

26317

BK 12462PG 1763

RECORDING REQUESTED BY
FIRST AMERICAN TITLE INS. CO.

36.00
\$.....

CLERK OF ORANGE COUNTY, CALIFORNIA

8 42 PM NOV 18 1977

J. WYLLIE CARLYLE, County Recorder

When Recorded Return to
Standard-Pacific Corp.
1565 MacArthur Boulevard
Costa Mesa, California 92626

Attention: David Langlois

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

MABURY RANCH

ORANGE COUNTY, CALIFORNIA

THIS DECLARATION is made this 18 day of November,
1977, by STANDARD-PACIFIC CORP., a California corporation.
Standard-Pacific Corp., its successors and assigns shall hereafter
be referred to as "Declarant".

R E C I T A L S

A. Declarant is the fee owner of the real property described
in Exhibit A to this Declaration, which shall be the initial
Covered Property under this Declaration, and the real property
which may from time to time be annexed pursuant to this Declara-
tion, and become a part of the Covered Property. This Declaration
is being imposed by Declarant upon the Covered Property.

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

C. It is desirable for the efficient management of the
Covered Property and the preservations of the value, desirability
and attractiveness of the Covered Property to create a corporation
to which should be delegated and assigned the powers of managing
the Covered Property, maintaining and administering the Community
Facilities and administering and enforcing these covenants,
conditions and restrictions and collecting and disbursing funds
pursuant to the assessment and charges hereinafter created and
referred to and to perform such other acts as shall generally
benefit the Covered Property.

D. Mabury Ranch Homeowner's Association, a nonprofit cor-
poration, has been incorporated under the laws of the State of
California for the purpose of exercising the powers and functions
aforesaid.

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

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

ARTICLE I

DEFINITIONS

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

Section 1. "Architectural Committee" shall mean and refer to the committee or committees provided for in the Article hereof entitled "Architectural Control" or shall refer to the Board acting in the capacity of the Architectural Committee in the event the Board does not appoint an Architectural Committee.

Section 2. "Assessments". The following meanings shall be given to the Assessments hereinafter defined:

"Regular Assessment" shall mean the amount which is to be paid by each Member to the Association for Common Expenses.

"Special Assessment" shall mean a charge against a particular Owner and his Residence, directly attributable to the Owner, to reimburse the Association for costs incurred in bringing the Owner and his Residence into compliance with the provisions of this Declaration, the Articles, Bylaws or Association Rules, or any other charge designated as a Special Assessment in this Declaration, the Articles, Bylaws or Association Rules, together with attorneys' fees and other charges payable by such Owner, pursuant to the provisions of this Declaration, plus interest thereon as provided for in this Declaration.

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

"Cable Television Service Assessment" shall mean a charge against a particular Owner and his Residence for cable television services obtained by the Association for the benefit of such Owner as provided in this Declaration.

Section 3. "Association" shall mean and refer to Mabury Ranch Homeowner's Association, a nonprofit corporation, incorporated under the laws of the State of California, its successors and assigns.

Section 4. "Association Rules" shall mean rules adopted by the Association pursuant to the Article hereof entitled "Duties and Powers of the Association".

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

Section 6. "City" shall mean and refer to the City of Orange, California, a municipal corporation of the State of California.

Section 7. "Common Expenses" shall mean and refer to the actual and estimated cost of:

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

(b) unpaid Assessments;

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

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

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

(f) if obtained by the Board, the costs of fire, casualty, liability, workmen's compensation and other insurance covering the Community Facilities;

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

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

(i) the costs of bonding of the members of the Board, any professional managing agent or any other person handling the funds of the Association;

(j) taxes paid by the Association;

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

(l) costs incurred by committees established by the Board; and

(m) other expenses incurred by the Association for any reason whatsoever in connection with the Community Facilities, or the costs of any other item or items designated by this Declaration, the Articles, Bylaws or Association Rules, or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association.

Section 8. "Community Facilities" shall mean all real property, and the improvements thereon, whether privately owned or public, which are to be maintained by the Association as set forth herein, including without limitation any of the following: lot perimeter masonry walls, landscaped medians, planters, parkways and other landscaped areas not accessible for maintenance by Owners. Upon the date of the first conveyance of a Residence to an Owner, the Community Facilities shall be those areas of the property described on Exhibit B contained within the initial Covered Property and any real property denominated as "Community Facilities" in a Supplementary Declaration.

Section 9. "Covered Property" shall mean and refer to all the real property described on Exhibit A hereto and, subsequent to the annexation thereof pursuant to the Article of this Declaration entitled "Integrated Nature of the Covered Property", any real property which shall become subject to this Declaration.

Section 10. "Development" shall mean and refer to the real property described on Exhibits A and C.

Section 11. "Exhibit" shall mean and refer to those documents so designated herein and attached hereto and each of such Exhibits is by this reference incorporated in this Declaration. As additional property is annexed pursuant to the Article entitled "Integrated Nature of the Covered Property" of this Declaration, exhibits similar to the exhibits attached to this Declaration may be attached to such Supplementary Declarations pertaining to the annexed property, and each of such exhibits shall thereby be incorporated in this Declaration.

Section 12. "Federal Agencies" shall mean and refer to collectively one or more of the following agencies and the following letter designation for such agencies shall mean and refer to respectively the agency specified within the parentheses following such letter designation: FHLMC (Federal Home Loan Mortgage Corporation), FNMA (Federal National Mortgage Association), GNMA (Government National Mortgage Association).

Section 13. "Institutional Mortgagee" shall mean and refer to a Mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, any federal or state agency, or any other institution specified by the Board in a recorded instrument.

Section 14. "Member" shall mean and refer to every person or entity who qualifies for membership pursuant to the Article of this Declaration entitled "Membership", including Declarant so long as Declarant qualifies for membership pursuant to said Article.

Section 15. "Mortgage" shall mean and refer to any duly recorded mortgage or deed of trust encumbering a Residence. A "First Mortgage" shall refer to a Mortgage which has priority over any other Mortgage encumbering a specific Residence.

Section 16. "Mortgagee" shall mean and refer to the mortgagee or beneficiary under any Mortgage.

Section 17. "Owner" shall mean and refer to one or more persons or entities who are alone or collectively the record owner of a fee simple title to a Residence, including Declarant, or the vendee under an installment land sales contract, but

excluding those having any such interest merely as security for the performance of an obligation. If a Residence is leased by Declarant for a term in excess of twenty (20) years and the lease or memorandum thereof is recorded, the lessee or transferee of the leasehold interest and not the Declarant shall be deemed to be the Owner. If fee title to a Residence is owned other than by Declarant, the Owner of the fee title and not the lessee of such Residence shall be deemed the Owner regardless of the term of the lease.

Section 18. "Residence" shall mean and refer to a lot shown on any final map filed for record or a parcel shown on any parcel map filed for record to the extent such lots or parcels are part of the Covered Property; provided, however, "Residence" shall not include any Community Facilities. "Residence" shall include the residential dwelling unit together with garages, structures and other improvements on the same lot or parcel.

Section 19. "Supplementary Declaration" shall mean those certain declarations of covenants, conditions and restrictions or similar instruments, annexing additional property extending the plan of this Declaration to such additional property as provided in the Article of this Declaration entitled "Integrated Nature of the Covered Property".

ARTICLE II

MEMBERSHIP

Section 1 - Membership. Every Owner shall be a Member. The terms and provisions set forth in this Declaration, which are binding upon all Owners are not exclusive, as Owners shall, in addition, be subject to the terms and provisions of the Articles, Bylaws and Association Rules to the extent the provisions thereof are not in conflict with this Declaration. Membership of Owners shall be appurtenant to and may not be separated from the interest of such Owner in any Residence. Ownership of a Residence shall be the sole qualification for membership; provided, however, a Member's voting rights may be regulated or suspended as provided in this Declaration, the Bylaws or the Association Rules. Not more than one membership shall exist based upon ownership of a single Residence.

Section 2 - 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 3 - Voting Rights. An Owner's right to vote shall vest immediately upon the date Regular Assessments commence upon such Owner's Residence as provided in this Declaration. All voting rights shall be subject to the restrictions and limitations provided herein and in the Articles, Bylaws and Association Rules.

Section 4 Classes of Voting Membership. The Association shall have classes of voting membership.

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

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Residence in which it holds the interest required for membership; provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A Membership equals the total number of the Class B votes;
- (b) The second anniversary of the original issuance of the most recently issued Final Subdivision Public Report issued by the California Department of Real Estate; or
- (c) September 30, 1981.

Section 5 - Special Class A Voting Rights. Notwithstanding the provisions of this Article, if the Class A Members do not have sufficient voting power pursuant to the voting rights set forth in this Declaration and the Bylaws to elect at least twenty percent (20%) of the total number of directors on the Board, at any meeting of Members at which directors are to be elected, then such Class A Members shall, by majority vote, among themselves, elect the number of directors required to equal twenty percent (20%) of the total number of directors on the Board. In the event twenty percent (20%) of the total number of directors is equal to any fractional number, the number of directors to be elected pursuant to the special Class A voting right shall be rounded to the next higher whole number. In no event shall the Class A Members be entitled to elect more than twenty percent (20%) of the total number of directors, adjusted for any fractional number as hereinabove provided, pursuant to the provisions of this special Class A voting right. The remaining vacancies on the Board shall be elected by the Class B member.

Section 6 - Approval of Members. Unless elsewhere otherwise in this Declaration or the Bylaws specifically provided, any provision of this Declaration or the Bylaws which requires the vote or written assent of a specified majority of the voting power of the Association or any class or classes of membership shall be deemed satisfied by the following:

(a) The vote of the specified percentage at a meeting duly called and noticed pursuant to the provisions of the Bylaws dealing with annual or special meetings of the Members. Such percentage must include the specified number of all Members entitled to vote at such meeting and not such a percentage of those Members present;

(b) A writing or writings signed by the specified percentage;

(c) A combination of votes or written assent, provided that Members shall not change their vote or written assent after it is cast or delivered, and provided further that only those written assents executed within sixty (60) days before or thirty (30) days after a meeting may be combined with votes cast at such meeting to constitute the specified percentage; and

(d) In any matter requiring the consent of the Members, but not specifically provided for in this Declaration of the Articles, Bylaws or any contract executed by the Association, a simple majority of the voting power of Members entitled to vote on such matters shall suffice.

Section 7 - Approval by Both Class A and Class B Members.

As long as there is a Class B membership, any provision of the Articles, Bylaws, this Declaration, or the Association Rules which expressly requires the approval of a specified percentage of the voting power of the Association before being undertaken, shall require the approval of said specified percentage of each of the Class A and Class B membership.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1 - Creation of Lien and Personal Obligation of Assessments. The Declarant, for each Residence for which it is an Owner hereby covenants and agrees to pay, and each Owner by acceptance of a deed or other conveyance, creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: Regular Assessments, Special Assessments, Capital Improvement Assessments, and Cable Television Service Assessments, if applicable, such Assessments to be fixed, established and collected from time to time as provided in this Declaration. The Assessments, together with interest thereon, late charges, attorneys' fees and court costs, and other costs of collection thereof, as herein-after provided, shall be a continuing lien upon the Residence against which each such Assessment is made. Each such Assessment, together with such interest, late charges, costs and attorneys' fees, shall also be the personal obligation of the Owner of such Residence at the time when the Assessment becomes due. The personal obligation shall not pass to the successors in title of an Owner unless expressly assumed by such successors.

Section 2 - Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purposes of promoting the recreation, health, safety and welfare of the Members, the management of the Covered Property enhancing the quality of life in the Covered Property, and the value of the Covered Property including, without limitation, the improvement and maintenance of the properties, services and facilities

devoted to this purpose and related to the use and enjoyment of the Covered Property, or in furtherance of any other duty or power of the Association.

Section 3 - Regular Assessments. Not later than sixty (60) days prior to the beginning of each fiscal year, the Board shall distribute to each Member a pro forma operating statement or budget for the upcoming fiscal year which shall, among other things, estimate the total Common Expenses to be incurred for such fiscal year. The Board shall at that time determine the amount of the Regular Assessment to be paid by each Member. Written notice of the annual Regular Assessments shall be sent to every Member. Each Member shall thereafter pay to the Association his Regular Assessment in installments as established by the Board. Each such installment shall be due and payable on a date established by the Board in the written notice sent to Members. In the event the Board shall determine that the estimate of total charges for the current year is, or will become inadequate to meet all Common Expenses for any reason, it shall then immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the Common Expenses and determine the revised amount of Regular Assessment against each Member, and the date or dates when due. After the Association's first fiscal year of operation, it shall not impose a Regular Assessment which is increased more than twenty percent (20%) over the amount of the Regular Assessment in the immediately preceding fiscal year, without the approval of a majority of the voting power of the Association.

Section 4 - Capital Improvement Assessments. In addition to the Regular Assessments, the Association may levy in any calendar year, a Capital Improvement Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or replacement (other than due to destruction) of a described capital improvement upon the Covered Property, including the necessary fixtures and personal property related thereto. The Association shall not impose a Capital Improvement Assessment, the total amount of which exceeds five percent (5%) of the estimated Common Expenses, as set forth in the Section of this Article entitled "Regular Assessments", without the approval of a majority of the voting power of the Association. Any reserves collected by the Association for the future maintenance and repair of the Covered Property, or any portion thereof, shall not be included in determining said annual capital improvement limitation. All amounts collected as Capital Improvement Assessments may only be used for capital improvements and shall be deposited by the Board in a separate bank account to be held in trust for such purposes. Said funds shall not be commingled with any other funds of the Association and shall be deemed a contribution to the capital account of the Association by the Members.

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

Section 6 - Certificate of Payment. The Association shall, upon demand, furnish to any Member liable for Assessments, a certificate in writing signed by an officer or authorized agent of the Association, setting forth whether the Assessments on a specified Residence have been paid, and the amount of delinquency, if any. A reasonable charge not to exceed Fifteen Dollars (\$15.00) may be collected by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 7 - Exempt Property. 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 8 - Special Assessments. Special Assessments shall be levied by the Board against a Residence to reimburse the Association for:

(a) costs incurred in bringing an Owner and his Residence into compliance with the provisions of this Declaration, the Articles, the Bylaws or Association Rules;

(b) any other charge designated as a Special Assessment in this Declaration, the Articles, Bylaws or Association rules; and

(c) attorneys' fees, interest and other charges relating thereto as provided in this Declaration.

In the event the Association undertakes to provide materials or services which benefit individual Residences and which can be accepted or not by individual Owners, such as tree trimming, such Owners in accepting such materials or services agree that the costs thereof shall be a Special Assessment.

Section 9 - Cable Television Service Assessment. In the event the Board elects to contract for cable television service, Cable Television Service Assessments shall be levied by the Board against the Owners who have subscribed with the Association for such service. In such circumstances, the Cable Television Service Assessment shall commence as to such Owner on the first day of the month following the month in which he so subscribes and shall continue against such Owner and any subsequent transferee of his Residence until the first day of the month following the month in which any such Owner or transferee notifies the Board in writing that he no longer wishes to subscribe to such service, or the month in which the Board elects to cancel the Association's contract for cable television service.

Section 10 - Date of Commencement of Regular Assessments. The Regular Assessments shall commence as to all Residences on the first day of the month following the conveyance of the first Residence by Declarant to an individual Owner; provided, however, the Regular Assessment, as to Residences in annexed areas, if any, shall commence with respect to all Residences within each such annexed area on the first day of the month following the conveyance of the first Residence therein by Declarant to an individual Owner. It is provided, further, that 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. It is provided, further, that in the event the amount budgeted to meet Common Expenses proves to be excessive in light of the actual Common Expenses during a year in which an area is annexed the Board in its discretion may either reduce the amount of the Regular Assessment or may abate the collection of Regular Assessments as it deems appropriate. Until such time as the Class B Membership has ceased and been converted into Class A Membership, in no event shall a reduction in the amount of or the abatement in the collection of Regular Assessments pursuant to this Section result in a quantity or quality of services diminished from those upon which the Common Expense budget for the year in question is based.

Section 11 - No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including, without

limitation, a claim that (i) the Association is not properly exercising its duties and powers as provided in this Declaration; or (ii) any construction or maintenance performed pursuant to the Section entitled "Assumption of Maintenance Obligations" of the Article entitled "Repair and Maintenance" of this Declaration shall in any way postpone Assessments or entitle a Member to claim any offset or reduction in the amount of such Assessments. If any excess of Assessments collected over actual Common Expenses incurred by the Association is caused by reason of construction or maintenance of the Common Facilities, or otherwise, such excess shall be placed in reserve to offset the future expenses of the Association in any manner designated by the Board.

Section 12 - 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 13 Reserves. The Regular Assessments shall include reasonable amounts as determined by the Board collected as reserves for the future periodic maintenance, repair or replacement of all or a portion of the Community Facilities, or any other purpose as determined by the Board. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in a separate bank account to be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the Members.

ARTICLE IV

NONPAYMENT OF ASSESSMENTS

Section 1 Delinquency. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent on said date (the "delinquency date"). If any such Assessment is not paid within thirty (30) days after receipt of notice of such delinquency from the Association, a late charge of Ten Dollars (\$10.00) shall be levied and the Assessment shall bear interest from the delinquency date at the rate of ten percent (10%) per annum. The Association may, at its option, and without waiving the right to judicially foreclose its lien against the Residence, pursue any available remedies, including, without limitation, bringing an action at law against the Member personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in the Section entitled "Notice of Lien" of this Article to foreclose the lien against the Residence. If action is commenced, there shall be added to the amount of such Assessment the late charge, interest, the costs of such action, and attorneys' fees incurred in connection with such action; and in the event a judgment is obtained, such judgment shall include said late charge, interest and a reasonable attorney's fee, together with the costs of action. Each Member vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure against such Member or other Members for the collection of such delinquent Assessments.

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

certified or registered, postage prepaid, to the Owner of said Residence, and a copy thereof is recorded by the Association in the office of the County Recorder in which County the properties are located; said notice of claim of lien must recite a good and sufficient legal description of any such Residence, the record Owner or reputed Owner thereof, the amount claimed [which shall include interest on the unpaid Assessment at the rate of ten percent (10%) per annum, a late charge of Ten Dollars (\$10.00), plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by said lien], and the name and address of the claimant.

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

Section 4 Curing of Default. Upon the timely payment or other satisfaction of: (a) all delinquent Assessments specified in the notice of claim of lien, (b) all other Assessments which have become due and payable with respect to the Residence as to which such notice of claim of lien was recorded, and (c) interest, late charges, attorneys' fees and other costs of collection pursuant to this Declaration and the notice of claim of lien which have accrued, officers of the Association or any other persons designated by the Board are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed Twenty-Five Dollars (\$25.00) to cover the costs of preparing and filing or recording such release.

ARTICLE V

ARCHITECTURAL CONTROL

Section 1 - Appointment of Architectural Committee. The Architectural Committee shall consist of not less than three (3) nor more than five (5) persons as fixed from time to time by resolution of the Board. The Declarant may initially appoint the Architectural Committee or may designate the Board to act in the capacity of 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 or any amendments thereto, whichever is later, for the first phase of Development, from the California Department of Real Estate, or until, ninety percent (90%) of the Residences within the Development have been conveyed by Declarant, whichever shall first occur, provided that Declarant may, at its sole option, transfer this right to the Board by written notice thereof prior to the end of such period. 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

Subdivision Public Report, or any amendments thereto, whichever is later, or until ninety percent (90%) of the Residences within the Development have been conveyed by the Declarant, whichever shall first occur. Notwithstanding the foregoing, commencing one year following the issuance of the Final Subdivision Public Report from the California Department of Real Estate for the first phase of the Development, the Board shall have the right but not the obligation to appoint one (1) person to the Architectural Committee. Five (5) years after the date of the issuance of said Subdivision Public Report, or any amendments thereto, whichever is later, or when ninety percent (90%) of the Residences within the Development have been conveyed by Declarant, whichever shall first occur, the right to appoint, augment or replace all Members of the Architectural Committee shall automatically be transferred to the Board. The Board may act in the capacity of the Architectural Committee and, in such event, shall have all of the rights and obligations thereof. 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.

Section 2 - General Provisions.

(a) The Architectural Committee may establish reasonable procedural rules and may assess a fee not to exceed Fifty Dollars (\$50.00) per submission of plans in connection with review of plans and specifications including, without limitation, the number of sets of plans to be submitted; however, the Architectural Committee may delegate its plan review responsibilities to one or more members of such Architectural Committee. Upon such delegation, the approval or disapproval of plans and specifications by such persons shall be equivalent to approval or disapproval by the entire Architectural Committee. Unless any such rules are complied with, such plans and specifications shall be deemed not submitted.

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

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

(d) In the event the Architectural Committee fails to approve or disapprove such 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.

Section 3 - Approval and Conformity of Plans. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Covered Property, nor shall there be any addition to or change in the exterior of any Residence, structure or other improvement including, without limitation, the painting of exterior walls and fences, unless plans and specifications therefor have been submitted to and approved by the Architectural Committee. The Board shall, from time to time, adopt and promulgate Architectural Standards to be administered through the

Architectural Committee. The Architectural Standards shall include among other things those restrictions and limitations upon the Owners set forth below:

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

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

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

Section 4 - Nonliability for Approval of Plans. Plans and specifications are not approved for engineering design, and by approving such plans and specifications neither the Architectural Committee, the members thereof, the Association, the Members, the Board nor Declarant assumes liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications.

Section 5 - 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 thirty (30) days following the final decision of the Architectural Committee. The Board shall submit such request to the Architectural Committee for review, whose written recommendations will be submitted to the Board. Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. The failure of the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the appellant.

ARTICLE VI

DUTIES AND POWERS OF THE ASSOCIATION

Section 1 - General Duties and Powers. In addition to the duties and powers enumerated in its Articles and Bylaws, or elsewhere provided herein, and without limiting the generality thereof, the Association shall have the specific duties and powers specified in this Article.

Section 2 - General Duties of the Association. The Association through the Board shall have the duty and obligation to:

(a) enforce the provisions of this Declaration, the Articles, Bylaws, and Association Rules, by appropriate means and carry out the obligations of the Association hereunder;

(b) maintain and otherwise manage the following:

(i) all easements and real property and all facilities, improvements and landscaping thereon in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association;

(ii) all personal property in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association;

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

(c) Pay any real and personal property taxes and other charges assessed to or payable by the Association.

Section 3 - General Powers of the Association. The Association through the Board shall have the power but not the obligation to:

(a) employ a manager or other persons and contract with independent contractors or managing agents who have professional experience in the management of residential developments similar to the Covered Property, to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed as a manager or managing agent shall be terminable for cause on not more than thirty (30) days' written notice by the Association and shall have a term of not more than one (1) year with successive one (1) year renewal periods upon mutual agreement of the parties;

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

(c) borrow money as may be needed in connection with the discharge by the Association of its powers and duties;

(d) establish in cooperation with the City a special tax assessment district for the performance of all or a portion of the maintenance or other functions now within the responsibility of the Association, together with the right to transfer to said district, with or without the payment of monetary consideration, an interest in real property pursuant to the Article hereof entitled "Rights of Enjoyment";

(e) provide trash pickup and disposal service for the benefit of the Owners and their Residences;

(f) contract for cable television service for the benefit of the Owners who have subscribed for such service; and

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

Section 4 - General Limitations and Restrictions on the Powers of the Board. In addition to the limitations and restrictions enumerated in the Articles and Bylaws or elsewhere provided for herein, and without limiting the generality thereof, the Board shall be prohibited from taking any of the following action without the approval of a majority of the voting power of the Association:

(a) enter contracts for materials or services which have a term in excess of one (1) year, with the following exceptions:

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

(ii) prepaid casualty and/or liability insurance policies of not to exceed three (3) years' duration, provided that the applicable policy permits short rate cancellation by the insured.

(b) incur aggregate expenditures for capital improvements to the Covered Property in any fiscal year in excess of five percent (5%) of the estimated Common Expenses for the fiscal year as set forth in the Sections entitled "Regular Assessments" and "Capital Improvement Assessments" of the Article hereof entitled "Covenants for Assessments";

(c) sell any real or personal property of the Association with an aggregate fair market value in excess of five percent (5%) of said estimated Common Expenses during any fiscal year; and

(d) pay compensation to directors or to officers of the Association for services performed in the conduct of the Association's business; provided, however, the Board may cause a director or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

Section 5 - Association Rules. The Board shall also have the power to adopt, amend and repeal such rules and regulations as it deems reasonable (the "Association Rules") which may include the establishment of a system of fines and penalties enforceable as Special Assessments, all as provided in the Bylaws. The Association Rules shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the use of the Covered Property; provided, however, that the Association Rules may not discriminate among Owners, and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of the Association Rules shall be delivered to each Owner in the same manner established in this Declaration for the delivery of notices. Upon completion of the notice requirements, said Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and their successors in interest whether or not actually received thereby. The Association Rules, as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner and Institutional Mortgagee upon request. In the event of any conflict between any such Association Rules and any other

provisions of this Declaration, or the Articles or Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of any such conflict.

Section 6 - Delegation of Powers. The Association shall have the right, according to law, to delegate to committees, officers, employees or agents any of its duties and powers under this Declaration, the Articles and Bylaws; provided, however, no such delegation to a professional management company, the Architectural Committee or otherwise shall relieve the Association of its obligation to perform such delegated duty.

Section 7 - Pledge of Assessment Rights. The Association shall have the power to pledge the right to exercise its Assessment powers in connection with obtaining funds to repay a debt of the Association; provided, however, any such pledge shall require the prior affirmative vote or written assent of not less than seventy-five percent (75%) of the Class A Members and seventy-five percent (75%) of the Class B Members and shall require the affirmative vote of not less than seventy-five percent (75%) of the Institutional Mortgagees based on one (1) vote for each First Mortgage held. Said power shall include, but not be limited to, the ability to make an assignment of Assessments which are then payable to or which will become payable to the Association; which assignment may be then presently effective but shall allow said Assessments to continue to be paid to and used by the Association as set forth in this Declaration, unless and until the Association shall default on the repayment of the debt which is secured by said assignment. The Association may levy Special Assessments against the Members to obtain such funds. Upon the failure of any Member to pay said Special Assessment when due, the Association may exercise all of its rights, including, without limitation, the right to foreclose its lien, pursuant to the Article hereof entitled "Nonpayment of Assessments". Without limiting the generality of the foregoing, any pledge of Assessment rights in excess of an amount equal to twenty-five percent (25%) of the total Regular Assessments collected by the Association in the then preceding fiscal year, shall require the prior written approval of seventy-five percent (75%) of the Institutional Mortgagees based on one (1) vote for each first mortgage held.

Section 8 - Emergency Powers. The Association or any person authorized by the Association may enter any Residence in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association unless covered by insurance carried by the Owner.

ARTICLE VII

REPAIR AND MAINTENANCE

Section 1 - Repair and Maintenance by Association. Except to the extent that an Owner may be obligated to maintain and repair as hereinafter provided, and without limiting the generality of the statement of duties and powers contained in this Declaration, the Articles, Bylaws or Association Rules, the Association 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) maintain, repair, restore, replace and make necessary improvements to the Community Facilities, including, without limitation, the following: maintain the planters, medians, parkways and the exterior (defined to mean the side fronting on any public right-of-way or Community Facilities) of those masonry lot perimeter walls or fences identified on Exhibit B;

(b) maintain such other public areas within or adjacent to the Covered Property which in the judgment of the Board are not adequately maintained by the City or County of Orange and which detract from the harmony of design and aesthetic quality of the Covered Property;

(c) maintain all other areas, facilities, equipment, services or aesthetic components of whatsoever nature as may from time to time be requested by the vote or written consent of two-thirds (2/3) of the voting power of the Members; and

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

Section 2 - Repair and Maintenance by Owner. Except as the Association shall be obligated to maintain and repair as may be provided in this Declaration, every Owner shall:

(a) maintain the exterior of his Residence, walls, fences and roof of such Residence in good condition and repair;

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

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

Section 3 - Right of Association to Maintain and Install. In the event that an Owner fails to accomplish any maintenance or repair required by this Section, the Association or its delegates may but shall not be obligated to cause such maintenance and installation to be accomplished as hereinafter set forth.

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

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

(c) Such hearing shall be conducted according to such reasonable rules and procedures as the Board shall adopt which shall provide the Owner with the right to present oral and written evidence and to confront and cross-examine any person offering at such hearing evidence adverse to such Owner. If the Board or any such committee renders a decision against the Owner, it shall further set a date by which the deficiency is to be corrected by the Owner. A decision of such committee may be appealed to the Board, but a decision of the Board shall be final.

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

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

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

(ii) The date which said Owner selects shall be not less than fifteen (15) days nor more than forty-five (45) days following the last day of said ten (10) day period;

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

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

(f) If the Association pays for all or any portion of such maintenance or installation, such amount shall be a Special Assessment to the affected Owner and Residence.

Section 4 - Standards for Maintenance and Installation.

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

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

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

Section 5 - Maintenance of Public Utilities. Nothing contained herein shall require or obligate the Association to maintain, replace or restore the underground facilities of public utilities which are located within easements in the Community Facilities owned by such public utilities. However, the Association shall take such steps as are necessary or convenient to insure that such facilities are properly maintained, replaced or restored by such public utilities.

Section 6 - Assumption of Maintenance Obligations. Declarant, its subcontractors and the agents and employees of the same shall have the right to come on the Community Facilities to complete the construction of any landscaping or other improvements to be installed on the Community Facilities as provided in this Declaration. In the event that Declarant's subcontractors are contractually obligated to maintain the landscaping and/or other improvements on the Community Facilities such maintenance shall not be assumed by the Association until the termination of such contractual obligation.

ARTICLE VIII

INSURANCE

Section 1 - Types. The Association, to the extent available, may obtain and continue in effect in its own name the following types of insurance so long as such amounts or type of insurance coverage are not, in the good faith judgment of the Board, prohibitively expensive or no longer necessary or appropriate for the protection of the Covered Property, the Association and the Members:

(a) A comprehensive policy of public liability insurance covering the Community Facilities with a limit of not less than One Million Dollars (\$1,000,000) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage liability, liability for non-owned and hired automobiles and liability for property of others, and such other risks as shall customarily be covered with respect to similar planned unit developments in the area of the Covered Property, and shall contain a "severability of interest" endorsement or the equivalent which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of the Association or other Owners;

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

(c) Fidelity coverage against dishonest acts on the part of directors, officers, employees or volunteers who handle or who are responsible to handle the funds of the Association, and such fidelity bonds shall name the Association as obligee,

shall be written in an amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, including reserves, and shall contain waivers of any defense based on the exclusion of persons who serve without compensation or from any definition of "employee" or similar expression.

Section 2 - Waiver by Member. As to each of said policies which will not be voided or impaired thereby, the Members hereby waive and release all claims against the Association, the Board, 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 of or breach of any agreement by said persons, but to the extent of insurance proceeds received in compensation for such loss only.

Section 3 - Other Insurance. The Association may purchase such other insurance as it may deem necessary, including but not limited to workmen's compensation, officers' and directors' liability, and errors and omission insurance.

Section 4 - Premiums, Proceeds and Settlement. Insurance premiums for any such blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Association shall be a Common Expense to be included in the Regular Assessments levied by the Association. The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. 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, and such signatures shall be binding on the Association and the Members.

Section 5 - Annual Insurance Review. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage for the Covered Property 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 interests of the Owners and of the Association. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

ARTICLE IX

* USE RESTRICTIONS

Section 1 - Commercial Use. Subject to the Section entitled "Construction and Sales" of the Article hereof entitled "Easements", no part of a Residence shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such nonresidential purposes.

Section 2 - Signs. No sign or billboard of any kind shall be displayed to the public view on any portion of the Covered Property except such signs as may be used by Declarant or its sales agents in connection with the development of the Covered Property and sale of the Residences; provided, however, that a Member may display in his Residence a sign advertising its sale or lease by him so long as such sign shall comply with any customary and reasonable standards promulgated by the Board as to the size, color, shape or other qualification for permitted signs.

Section 3 - Nuisance. No noxious or offensive trade or activity shall be carried on upon any Residence, or any part of the Covered Property, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of his respective Residence, or which shall in any way increase the rate of insurance.

Section 4 - Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other out-building shall hereafter be used on any Residence at any time, either temporarily or permanently.

Section 5 - Vehicles. No trailer, camper, boat or similar equipment shall hereafter be permitted to remain upon the Covered Property, including, without limitation, streets, alleys or driveways, unless placed or maintained within an enclosed area, or unless obscured from view of adjoining Residences, streets, or alleys by a fence or appropriate screen, nor permitted to be parked other than temporarily, on any street, alley, or any other portion of the Covered Property. Temporary parking shall mean parking of vehicles belonging to guests of Owners, delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of services to the Association or the Owners and parking of vehicles belonging to or being used by Owners for loading and unloading purposes. The Board may adopt rules for the regulation of the admission and parking of vehicles within the Covered Property, including the assessment of charges to Owners who violate or whose invitees violate, such rules. Any charges so assessed shall be Special Assessments. Any fence or screen required under this Section shall comply with the Architectural Standards or any other standards promulgated by the Board as to size, color or other qualification for permitted fences or screens. In addition, the Board may designate areas within the Covered Property for parking or campers and similar equipment without the requirement of fencing or screening.

Section 6 - Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept upon the Covered Property, except that dogs, cats or other household pets may be kept on the Residences, provided they are not kept, bred or maintained for any commercial purpose, or in numbers deemed unreasonable by the Board. Notwithstanding the foregoing, no animals or fowl may be kept on the Residences which, in the good faith judgment of the Board or a committee selected by the Board for this purpose, result in an annoyance or are obnoxious to residents in the vicinity. All animals permitted to be kept by this Section shall be kept on a leash when on any portion of the Covered Property except within a Residence.

Section 7 - Oil and Mineral Rights. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in the Covered Property nor, subsequent to the recording of this Declaration, shall oil wells, tanks, tunnels or mineral excavations or shafts be installed upon the surface of the Covered Property or within five hundred (500) feet below the surface of such properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Covered Property.

Section 8 - Unsightly Items. All weeds, rubbish, debris or unsightly materials or objects of any kind shall be regularly removed from the Residences and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, woodpiles,

storage areas, machinery and equipment shall be prohibited upon any Residence unless obscured from view of adjoining streets or portions of the Covered Property from a height of six (6) feet or less. Any fence or screen required by this Section shall comply with the Architectural Standards or any other standards promulgated by the Board as to size, color or other qualification for permitted fences or screens.

Section 9 - Antennae. No television, radio, or other electronic antenna or device of any type 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.

Section 10 - Drainage. All drainage of water from any Residence shall drain or flow into adjacent streets or alleys and shall not be allowed to drain or flow upon, across, or under any other portion of the Covered Property unless an easement for such purpose is granted or unless pursuant to the drainage pattern created over the Covered Property at the time of the initial grading thereof.

Section 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 charges to Owners who violate or whose invitees violate such rules. Any charges so assessed shall be Special Assessments.

Section 12 - Window Covers. Curtains, drapes, shutters or blinds may be installed as window covers. No window shall be covered with aluminum foil or similar material.

Section 13 - Single-Family Residential. All Residences shall only be used for the residential purposes of a family.

Section 14 - Minimum Square Footage. No Residence shall be erected on any lot unless it has at least 1500 square feet of actual living space exclusive of porches, balconies and steps.

Section 15 - Setback. No building shall be located nearer than twenty (20) feet from the front lot line of a Residence.

ARTICLE X

COMMUNITY FACILITIES

Section 1 - Association Rights. The Association shall have the following rights with regard to the Community Facilities:

(a) The right of the Association to borrow money for the purpose of improving, replacing, restoring or expanding the Community Facilities or adding new Community Facilities.

(b) The right of the Association to establish in cooperation with the City, a special tax assessment district for the performance of all or a portion of the maintenance and other functions now within the responsibility of the Association.

Section 2 - Waiver of Use. No member may exempt himself from personal liability for Assessments duly levied by the Association, nor release the Residence owned by him from the liens, charges and other provisions of this Declaration, the Articles, Bylaws and Association Rules, by waiver of the use and enjoyment of the Community Facilities, or the abandonment of his Residence.

ARTICLE XI

EASEMENTS

Section 1 - Amendment to Eliminate Easements. This Declaration cannot be amended to modify or eliminate the easements reserved to Declarant without prior written approval of Declarant and any attempt to do so shall have no effect. Any attempt to modify or eliminate this Section shall likewise require the prior written approval of Declarant.

Section 2 - Nature of Easements. Unless otherwise set forth herein, any easement reserved to Declarant herein shall be non-exclusive.

Section 3 - Rights Reserved to Declarant.

(a) Utilities. Easements over the Covered Property for the installation and maintenance of electric, telephone, cable television, water, gas, sanitary sewer lines and drainage facilities as are needed to service the Covered Property are hereby reserved by Declarant, together with the right to grant and transfer the same; provided, however, such easements shall not unreasonably interfere with the use and enjoyment by the Members of their Residences or the Covered Property.

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

Section 4 - Certain Easements for Owners; Rights and Duties: Utilities and Cable Television. Wherever sanitary sewer house connections, water house connections, electricity, gas, telephone and cable television lines or drainage facilities are installed within the Covered Property, the Owners of any Residence served by said connections, lines or facilities shall have the right and there is hereby reserved to Declarant, together with the right to grant and transfer the same to Owners an easement to the full extent necessary for the full use and enjoyment of such portion of such connections which service his Residence, and to enter upon the Residences owned by others, or to have utility companies enter upon the Residences owned by others, in or upon which said connections, lines or facilities, or any portion thereof lie, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below, provided that such Owner or utility company shall promptly repair any damage to a Residence caused by such entry as promptly as possible after completion of work thereon.

Section 5 - Certain Easements for Association.

(a) Association Rights. There is hereby reserved to Declarant easements over the Covered Property, together with the right and obligation to grant and transfer the same to the Association, for the purpose of permitting the Association to discharge its obligations as described in this Declaration, including without limitation, the maintenance of the Community Facilities.

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

Wherever sanitary sewer house connections, water house connections, electricity, gas, telephone or drainage facilities are installed within the Covered Property, and said connections, lines or facilities serve the Community Facilities, the Association shall have the right and there is hereby reserved to Declarant, together with the right to grant and transfer the same to the Association, an easement to the full extent necessary for the full use and enjoyment of such portion of such connections which service the Community Facilities and to enter upon the Residences owned by others, or to have utility companies enter upon the Residences owned by others, in or upon which said connections, lines or facilities, or any portion thereof lie, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below, provided the Association or utility company shall promptly repair any damage to a Residence caused by such entry as promptly as possible after completion of work thereon.

Section 6 - Construction and Sales. There is hereby reserved to Declarant, together with the right to grant and transfer the same to Declarant's sales agents and representatives and prospective purchasers of Residences, over the Covered Property as the same may from time to time exist, easements for construction, display, maintenance, sales and exhibit purposes in connection with the erection and sale or lease of Residences within the Covered Property; provided, however, that such use shall not be for a period beyond the earlier of (i) five (5) years from the conveyance of the first Residence by Declarant or (ii) the sale by Declarant of all Residences within the Covered Property, and provided further that no such use by Declarant and others shall otherwise restrict the Members in the reasonable use and enjoyment of the Covered Property.

ARTICLE XII

INTEGRATED NATURE OF THE COVERED PROPERTY

The real property described on Exhibit C (hereinafter in this Article referred to as the "Annexation Property") and/or any other real property may be annexed to and become subject to this Declaration by any of the methods set forth hereinafter in this Article, as follows:

Section 1 - Development of the Covered Property. 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 homeowners 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 2 - Supplementary Declarations. A Supplementary Declaration shall be a writing in recordable form which annexes real property to the plan of this Declaration and which incorporates by reference all of the covenants, conditions, restrictions, easements and other provisions of this Declaration and shall contain such other provisions as set forth in this Declaration relating to Supplementary Declarations. Such Supplementary Declarations contemplated above may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed property and as are not inconsistent with the plan of this Declaration. In no event, however, shall any such Supplementary Declaration, or any merger or consolidation, revoke, modify or add to the covenants established by this Declaration with respect to the existing property.

Section 3 - Annexation Without Approval and Pursuant to General Plan. 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 Supplementary Declaration covering the portion of the Annexation Property to be annexed, shall be executed and recorded by Declarant; provided, however, no Supplementary Declaration shall be so executed and recorded pursuant to this Section more than three (3) years (i) subsequent to the recordation of this Declaration or (ii) subsequent to the last recordation of a Supplementary Declaration, whichever of (i) and (ii) shall have later occurred. The recordation of said Supplementary Declaration shall constitute and effectuate the annexation of the said real property described therein, making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter said annexed real property shall be part of the Covered Property and all of the Owners of Residences in said annexed real property shall automatically be Members. Sections 1, 2 or 3 of this Article may not be amended without the prior written consent of Declarant.

Section 4 - Annexation Pursuant to Approval. Upon approval in writing of the Association, pursuant to a two-thirds (2/3) majority of the voting power of each class of its Members, or the written assent of such Members 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 of record a Supplementary Declaration. The Provisions of this Section shall also apply to the Annexation Property subsequent to the expiration of the power of Declarant to annex such property without the approval of the Members as provided in this Article. The certificate of the President and the Secretary of the Association attached to any Supplementary Declaration recorded pursuant to this Section certifying that the required two-thirds (2/3) majority of the voting power of each class of Members has approved the recordation of such Supplementary Declaration shall be deemed conclusive proof thereof.

Section 5 - Mergers or Consolidations. Upon a merger or consolidation of the association with another association which merger or consolidation must be approved by two-thirds (2/3) of each class of Members, 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 and restrictions established upon any other property as one plan.

Section 6 - Limitation Upon Annexation. Notwithstanding the foregoing Sections of this Article, no annexation of additional real property to this Declaration, unless there has been approval thereof by a majority of the voting power of the Association, shall have the effect of either overburdening the common interests of the then existing Owners, except as set forth in this Declaration or substantially increasing the Assessments of such Owners if such increase has not been disclosed in the California Department of Real Estate's Final Subdivision Public Report applicable to such Owner's Residence.

ARTICLE XIII

RIGHTS OF LENDERS

Section 1 - Filing Notice; Notices and Approvals. A Mortgagee shall not be entitled to receive any notice which this Declaration requires the Association to deliver to Mortgagees unless and until such Mortgagee, or its mortgage servicing contractor, has delivered to the Board a written notice stating that such Mortgagee is the holder of a Mortgage encumbering a Residence within the Covered Property. Such notice need not state which Residence or Residences are encumbered by such Mortgage, but shall state whether such Mortgagee is a First Mortgagee. Wherever the approval of all or a specified percentage of Mortgagees is required pursuant to this Declaration, it shall be deemed to mean the vote or approval of all or a specified percentage only of those Mortgagees which have delivered such notice to the Board. Notwithstanding the foregoing, if any right of a Mortgagee under this Declaration is conditioned on a specific written request to the Association, in addition to having delivered the notice provided in this Section, a Mortgagee must also make such request, either in a separate writing delivered to the Association or in the notice provided above in this Section, in order to be entitled to such right. Except as provided in this Section, a Mortgagee's rights pursuant to this Declaration, including, without limitation, the priority of the lien of Mortgages over the lien of Assessments levied by the Association hereunder shall not be affected by the failure to deliver a notice to the Board. Any notice or request delivered to the Board by a Mortgagee shall remain effective without any further action by such Mortgagee for so long as the facts set forth in such notice or request remain unchanged.

Section 2 - Priority of Mortgage Lien. No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provisions herein, shall affect, impair, defeat or render invalid the lien or charge of any Mortgage made in good faith and for value encumbering any Residence, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to a Residence, except as otherwise provided in this Article.

Section 3 - 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 practical or feasible to cure. The determination of the Board made in good faith as to whether a breach is noncurable or not feasible to cure shall be final and binding on all Mortgagees.

Section 4 - Resale. It is intended that any loan to facilitate the resale of any Residence after judicial foreclosure, deed in lieu of foreclosure or trustee's sale is a loan made in good faith and for value and entitled to all of the rights and protections afforded to other Mortgagees.

Section 5 - Relationship With Assessment Liens.

(a) The lien provided for in the Article hereof entitled "Nonpayment of Assessments" for the payment of Assessments shall be subordinate to the lien of any Mortgage which was recorded prior to the date any such Assessment becomes due.

(b) If any Residence subject to a monetary lien created by any provision hereof shall be subject to the lien of a Mortgage: (1) the foreclosure of any lien created by anything set forth in this Declaration shall not operate to affect or impair the lien of such Mortgage; and (2) the foreclosure of the lien of said Mortgage, the acceptance of a deed in lieu of foreclosure of the Mortgage or sale under a power of sale included in such Mortgage (such events being hereinafter referred to as "Events of Foreclosure") shall not operate to affect or impair the lien hereof, except that any persons who obtain an interest through any of the Events of Foreclosure, and their successors in interest, shall take title free of the lien hereof 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 lien hereof for all said charges that shall accrue subsequent to the Events of Foreclosure.

(c) Any Mortgagee who obtains title to a Residence by reason of any of the Events of Foreclosure, or any purchaser at a private or judicial foreclosure sale, shall take title to such Residence free of any lien or claim for unpaid Assessments against such Residence which accrue prior to the time such Mortgagee or purchaser comes into title of the Residence, except for liens or claims for a share of such Assessments resulting from a pro rata reallocation of such Assessments to all Residences within the Covered Property.

(d) Nothing in this Section shall be construed to release any Owner from his obligation to pay for any Assessment levied pursuant to this Declaration.

Section 6 - Seventy-Five Percent (75%) Vote of Institutional Mortgagees. Except upon the prior written approval of at least seventy-five percent (75%) of Institutional Mortgagees, based on one (1) vote for each First Mortgage held, neither the Association nor the Members shall be entitled to do any of the following:

(a) Dissolve the Association or abandon or terminate the maintenance of the Community Facilities by the Association;

(b) Amend a material provision of this Declaration, the Bylaws or the Articles, and without limiting the generality of the foregoing, the provisions of the Article hereof entitled "Insurance", this Article, any other rights granted specifically to Mortgagees pursuant to any other provision of this Declaration, or any provision of this Declaration, the Articles, or Bylaws which is a requirement of FNMA, GNMA or FHLMC shall be deemed to be material;

Section 7 - Other Rights of Institutional Mortgagees. Any Institutional Mortgagee, or its mortgage servicing contractor, shall, upon written request to the Association, be entitled to:

(a) Inspect the books and records of the Association during normal business hours; and

(b) Receive the annual audited financial statement of the Association ninety (90) days following the end of the Association's fiscal year;

(c) Receive written notice of all annual and special meetings of the Members or of the Board, and Institutional Mortgagees shall further be entitled to designate a representative to attend all such meetings in order to, among other things, draw attention to violations of this Declaration which have not been corrected or made the subject of remedial action by the Association; provided, however, nothing contained in this Section shall give an Institutional Mortgagee the right to call a meeting of the Board or of the Members for any purpose or to vote at any such meeting; and

(d) Receive written notification from the Association of any default in the performance of the obligations imposed by this Declaration by the Owner whose Residence is encumbered by such Institutional Mortgagee's Mortgage, which default has not been cured within sixty (60) days of a request therefor by the Association; provided, however, the Association shall only be obligated to provide such notice to Institutional Mortgagees who have delivered a written request therefor to the Association specifying the Residence or Residences to which such request relates.

Section 8 - Mortgagees Furnishing Information. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage.

Section 9 - Right of First Refusal. In the event this Declaration is amended to provide for any right of first refusal to purchase or lease a Residence in the Association, a Mortgagee who comes into possession of a Residence pursuant to a judicial foreclosure, a deed in lieu of foreclosure or a trustee's sale shall be exempt therefrom. In addition, conveyances to and from third party foreclosure purchasers and mortgage insurers and guarantors shall also be exempt.

Section 10 - Conflicts. In the event of any conflict between any of the provisions of this Article and any of the other provisions of this Declaration, the provisions of this Article shall control.

Section 11 - Notice of Destruction or Taking. In the event that any property which may be subsequently owned by the Association, or any portion thereof, is substantially damaged or is made the subject of any condemnation proceeding in eminent domain or is otherwise sought to be acquired by a condemning authority, the Board shall promptly notify any Institutional Mortgagee affected by such destruction, taking or threatened taking. As used herein,

"substantially damaged" or "taking" shall mean damage or taking, exceeding Ten Thousand Dollars (\$10,000.00). If requested in writing by an Institutional Mortgagee, the Association shall evidence its obligations under this Section in a written agreement in favor of such Institutional Mortgagee.

Section 12 - Payment of Taxes or Premiums by Institutional Mortgagees. Institutional Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any property which may be subsequently owned by the Association, unless such taxes or charges are separately assessed against the Owners, in which case the rights of Institutional Mortgagees shall be governed by the provisions of their Mortgages. Institutional 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 any property which may be subsequently owned by the Association and Institutional Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of any Institutional Mortgagee which requests the same to be executed by the Association.

ARTICLE XIV

GENERAL PROVISIONS

Section 1 - Enforcement. The Association, or any Owner, shall have the right to enforce by proceedings at law or in equity, all restrictions, conditions, covenants and reservations, now or hereafter imposed by the provisions of this Declaration or any amendment thereto, including the right to prevent the violation of any such restrictions, conditions, covenants, or reservations and the right to recover damages or other dues for such violation. The Association or any Owner shall also have the right to enforce by proceedings at law or in equity the provisions of the Articles or Bylaws and any amendments thereto. With respect to architectural control, Assessment liens or any other liens or charges and Association Rules, the Association shall have the exclusive right to the enforcement thereof.

Section 2 - No Waiver. Failure by the Association or by any Member to enforce any covenant, condition, or restriction herein contained, or the Articles, Bylaws or Association Rules, in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future breach of the same or any other covenant, condition or restriction.

Section 3 - Cumulative Remedies. All rights, options and remedies of Declarant, the Association, the Owners or Mortgagees under this Declaration are cumulative, and not one of them shall be exclusive of any other, and Declarant, the Association, the Owners and the Mortgagees shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

Section 4 - Severability. Invalidation of any one or a portion of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 5 - Covenants to Run With the Land; Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Covered Property and shall inure to the benefit of and be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors and assigns, for a term of sixty (60) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then Owners and seventy-five percent (75%) of the Institutional Mortgagees, based on one (1) vote for each First Mortgage held, has been recorded at least one (1) year prior to the end of any such period, agreeing to change said covenants, conditions and restrictions in whole or in part.

Section 6 - 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 7 - Singular Includes Plural. Whenever the context of this Declaration requires same, the singular shall include the plural and the masculine shall include the feminine and the neuter.

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

Section 9 - Attorneys' Fees. In the event action is instituted to enforce any of the provisions contained in this Declaration, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorneys' fees and costs of such suit.

Section 10 - Notices. Any notice to be given to an Owner or a Mortgagee or mortgage servicing contractor under the provisions of this Declaration shall be in writing and may be delivered as follows:

(a) Notice to an Owner shall be deemed to have been properly delivered when delivered personally or placed in the first class United States mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Residence. Any notice so deposited in the mail within Orange County, California, shall be deemed delivered forty-eight (48) hours after such deposit. In the case of co-Owners, any such notice may be delivered or sent to any one of the co-Owners on behalf of all co-Owners and shall be deemed delivery on all such co-Owners;

(b) Notice to a Mortgagee or its mortgage servicing contractor shall be deemed to have been properly delivered when placed in the first class United States mail, postage prepaid, to the address furnished to the Association by such Mortgagee or such contractor for the purposes of notice or, if no such address is furnished, to any office of the Mortgagee in Orange County, California, or if no such office is located in said County, to any office of such Mortgagee;

(c) Prior to delivery of a Membership Agreement to the Board by an Owner, any and all notices required to be delivered to such Owner pursuant to this Declaration or the Bylaws shall be deemed to be duly made and given to such Owner if duly and timely made pursuant to the terms of this Declaration or the Bylaws to the person or persons who are the transferor to such Owner of the interest required for ownership; and

(d) 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, or to all Members of all Mortgagees, 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 11 - Obligations of Declarant. So long as Declarant is utilizing the easement described in the Section entitled "Construction and Sales" of the Article in this Declaration entitled "Easements", Declarant shall not be subject to the provisions of the Article entitled "Architectural Control" or the provisions of the Article entitled "Use Restrictions".

Section 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 13 - Personal Covenants. To the extent the acceptance of a conveyance of a Residence creates a personal covenant between the Owner of such Residence and Declarant or other Owners, such personal covenant shall terminate and be of no further force or effect from and after the date when a person or entity ceases to be an Owner except to the extent this Declaration may provide otherwise with respect to the payment of money to the Association.

Section 14 - Nonliability of Officials. To the fullest extent permitted by law, neither the Board, the Architectural Committee, any other committees of the Association or any member of such Board or committee shall be liable to any Member or the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or persons reasonably believed to be the scope of their duties.

Section 15 - Leases. Any agreement for the leasing or rental of a Residence (hereinafter in this Section referred to as a "lease") shall provide that the terms of such lease shall be subject in all respects to the provisions of this Declaration, the Articles, the Bylaws, the Association Rules 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. Any Owner who shall lease his Residence shall be responsible for assuring compliance by such Owner's lessee with this Declaration, the Articles, the Bylaws and the Association Rules; provided, however, the obligation of the foregoing sentence shall not apply to Declarant in the event Declarant leases a Residence for a term of twenty (20) years or more and such lease, or memorandum thereof, is recorded. No Residence shall be leased for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days or any rental whatsoever, if the occupants of the Residence are provided customary hotel services such as room service for food and beverage, maid service, furnishing laundry and linen and bellboy service.

Section 16 - Construction By Declarant. Nothing in this Declaration shall limit the right of Declarant to alter the Covered Property, 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. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a purchaser from Declarant to establish on the Covered Property additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Development. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. The rights of Declarant hereunder may be assigned to any successor or successors to all or part of said entity's respective interest in the Development, by an express assignment incorporated in a recorded deed or lease, as the case may be, transferring such interest to such successor. Declarant shall exercise its rights contained in this provision in such a way as not to unreasonably interfere with the Members' rights to use and enjoy the Covered Property.

Section 17 - Amendments. Subject to the other provisions of this Declaration, including, without limitation, the rights of Mortgagees pursuant to the Articles hereof entitled "Insurance" and "Rights of Lenders", or otherwise, this Declaration may be amended as follows:

(a) Until such time as there is a Class A Membership pursuant to this Declaration, amendments or modifications shall be effective when executed by Declarant and when recorded in the Official Records of Orange County, California. Thereafter, any amendments shall require the affirmative written assent or vote of not less than sixty-six and two-thirds percent (66-2/3%) of the voting power of the Members;

(b) In addition to the foregoing, any amendment or modification of the Articles hereof entitled "Covenant for Maintenance Assessments", "Nonpayment of Assessments", "Architectural Control", "Repair and Maintenance", "Destruction of Improvements" and "Eminent Domain" shall additionally require the prior written approval of not less than seventy-five percent (75%) of the Class A Members;

(c) An amendment or modification that requires the vote and written assent of the Members as hereinabove provided shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment or modification has been approved as hereinabove provided, and when recorded in the Official Records of Orange County, California; and

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

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

STANDARD-PACIFIC CORP.,
a California corporation

D.R. Langford
Vice President

Shelia Middleton
Asst. Secretary

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

On November 18, 1972, before me, the undersigned, a Notary Public in and for said State, personally appeared D.R. Langford, known to me to be the Vice President, and Shelia Middleton, known to me to be the Secretary of the corporation that executed the within instrument, and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its Bylaws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.

Frances N. Fox
Notary Public in and for said State



BK 1246261796

EXHIBIT A

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

MABURY RANCH HOMEOWNER'S ASSOCIATION

INITIAL COVERED PROPERTY

Lots 1 through 101 inclusive of Tract No. 9708 in the
City of Orange, County of Orange, State of California.

BK 1246261797

EXHIBIT B

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

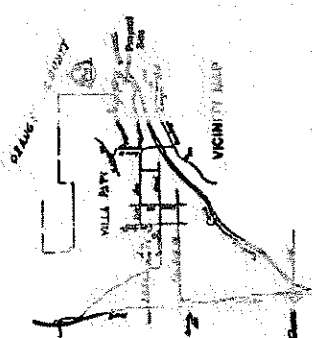
MABURY RANCH HOMEOWNER'S ASSOCIATION

AREAS TO BE MAINTAINED BY ASSOCIATION

1. Street medians contained within Mt. McKinley Blvd., Yellowstone Blvd., and Orange Park Blvd. as shown on Exhibit C.
2. The exterior of the perimeter masonry wall along Loma Street and Serrano Avenue adjacent to Tracts 9708, 9709, 9710, 9827, 9828, and 9319.
3. The landscaped entry parkways within the following streets:
 - a. Mt. McKinley Blvd. from Serrano Avenue to Crater Lake Ave.
 - b. Yellowstone Blvd. from Serrano Avenue to Teton Avenue.
 - c. Orange Park Blvd. from Serrano Avenue to Smokey Ave.
4. Any other public areas within or adjacent to Tracts 9708, 9709, 9710, 9827, 9828 and 9319 which in the judgement of the Board are not adequately maintained by the City or County of Orange and which detract from the harmony of design and esthetic beauty of the residences.

EXHIBIT C
 DECLARATION OF COVENANTS, CONDITIONS & RESERVATIONS
 MABURY FANCH HOMEOWNERS ASSOCIATION

ANNEXATION PROPERTY



MABURY FANCH
 TENTATIVE TRACT MAP
 NO. 9319

IN THE CITY OF ORANGE, COUNTY OF ORANGE, CA

THE BEAS SUBJECT TO ANNEXATION ARE:
 TRACT NOS. 9708, 9709, 9710, 9828,
 9829, 9830, 9831, 9832, 9833, 9834, 9835, 9836, 9837, 9838, 9839, 9840, 9841, 9842, 9843, 9844, 9845, 9846, 9847, 9848, 9849, 9850, 9851, 9852, 9853, 9854, 9855, 9856, 9857, 9858, 9859, 9860, 9861, 9862, 9863, 9864, 9865, 9866, 9867, 9868, 9869, 9870, 9871, 9872, 9873, 9874, 9875, 9876, 9877, 9878, 9879, 9880, 9881, 9882, 9883, 9884, 9885, 9886, 9887, 9888, 9889, 9890, 9891, 9892, 9893, 9894, 9895, 9896, 9897, 9898, 9899, 9900, 9901, 9902, 9903, 9904, 9905, 9906, 9907, 9908, 9909, 9910, 9911, 9912, 9913, 9914, 9915, 9916, 9917, 9918, 9919, 9920, 9921, 9922, 9923, 9924, 9925, 9926, 9927, 9928, 9929, 9930, 9931, 9932, 9933, 9934, 9935, 9936, 9937, 9938, 9939, 9940, 9941, 9942, 9943, 9944, 9945, 9946, 9947, 9948, 9949, 9950, 9951, 9952, 9953, 9954, 9955, 9956, 9957, 9958, 9959, 9960, 9961, 9962, 9963, 9964, 9965, 9966, 9967, 9968, 9969, 9970, 9971, 9972, 9973, 9974, 9975, 9976, 9977, 9978, 9979, 9980, 9981, 9982, 9983, 9984, 9985, 9986, 9987, 9988, 9989, 9990, 9991, 9992, 9993, 9994, 9995, 9996, 9997, 9998, 9999, 10000.