Owners of Lots in said Annexed Property shall automatically be Members. The Supplementary Declaration shall incorporate by reference all of the covenants, conditions, restrictions, easements and other provisions of this Declaration, and may contain such complementary additions or modifications of the covenants, conditions and restrictions in this Declaration as may be necessary to reflect the different character, if any, of the Annexed Property as are not inconsistent with the plan of the Declaration. In no event, however, shall any such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration or by any prior Supplementary Declaration with respect to property covered by this Declaration at the time of the recording of the said Supplementary Declaration.

Section 13.05 - Mergers or Consolidations. Upon a merger or consolidation of the Association with another association which merger or consolidation must be approved by the vote or written assent of sixty-seven percent (67%) of the total voting power of Members other than the Declarant, the Association's properties, rights and obligations may, by operation of law, be transferred to the surviving or consolidated association, or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants, conditions and restrictions established by this Declaration within the Covered Property, together with the covenants, conditions and restrictions established upon any other property as one plan.

Section 13.06 - Deannexation. A Phase may be deleted from coverage of this Declaration by the Declarant as long as (i) no

Lot has been conveyed in a transaction that requires the delivery of a Final Subdivision Public Report, (ii) no Association Property within such Phase has been conveyed to the Association, and (iii) no Assessments have been levied against any of the Lots within such Phase.

ARTICLE XIV

MORTGAGEE PROTECTION

Section 14.01 - Priority of Mortgage Lien. No breach of the covenants, conditions or restrictions, nor the enforcement of any lien provisions contained in this Declaration, shall affect, impair, defeat or render invalid the lien or charge of any mortgage made in good faith and for value encumbering any Lot, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to a Lot.

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

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

Section 14.04 - Limitations by FHLMC. Unless sixty-seven percent (67%) of the First Mortgagees (based on one vote for each First Mortgage owned) or sixty-seven percent (67%) of the voting power of the Members other than Declarant have given their prior written approval, the Association is not entitled to take any of the following actions:

(a) by any act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Association Property; provided, however, the granting of easements for public utilities or other public purposes consistent with the intended use of the Association Property is not a transfer in the meaning of this clause;

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

(c) use hazard insurance proceeds for losses to any Association Property, for other than repair, replacement or reconstruction;

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

(e) 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 units, the exterior maintenance of units, the maintenance of the Association Property including, without limitation, the party walks or common fences and driveways, or the upkeep of lawns and plantings.

Section 14.05 - Notice. A First Mortgagee, upon request, shall be entitled to timely written notice of default in the performance of the obligations imposed by the Association Management Documents by the Owner whose Lot is encumbered by a Mortgage held by such First Mortgagee which default remains uncured for a period of sixty (60) days.

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

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

Section 14.08 - Priority of Mortgagees. Nothing in the Association Management Documents shall give an Owner, or any other party, priority over the rights of a First Mortgagee in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of any Association Property.

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

Section 14.10 - Federal Agency Agreement. The Board shall enter into agreements with any of the Federal Agencies to the extent possible under the terms and provisions of the Association Management Documents to take actions that would satisfy guidelines and regulations of any such Federal Agency which would permit such Federal Agency to purchase, insure or guarantee, as applicable, First Mortgages encumbering Lots.

ARTICLE XV

GENERAL PROVISIONS

Section 15.01 - Enforcement. The Association or any Owner shall have the right of action against any Owner, and any Owner shall have a right of action against the Association to enforce by proceedings at law or in equity, all restrictions, conditions, covenants and reservations, now or hereafter imposed by the provisions of the Association Management Documents or any amendment thereto, including the right to prevent the violation of such restrictions, conditions, covenants, or reservations and the right to recover damages or other dues for such violation except that Owners shall not have any right of enforcement with respect to Assessment liens. With respect to architectural control and Association Rules, the Association shall have the exclusive right to the enforcement thereof unless the Association refuses or is unable to effectuate such enforcement, in which case any Owner shall have the right to undertake such enforcement. Notwithstanding the foregoing or any other provision of the Association Management Documents, judicial proceedings must be instituted before any items of construction can be altered or demolished in connection with any summary abatement or similar means of enforcing restrictions against any Lot Improvement or its use.

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

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

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

Section 15.05 - Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Covered Property and shall inure to the benefit of and be enforceable by the Association or any Owner, their respective

legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date this Declaration is recorded. Thereafter said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by not less than sixty-seven percent (67%) of the then Owners has been recorded agreeing to terminate said covenants, conditions and restrictions and there has been compliance with the applicable provisions of the Article entitled "Mortgagee Protection" of this Declaration.

Section 15.06 - Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan for the development of a residential community or tract and for the maintenance of the Covered Property. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 15.07 - Singular Includes Plural. Whenever the context of this Declaration requires the same, the singular shall include the plural and the masculine shall include the feminine and the neuter.

Section 15.08 - Nuisance. The result of every act or omission where any provision, condition, restriction, covenant, easement, or reservation contained in this Declaration is violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a private nuisance, shall be applicable against every such result, and may be exercised by the Association or any Owner. Such remedy shall be deemed cumulative and not exclusive.

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

Section 15.10 - Notices. Any notice to be given to an Owner, the Association, or a First Mortgagee, Insurer or Guarantor under the provisions of this Declaration shall be in writing and shall be deemed to have been properly delivered when directed to such addressee at the address furnished by such addressee for the purpose of notice and placed in the first class United States mail, postage prepaid. Notice to Owners shall also be deemed to have been properly delivered when personally delivered or delivered to a common carrier for personal delivery to the addressee, or delivery to a person giving such notice by electronic means. If no address was furnished by an Owner or the Association for the purpose of notice, the notice to an Owner may be delivered to the principal office of the Association and the

street address of such Owner's Lot, and notice to the Association may be delivered to the address of its principal place of business. In the case of co-Owners any such notice may be delivered or sent to any one of the co-Owners on behalf of all co-Owners and shall be deemed delivery on all such co-Owners.

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

Section 15.11 - Conflicts Between Documents. The terms and provisions set forth in this Declaration are not exclusive as Owners shall also be subject to the terms and provisions of the other Association Management Documents. In the event of a conflict between any provisions of any of the Association Management Documents with the provisions of another Association Management Document, the order of superiority of such documents shall be (1) Articles, (2) Declaration, (3) Bylaws, (4) Architectural Standards, and (5) Association Rules and the provisions of any such document shall be superceded by the provisions of the document shown above to be superior to such document to the extent of such conflict.

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

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

Section 15.14 - Nonliability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, and other committees of the Association or any member of such Board or committee shall be liable to any Owner or the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within

which such Board, committees or persons reasonably believed to be the scope of their duties.

Section 15.15 - Construction By Declarant. Nothing in this Declaration shall limit the right of Declarant to alter the Lots still owned by Declarant or the Nonexclusive Use Common Area, or to construct such additional Improvements as Declarant deems advisable prior to completion of Improvements upon and sale of the entire Development. Such right shall include but shall not be limited to erecting, constructing and maintaining on the Covered Property such structures and displays as may be reasonably necessary for the conduct of the business of completing the work and disposing of the same by sale, lease or otherwise. Declarant shall repair any damage to and complete any restoration of the Covered Property caused or necessitated by such activities of Declarant within a reasonable time after the occurrence of such damage or need for restoration. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a purchase from Declarant to establish on the Covered Property additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Development. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. Declarant shall exercise its rights contained in this provision in such a way as not to unreasonably interfere with the Owners' rights to use and enjoy the Covered Property.

Section 15.16 - Special Rights of Declarant. Any attempt to modify or eliminate any easements or rights reserved to Declarant in the Declaration shall require the prior written approval of Declarant. As long as the easement described in the subsection entitled "Construction and Sales" of the Section entitled "Reservations to Declarant" of the Article entitled "Easements and Rights" of the Declaration remains in effect (i) Declarant shall not be subject to any provisions of the Association Management Documents pertaining to architectural control and/or use restrictions, and (ii) any amendment to any of the Association Management Documents shall require the prior written approval of the Declarant.

Section 15.17 - Inapplicability to Government Property. The provisions of this Declaration shall not be applicable to any portion of the Covered Property owned by a governmental entity, authority or agency and held for a public purpose, but shall apply to any Lot owned by such governmental entity, authority or agency.

ARTICLE XVIII

EAST BAY REGIONAL PARK DISTRICT REQUIREMENTS

Parcel C as shown on the map of said Tract 6736 has been offered for dedication to the East Bay Regional Park District ("EBRPD"). It is intended that the provisions of Sections 831.2 and 831.25 of the Government Code of the State of California shall apply to said Parcel C and the provisions of those sections shall be broadly applied to limit the liability of EBRPD for any damages or injury to property or for emotional distress.