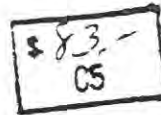


MUTUAL SEVENTEEN (17)

**C C & Rs
(Covenants,
Conditions and
Restrictions)**

Total Pages - 85



BK 13770 PG 519

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DECLARATION OF RESTRICTIONS

FOR

REGENCY TERRACE

An Adult Residential Condominium Project

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DECLARATION OF RESTRICTIONSFORREGENCY TERRACE

THIS DECLARATION OF RESTRICTIONS is made this 3rd day of September, 1980. by PRESLEY OF SOUTHERN CALIFORNIA, a California corporation (hereinafter referred to as the "Declarant").

W I T N E S S E T H:

A. Declarant is the owner of that certain real property located in the City of Seal Beach, County of Orange, State of California, more particularly described as:

Lots 2 and 3 of Tract 10732,
as shown on a Map recorded
in Book 476, Pages
47 to 50, inclusive,
of Maps, in the Office of
the County Recorder of
Orange County.

(hereinafter referred to as the "Property").

B. Declarant desires to create and develop upon said real property, and any additional real property which is annexed thereto pursuant to this Declaration (hereinafter referred to as the "Annexable Property"), an adult residential condominium project (hereinafter referred to as the "Project" and more particularly defined and described below).

C. Declarant deems it desirable to impose a general plan for the development, maintenance, improvement, protection,

1/4/79
8/21/79
5/6/80
9/2/80

use, occupancy and enjoyment of the Project and to establish, adopt and impose covenants, conditions and restrictions upon the Project for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of the Project.

D. Declarant deems it desirable for the efficient enforcement, protection and preservation of the value, desirability and attractiveness of the Project to create a corporation which shall be delegated and assigned the powers of administering and enforcing said covenants, conditions and restrictions.

E. SEAL BEACH MUTUAL NO. SEVENTEEN, a non-profit mutual benefit corporation, has been or will be incorporated under the laws of the State of California for the purpose of exercising the aforesaid powers.

F. Declarant intends to convey the Project, and any and all portions thereof, subject to the covenants, conditions and restrictions set forth hereinbelow.

NOW, THEREFORE, pursuant to Section 1350 et seq. of the California Civil Code, Declarant agrees and declares that it has established, and does hereby establish, a plan for the development, maintenance, protection, improvement, use, occupancy and enjoyment of the Project, and has fixed and does hereby fix the covenants, conditions, restrictions, easements, reservations, liens and charges (hereinafter collectively referred to as the "covenants") upon the Project. Each and all of the covenants shall run with the land and shall inure to the benefit of and be binding upon Declarant, its successors and assigns, and all

subsequent owners of all or any portion of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I

DEFINITIONS

Section 1. "Annexable Property" shall mean and refer to any and all real property (including all Improvements constructed thereon), which might be annexed to the Property pursuant to this Declaration.

Section 2. "Annual Assessment" shall mean and refer to the charge against each Owner, and his respective Condominium Unit representing a portion of the Common Expenses of the Association.

Section 3. "Association" shall mean and refer to SEAL BEACH MUTUAL NO. SEVENTEEN, a California non-profit, mutual benefit corporation, in which all Owners shall have a membership interest as more particularly described hereinbelow, provided that membership shall be limited to Owners.

Section 4. "City" shall mean and refer to the City of Seal Beach.

Section 5. "Common Area" shall mean and refer to all of that certain real property described in Paragraph A of the Recitals hereinabove, together with all Improvements constructed thereon, but excepting therefrom all of the Condominium Units.

Section 6. "Common Expenses" shall mean and refer to the actual and estimated costs to be paid by the Association for

the following: (a) maintaining, managing, operating, repairing and replacing the Common Area; (b) managing and administering the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and any Association employees; (c) providing utilities and other services to the Common Area; (d) providing insurance as provided for herein; (e) paying that portion of any assessment attributable to Common Expenses not paid by the Owner responsible for payment; (f) paying taxes for the Association; and (g) paying for all other goods and services designated by, or in accordance with, other expenses incurred by the Association for the benefit of all Owners.

Section 7. "Condominium" shall mean an estate in real property as defined in California Civil Code, Section 783, consisting of a separate interest in the Condominium Unit, together with an undivided interest in the Common Area.

Section 8. "Condominium Building" shall mean and refer to a separate building containing one or more Condominium Units.

Section 9. "Condominium Plan" shall mean that certain Condominium Plan recorded or to be recorded on the Project in the Official Records of the County of Orange, State of California.

Section 10. "Condominium Unit" shall mean and refer to the elements of a Condominium which are not owned in common with the Owners of other Condominiums in the Project, as more particularly described in Article II hereof and in the Condominium Plan.

Section 11. "Declarant" shall mean and refer to PRESLEY OF SOUTHERN CALIFORNIA, a California corporation, and to its

successors and assigns if such successors and assigns acquire Declarant's rights and obligations hereunder by express written assignment which shall be recorded in the Office of the County Recorder for Orange County.

Section 12. "Foundation" shall mean and refer to the Golden Rain Foundation, a California corporation.

Section 13. "Foundation Property" shall mean and refer to that certain real property, together with all Improvements thereon, which shall be owned by the Foundation for the common use, benefit and enjoyment of the Owners of Condominiums in the Project (including Annexable Property) as well as owners, guests, invitees and licensees of Seal Beach Leisure World. The Foundation Property to be owned by the Foundation at the time of the conveyance of the first Condominium in the Project shall be Lot 2 as more fully described in Paragraph A of the Recitals hereinabove.

Section 14. "Improvements" shall mean and refer to all structures and appurtenances thereto of every kind, including, but not limited to, Condominium Buildings, open parking spaces, subterranean garage, guest parking spaces, walkways, driveways, fences, walls, retaining walls, patios, patio covers, poles, signs, trees and other landscaping, elevator shafts, elevators

and related equipment, and security gates and related equipment.

Section 15. "Land" is the material of the earth, whatever may be the ingredients of which it is composed, and includes free or occupied space for an indefinite distance upwards as well as downwards, subject to the limitations upon the use of airspace imposed and the rights to the use of airspace granted by law.

Section 16. "Member" shall mean and refer to every person or entity who holds membership in the Association, as more particularly set forth in Article V hereof.

Section 17. "Mortgage" shall mean and include a Deed of Trust as well as a mortgage in the conventional sense.

Section 18. "Mortgagee" shall mean a person or entity to whom a mortgage is made, and shall include the beneficiary of a Deed of Trust.

Section 19. "Mortgagor" shall mean a person or entity who mortgages his or its property to another, i.e., the maker of a mortgage, and shall include the Trustor of a Deed of Trust.

Section 20. "Owner" shall mean the record owner, or owners, if more than one, or the purchaser under a conditional sales contract, of a Condominium in the Project.

Section 21. "Project" shall mean and refer to the Property and to any additional real property, including all Improvements constructed thereon, which is annexed to the Property in accordance with the provisions set forth hereinbelow.

Section 22. "Property" shall mean and refer to that certain real property more particularly described in Paragraph A of the Recitals hereinabove, and to all Improvements, including

the Condominium Units, constructed thereon.

Section 23. "Special Assessment" shall mean and refer to the charge against an Owner and his respective Condominium Unit representing a portion of the cost of reconstructing any damaged or destroyed portion or portions of the Common Area, of constructing or installing any capital improvements to the Common Area, or of taking any extraordinary action for the benefit of the Common Area pursuant to the provisions of this Declaration of Restrictions recorded on the Project.

Section 24. "Phase" shall mean and refer to one or more Condominiums within the Project for which a Final Subdivision Public Report has been issued by the California Department of Real Estate.

Section 25. The aforesaid definitions shall be applicable to this Declaration and to any supplements or amendments thereto (unless the context shall prohibit) filed or recorded pursuant to the provisions of this Declaration.

ARTICLE II

DESCRIPTION OF CONDOMINIUM

Declarant, in order to establish a plan of Condominium ownership for the Project, hereby agrees and declares that it has divided and hereby does divide the Project into the following freehold estates:

Section 1. Each Condominium Unit shall be a separate freehold estate, as defined in Section 1350 of the California Civil Code, consisting of some or all of the following elements

in accordance with the plans and specifications for each Condominium Unit as more particularly shown and described on the Condominium Plan:

(a) The dwelling space bounded by and contained within the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows and doors of said space, identified on the Condominium Plan by a number. The lower and upper elevations of each dwelling space are horizontal planes, the elevations of which are indicated in the Schedule of Vertical Elevations set forth in the Condominium Plan.

(b) The balcony space bounded by and contained within the exterior finished surfaces of the perimeter walls, floor of the balcony attached thereto, ceiling of the upper elevation of corresponding Unit and balcony railing, and the prolongations of said floor, ceiling and railing, identified on the Condominium Plan by the letter "B" followed by a number (i.e. B-19). The lower and upper elevations of each balcony space are horizontal planes, the elevations of which are indicated in the Schedule of Vertical Elevations set forth in the Condominium Plan.

Each Condominium Unit includes both the portion of the building so described and the airspace so encompassed, all windows and doors in said Unit and the forced air heating unit, but the following are not a part of the Condominium Unit: bearing walls, columns, floors, roofs, slabs, foundations, reservoirs,

tanks, pumps, elevator shafts, elevators and related equipment, security gates and related equipment, stairways, lobbies, common trash receptacles, common laundry facilities, irrigation equipment and other central services, pipes, ducts, flues, chutes, conduits, wires, exterior lighting and other utility installations wherever located (except all utility installations and/or outlets thereof when located within the Condominium Units), assigned parking spaces, open parking spaces, subterranean garage, lawns, pavements, trees and all other landscaping. In interpreting this Declaration, the Condominium Plan and deeds of conveyance, the existing physical boundaries of the Condominium Unit or of a Condominium Unit reconstructed in substantial accordance with the original Condominium Plan thereof, these shall be conclusively presumed to be its boundaries rather than the metes and bounds (or other description) expressed in the Declaration, Condominium Plan or deed of conveyance, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the Condominium Plan, in the deed or in the Declaration and those of the building.

Section 2. A freehold estate consisting of an undivided interest in a portion of the Project is described and referred to herein as the "Common Area." The Common Area shall include, without limitation, the land within the Project, each Condominium Building constructed thereon (excepting therefrom the Condominium Units) together with all bearing walls, columns, floors, roofs, slabs, foundations, elevator shafts, elevators and related equipment, security gates and related equipment, stair-

ways, lobbies, common trash receptacles, common laundry facilities, reservoirs, tanks, pumps, irrigation equipment and other central services, pipes, ducts, flues, chutes, conduits, wires, exterior lighting and other utility installations wherever located on said Lot (except all utility installations and/or outlets thereof when located within the Condominium Units), assigned parking spaces, open parking spaces, subterranean garage, lawns, pavements, trees and all other landscaping on said Lot. Control of the Common Area shall be turned over to the Association upon the closing of the sale of the first Condominium in the Project.

Section 3. Portions of the Common Area shown and described in the Condominium Plan as parking spaces are hereby set aside as Restricted Common Area and allocated as set forth herein. Each parking space, located on the Condominium Plan and designated therein by the letter "P" followed by a number, is hereby assigned to its respective Condominium Unit as set forth in said Condominium Plan. Each and all of said parking spaces constitutes an exclusive easement appurtenant to its respective Condominium Unit, subject to the exclusive uses and purposes set forth in this Declaration. It shall be the obligation of each and every Owner to maintain his respective Restricted Common Area in a neat, clean, safe and attractive condition at all times and to bear the cost of maintaining same. The Association shall be responsible for making all structural repairs to the Restricted Common Area so long as such repairs are not required due to the willful or negligent acts or omissions of the Owner.

Section 4. The undivided interest in the Common Area hereby established and which shall be conveyed with each respective Condominium Unit is a one forty-second (1/42nd) undivided interest. The above respective undivided interest established and to be conveyed with the respective Condominium Units, as indicated above, cannot be changed, and said Declarant, its successors, assigns and grantees, covenant and agree that the undivided interest in the Common Area and the fee titles to the respective Condominium Units conveyed therewith shall not be separated from or separately conveyed or encumbered without its respective Condominium Unit, even though the description in the instrument of conveyance may refer only to the fee title to the Condominium Unit.

Section 5. Each Owner shall have a non-exclusive easement appurtenant to his Condominium for ingress, egress, use and enjoyment on and over the Common Area except that portion set aside as Restricted Common Area.

Section 6. Each Condominium includes: (a) a separate Condominium Unit, as defined in Section 1 hereinabove; (b) all easements, exclusive and non-exclusive, appurtenant to the respective Condominium Units, and (c) a one forty-second (1/42nd) undivided interest in the Common Area.

Section 7. The forty-two (42) individual Condominiums hereby established and which shall be individually conveyed are described as Condominiums numbered as shown on the Condominium Plan.

Section 8. Declarant hereby reserves the right to

grant non-exclusive easements for access, use and enjoyment over the Common Area in favor of Owners of any Annexable Property, and upon the recordation of a Declaration of Annexation affecting the Annexable Property, the Owners of Condominiums described in this Declaration of Restrictions shall automatically obtain non-exclusive easements over all Common Area which is a part of said Annexable Property and which is not set aside as Restricted Common Area.

Section 9. Declarant hereby reserves the right to grant non-exclusive easements for access, use and enjoyment over the Common Area (excluding therefrom the Restricted Common Area) in favor of all members of the Foundation, their families,

guests and invitees.

ARTICLE III

OWNERS' PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of access, use and enjoyment in and to the Common Area. Said right and easement shall be appurtenant to and shall pass with the title to every Condominium.

Section 2. Extent of Owners' Easements. The rights and easements of access, use and enjoyment set forth in Section 1 hereinabove shall be subject to the provisions of this Declaration, including but not limited to, the following:

(a) The right of the Association to reasonably limit the number of guests of Owners;

(b) The right of the Association to establish and enforce reasonable rules and regulations pertaining to the use of the Common Area and the recreational facilities, if any, thereon;

(c) The right of the Association to charge reasonable admission and other fees for the use of the recreational facilities, if any, situated on the Common Area;

(d) The right of the Association, in accordance with its Articles, By-Laws and this Declaration, to borrow money with the assent of two-thirds (2/3) of the voting power of each class of Members, and/or to

mortgage, pledge, deed in trust or otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless (1) an instrument approving said dedication or transfer is signed by all Owners of Condominiums in the Project and recorded in the Office of the County Recorder, and (2) a written notice of the proposed dedication or transfer is sent to every Owner not less than fifteen (15) nor more than thirty (30) days in advance; provided, however, that the dedication or transfer of easements for utilities or for other public purposes consistent with the intended use of the Common Area shall not require the prior approval of the Members of the Association;

(f) The right of the Association to perform and exercise its duties and powers as set forth herein;

(g) The right of Declarant (and its sales agents and representatives) to the non-exclusive use of the Common Area and the facilities thereon for display and exhibit purposes, and for all other purposes incident to a sales program customary for this type of development, which right Declarant hereby reserves; provided,

however, that such use shall terminate five (5) years after recordation of this Declaration of Restrictions, or at such time as all Condominiums located within the Project (including any Annexable Property) have been sold, whichever occurs earlier; provided, further, that no such use by Declarant or its sales agents or representatives shall unreasonably restrict the Owners in their use and enjoyment of the Common Area or the facilities thereon;

(h) Other rights of the Association, the Architectural Control Committee, the Board of Directors, the Owners and Declarant with respect to the Common Area as may be provided for in this Declaration; and

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

Section 3. Delegation of Use. Any Owner may delegate his right of use and enjoyment to the Common Area and recreational facilities, if any, to the Members of his family, his

tenants who reside in the Project and to their guests.

Section 4. Easements for Vehicular Traffic. In addition to the general right and easements for access, use and enjoyment granted herein, there shall be and Declarant hereby covenants for itself and its successors and assigns that each and every Owner shall have a non-exclusive easement appurtenant to his Condominium for vehicular traffic over all private streets and driveways within the Project.

Section 5. Easements for Utilities. The rights and duties of the Owners of Condominiums within the Project with respect to sanitary sewer, water, electricity, gas and telephone lines and other facilities shall be governed by the following:

(a) Each respective utility company shall maintain all utility facilities and connections on the Project owned by such utility company; provided, however, that if any company shall fail to do so, it shall be the obligation of the Association to maintain those facilities and connections;

(b) Whenever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project and it is necessary to gain access to said connections, cables and/or lines through a Condominium Unit owned by someone other than the Owner of the Unit served by said connections, cables and/or lines, the Owner of the Unit served by said connections, cables and/or lines shall have the right, and is hereby granted an easement to the full

extent necessary therefor, to enter in the Unit or to have the utility companies enter in the Unit and to repair, replace and generally maintain same whenever it shall be necessary to do so;

(c) Whenever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project, and said connections, cables and/or lines serve more than one Unit, the Owner of each Unit served by said connections, cables and/or lines shall be entitled to the full use and enjoyment of such portions of same as service his Condominium Unit;

(d) In the event of a dispute between Owners respecting the repair or rebuilding of the aforesaid connections, cables and/or lines, or the sharing of the cost thereof, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors, who shall decide the dispute, and the decision of the Board shall be final and conclusive on the Owners;

(e) Easements over the Project for the installation and maintenance of electric and telephone lines, water, gas, drainage and sanitary sewer connections and facilities, and television antenna cables and facilities, all as shown on the recorded map of the Project and as may be hereafter required or needed to service the Project are hereby reserved by Declarant, together

with the right to grant and transfer the same.

Section 6. Title to the Foundation Property. The Declarant hereby covenants for itself and its successors and assigns that it will convey title to the Foundation Property in the Project to the Foundation, free and clear of all encumbrances and liens, except easements and other property rights therein which are of record or created in this Declaration of Restrictions and current real property taxes, which taxes shall be prorated to the date of transfer. Said conveyance shall be made to the Foundation prior to or concurrently with the first conveyance of a Condominium in the Project.

ARTICLE IV

AGE AND MEMBERSHIP RESTRICTIONS

Section 1. No person under the age of fifty-two (52) years may own and occupy a Condominium in the Project. No person under the age of fifty-two (52) years may reside in any Condominium Unit, or in any part thereof, for a continuous period in excess of sixty (60) days, except that one (1) person under the age of fifty-two (52) years may reside in the Unit with the Owner thereof for domestic or medical purposes only, and for no other purpose.

Section 2. No person may own a Unit, or any part thereof, unless he purchases and owns a membership in the Foundation at the time of his purchasing a Unit herein, or prior thereto. As a member of the Foundation, each member shall have the right to use all streets, sidewalks, recreational facilities and

In the place and stead of the provisions of Article IV, Section 1, heretofore deleted, that there shall be adopted as the language of said Section 1 the following language, to wit:

Section 1. No person under the age of fifty-five (55) years, or as qualified pursuant to California Civil Code Section 51.3 as the same is now constituted or a hereafter amended, may own and occupy a condominium in the project. No person may reside in any unit, or any part thereof, unless qualified under and pursuant to the said California Civil Code Section 51.3. No person may reside or occupy any unit for a period in excess of sixty (60) days in a calendar year, except such person as is qualified pursuant to said California Civil Code Section 51.3, to reside in a senior citizen housing development.

AMENDED June 28, 1988

amenities of the Foundation which at the recordation of this Declaration, include a par three, nine hole golf course, clubhouse, amphitheatre, hobby clubrooms, security buildings, entry gate and guard facilities, horseshoe courts, and all other facilities and activities now or hereafter made a part of the Foundation for the benefit of members of the Foundation. In the event of the lease of a Unit, then concurrently with the execution of the written lease agreement as to said Unit by an Owner, the lessee shall have the right to apply to the Foundation for a third party occupancy agreement or lease permit for the use of Foundation facilities during the term of such lease agreement.

Notwithstanding the foregoing, the Owner of the Unit shall at all times remain responsible to the Foundation for all obligations and responsibilities inherent in said membership, and shall indemnify the Foundation for any and all breaches of the rules and regulations of the Foundation; provided, however, any lessee hereunder shall not have access and use of the recreational facilities, if any, in the Project unless and until the Foundation offers to enter into, and does so enter into, a third-party occupancy agreement with said lessee. The Foundation shall have sole discretion regarding the third-party occupancy agreement and its decision shall be final.

Section 3. Membership Eligibility Criteria. All persons seeking approval of the Board of Directors of the Foundation shall meet the following eligibility criteria:

(a) Meet the eligibility criteria for residents as established herein. The following criteria must be met:

- (1) Age: minimum of fifty-two (52) years;
- (2) Financial Ability: verified income or sufficient assets to provide income of more than four (4) times the monthly Association dues;
- (3) Health: have reasonable good health for a person of his/her age so that resident can take care of normal living needs without calling on other members for an undue amount of assistance;

ARTICLE IV, Section 3 (a) (1) as the same now provides is deleted, and in the place and stead thereof, said section is amended to provide as follows, to wit:

(1) Age: Minimum of fifty-five (55) years or as provided in California Civil Code Section 51.3, as the same is now constituted, or as hereafter amended;

AMENDED June 28, 1988

(4) Character: have a reputation for good character in his/her present community.

(b) Complete the Foundation Membership Application, including four (4) questionnaires attached thereto, and deliver the completed application to the Medical Director of the Foundation at the time of appearance for the physical examination required.

(c) Obtain a certificate from the Medical Director of the Foundation certifying that the required serology and x-ray examinations have been completed successfully.

(d) Pay the required initiation and any other fees in accordance with the regulations adopted by the Foundation.

The detailed regulations on the physical examinations and initiation fees are published separately from this regulation.

Officers or committees of the Board of Directors of the Foundation designated to approve new members are responsible for the eligibility criteria of the corporation being equitably applied to all applicants.

ARTICLE V

USE RESTRICTIONS

The Condominium Units and Common Area shall be occupied and used only as follows:

Section 1. Each Condominium Unit shall be used as a

NOW, THEREFORE, BE IT RESOLVED that Article IV, Section 3(a)(3) be amended as follows: (new language underlined, old language ~~stricken~~).

Section 3. Membership Eligibility Criteria. All persons seeking approval of the Board of Directors of the Foundation shall meet the following eligibility criteria:

(a) Meet the eligibility criteria for residents as established herein. The following criteria must be met:

(1) Age: Minimum of fifty-five (55) years, or as provided in California Civil Code Section 51.3, as the same is now constituted, or as hereafter amended;

(2) Financial Ability: verified income or sufficient assets to provide income of more than four (4) times the monthly Association dues;

(3) Health: have reasonable good health for a person of his/her age so that resident can take care of normal living needs without calling on other members for an undue amount of assistance, as evidenced by a letter from his/her physician;

(4) Character: have a reputation for good character in his/her present community;

~~(b) Complete the Foundation Membership Application, including four (4) questionnaires attached thereto, and deliver the completed application to the Medical Director of the Foundation at the time of appearance for the physical examination required.~~

~~(c) Obtain a certificate from the Medical Director of the Foundation certifying that the required serology and X-Ray examinations have been completed successfully.~~

~~(d)~~ (b) Pay the required initiation and any other fees in accordance with the regulations adopted by the Foundation.

The detailed regulations on the ~~physical examinations~~ and initiation fees are published separately from this regulation.

Officers or committees of the Board of Directors or the Foundation designated to approve new members are responsible for the eligibility criteria of the corporation being equitably applied to all applicants.

AMENDED: JUNE 28, 1994

private dwelling, for a single family, and for no other purpose except such temporary uses as shall be permitted by Declarant while the Project is being developed and Condominiums are being sold by Declarant; provided, however, that Declarant reserves the right, for a period of five (5) years from recordation hereof or until all Condominiums in the Project (including any Condominiums located on Annexable Property) are sold (and escrows closed), whichever shall first occur, to carry on normal sales activity on the Project, including the operation of models and a sales office and unassigned parking spaces.

Section 2. Use of the Common Area shall be subject to the provisions of this Declaration and to any additional limitations imposed by the Association.

Section 3. Nothing shall be done or kept in any Condominium Unit or in or upon any portion of the Common Area which will increase the rate of insurance on the Common Area without the approval of the Association. No Owner shall permit anything to be done or kept in his Condominium Unit or in or upon any portion of the Common Area which will result in the cancellation of insurance on the Common Area or which would be in violation of any law. If, by reason of the occupancy or use of said premises by the Owner, the rate of insurance to the Common Area shall be increased, the Owner shall become personally liable for the additional insurance premiums.

Section 4. No sign of any kind shall be displayed to the public view on or from any Condominium Unit, or any Common Area, without the approval of the Association, except such signs

as may be used by Declarant for a period of time not to exceed five (5) years from recordation hereof in connection with the development of the Project and sale of Condominiums, and except one (1) "for sale" or "for lease" sign on any Condominium Unit; provided, however, that all signs permitted under this Section shall be of the same design and character as those approved for other residential housing in Leisure World by the Foundation. Nothing herein contained shall prohibit or restrict in any way Declarant's right to construct such promotional signs or other sales aids on or about the portions of the premises which it shall deem reasonably necessary in conjunction with its sales program for a period not to exceed five (5) years from the recordation hereof.

Section 5. No animals of any kind shall be raised, bred or kept in any Condominium Unit or in the Common Area.

Section 6. No Owner shall permit or suffer anything to be done or kept upon said Condominium which will obstruct or interfere with the rights of quiet enjoyment of the other occupants, or annoy them by unreasonable noises or otherwise, nor will any Owner commit or permit any nuisance on the premises or commit or suffer any immoral or illegal act to be committed thereon. Each Owner shall comply with all of the requirements of the Board of Health and of all other governmental authorities with respect to the said premises, and shall remove all rubbish, trash and garbage from his Condominium Unit. All clotheslines, refuse containers, woodpiles, storage boxes, tools and equipment shall be prohibited from any Condominium unless obscured from

view by a fence or appropriate screen approved by the Architectural Control Committee provided for hereinbelow.

Section 7. Nothing shall be done in any Condominium Unit or in, on or to any building in or upon the Common Area which would structurally change any buildings, except as is otherwise provided and permitted herein.

Section 8. There shall be no construction, alteration or removal of any Improvement in the Project (other than those repairs or rebuilding permitted under the Article entitled "Damage or Destruction to the Common Area") without the approval of the Architectural Control Committee as set forth hereinbelow. No Improvement shall be constructed upon any portion of the Common Area other than such Improvements as shall be constructed (a) by the Declarant (or a person or entity to whom Declarant assigns its rights as developer), or (b) by the Association as provided herein.

Section 9. No professional, commercial or industrial operations of any kind shall be conducted in or upon any Condominium Unit or the Common Area except such temporary operations as may be approved by a majority of a quorum of the Association, and such temporary uses as shall be permitted by Declarant while the Project is being constructed and Condominiums are being sold by the Declarant.

Section 10. Except as otherwise permitted by the Association, no vehicles other than automobiles and other passenger vehicles, including bicycles, tricycles, golf carts and station wagons, shall be parked or stored on any portion of the Common

Area. The foregoing proscription shall not include vans and camper trucks up to and including one (1) ton when used for every-day type transportation. No Owner shall conduct major repairs or major restorations of any motor vehicle of any kind whatsoever in his assigned parking area or upon the Common Area, except for emergency repairs thereto and then only to the extent necessary to enable movement thereof to a proper repair facility. Should an Owner's vehicle become inoperative for any reason, such Owner shall not park his vehicle in a location which will impede vehicular or pedestrian traffic or block parking spaces. Each Owner shall maintain his assigned parking space such that it is readily available for parking. All vehicles shall be parked in compliance with applicable City ordinances. No Owner shall block or otherwise impede access, ingress or egress along the driveways or private streets, including, but not limited to, parking in unauthorized locations or blocking parking spaces or fire hydrants.

Section 11. All Owners shall be Members of the Association and shall comply with the terms and conditions as set forth herein and in the Articles of Incorporation and the By-Laws and any rule or regulation of the Association. No Owner shall transfer any membership or interest in the Association, except upon the transfer of the Condominium to which it is appurtenant.

Section 12. Nothing in this Article or elsewhere in this Declaration shall limit the right of Declarant to complete construction of any Improvements to the Common Area and/or to any Condominium Units owned by Declarant or to alter the foregoing or

to construct such additional Improvements as Declarant deems advisable prior to completion and sale of the entire Project. The rights of Declarant under this Declaration may be assigned by Declarant to any successor to all or any part of Declarant's interest in the Project, as developer, by an express assignment incorporated in a recorded deed transferring such interest to such successor.

Section 13. Each Unit is equipped with an air conditioning system and easements for maintenance and repair of same are hereby granted on or over the Common Area. No Owner shall install an additional unit or replace the existing unit without the prior written approval of the Architectural Control Committee, which shall have the right to approve or disapprove the size, shape, noise level and proposed location of such air conditioning unit.

Section 14. No Owner shall install or cause to be installed any T.V. or radio antenna or other similar electronic receiving or broadcasting device on any portion of the exterior of any building or upon the Common Area. *SEC 14
1376 E. Wm's
letter of Feb
6, 1996*

Section 15. No Owner shall install, permit or cause to be installed any balcony cover or roof in or on the balcony space of his Condominium without the prior written consent of the Board of Directors or its designated Architectural Control Committee, and when necessary, of the City.

Section 16. Each Owner shall, subject to the terms and provisions of this Declaration, including, but not limited to, the Article hereof entitled "Architectural Control," maintain,

repair, replace and restore the glass doors, if any, and windows, including window screens enclosing his Unit.

Section 17. Each Owner shall maintain all plants and other growing things placed or located on a balcony in a neat, safe and attractive manner.

Section 18. No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any portion of the Project, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any portion of the Project or within five hundred (500) feet below the surface thereof. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any portion of the Project.

Section 19. With the exception of a lender in possession of a Condominium following (1) a default in a first mortgage, (2) a foreclosure proceeding, or (3) a conveyance or other arrangement in lieu of foreclosure, and subject to the terms and conditions set forth in Article IV, Section 2 hereof, no Owner shall be permitted to lease his Condominium for transient or hotel purposes. No Owner may lease less than the entire Condominium Unit. All lease agreements shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration of Restrictions, By-Laws and Articles of Incorporation, and that any failure by the lessee to comply with the terms of such documents shall constitute a default under the lease. Other than the foregoing, there are no restrictions on the right of an Owner to lease his

THAT said Article V, Section 19, shall, after the amendment herein provided, read as follows:

Section 19: "With the exception of a lender in possession of a Condominium following (1) a default in a first mortgage, (2) a foreclosure proceeding, or (3) a conveyance or other arrangement in lieu of foreclosure, and subject to the terms and conditions set forth in Article IV, Section 2 hereof, no Owner shall be permitted to lease his Condominium for transient or hotel purposes. No Owner may lease less than the entire Condominium Unit. All lease agreements shall be in writing, no lease may be made for a period less than one year, and shall provide that the terms of the lease shall be subject in all respect to the provisions of the Declaration of Restrictions, By-Laws and Articles of Incorporation, and that any failure by the lessee to comply with the terms of such documents shall constitute a default under the lease. Other than the foregoing, there are no restrictions on the right of an Owner to lease his condominium unit. That prior to permitting a tenancy pursuant to any lease related to a condominium unit owned by a member of this Corporation, a fully executed copy of the lease shall be submitted to the Board of Directors of this Corporation for a preoccupancy lease interview and approval by the Board. That after approval of such lease by the Board of Directors of this Corporation, the original lease shall be kept in the Stock Transfer Office for the Golden Rain Foundation,

The new language to Article V, Section 19, is underlined.

AMENDED: JUNE 28, 1994

Condominium Unit.

ARTICLE VI

OWNERS' ASSOCIATION

Section 1. Membership. Every person or entity who or which is an Owner as defined in Article I hereof, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Condominium in the Project merely as security for the performance of an obligation.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership, as follows:

Class A. Class A Members shall be all Owners with the exception of the Declarant, and shall be entitled to one (1) vote for each Condominium owned. When more than one person holds an interest in any Condominium, all such persons shall be Members. The vote for such Condominium Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Condominium.

Class B. The Class B Member shall be the Declarant, and shall be entitled to three (3) votes for each Condominium owned in the Project upon which Declarant is then paying the appropriate monthly assessments provided for hereinbelow. The Class B membership shall cease and be converted to Class A membership upon the happening of either of the following events, whichever

occurs earlier:

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

(b) The second anniversary of the original issuance of the Final Subdivision Public Report for the Project; or

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

Any provision in this Declaration, the Articles of Incorporation or the By-Laws calling for membership approval of action to be taken by the Association shall expressly require an affirmative vote of the stated percentage of each class of Members required in that particular provision. Further, where the governing instruments prescribe two classes of voting and require the vote or written assent of each class of membership for the initiation of action by or in the name of the Association, any requirement elsewhere in this Declaration, the Articles of Incorporation or the By-Laws, other than the Section of this Declaration entitled "Enforcement of Bonded Obligations" and the provisions entitled "Amendments" in the Declaration, Articles of Incorporation or By-Laws, that the vote of the Declarant shall be excluded shall be applicable only if there has been a conversion of Class B to Class A votes and only for so long as Declarant holds or directly controls twenty-five percent (25%) or more of the voting power of the Association.

Section 3. Vesting of Voting Rights. The voting rights attributed to any given Condominium in the Project as provided for herein shall not vest until the assessments provided for hereinbelow have been levied by the Association as against said Condominium.

Section 4. Transfer. The Association membership held by any Owner of a Condominium shall not be transferred, pledged or alienated in any way, except as incidental to the sale of such Condominium. In the event of such sale, the Association membership may only be transferred, pledged or alienated to a bona fide purchaser of the Condominium or to the mortgagee (or third-party purchaser) of such Condominium upon a foreclosure sale. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association.

ARTICLE VII

POWERS AND DUTIES OF ASSOCIATION

Section 1. The Association is hereby designated as the management body of the Project. The Members of the Association shall be the Owners in the Project as provided herein, and the affairs of the Association shall be managed by a Board of Directors as more particularly set forth in the By-Laws of the Association. The initial Board of Directors shall be appointed by the incorporating Directors or their successors. Thereafter, the Directors shall be elected as provided in said By-Laws.

Section 2. The Association shall have the right and power to do all things necessary for the management and operation

of the Project. Subject to the provisions of the Articles of Incorporation, the By-Laws of the Association and this Declaration, the powers of the Association shall include, but shall not necessarily be limited to, the specific acts hereinafter enumerated and those set forth in the California Civil Code, Section 1355(b), Subsections (1) through (8).

Section 3. The Association shall possess, perform and execute the following powers and duties:

(a) Provide water, sewer, gas, electricity, garbage and trash collection, and other necessary utility services for the Common Area and, if not separately metered, for the Condominium Units;

(b) Provide policies of insurance as more particularly set forth in the Article hereinbelow entitled "Insurance";

(c) Paint and repair all portions of the Common Area and maintain in a neat, clean, safe, attractive, sanitary and orderly condition all of the Common Area except those portions set aside herein as Restricted Common Area. In the event any Unit Owner fails to maintain his respective Restricted Common Area in a neat, clean, safe, attractive, sanitary and orderly condition, the Association shall have the right, but not the duty, to maintain same, and if the Association shall maintain same it shall levy a special assessment for the cost of such maintenance against such Condominium. In the event any maintenance or repairs to the

Common Area are required due to the willful or negligent acts or omissions of an Owner or Owners, the Association shall levy the cost of such repair and painting as a Special Assessment against the Condominium(s) of the responsible Owner(s);

(d) In addition to all other provisions set forth herein respecting the maintenance of the Common Area, maintain all storm drains, sanitary sewers, drains, private streets and alleys, if any, exterior lighting facilities, utilities, recreational areas, if any, and open spaces within or serving the Common Area in a condition comparable to the condition initially approved by the City;

(e) Pay all real and personal property taxes and assessments which the Association is required to pay for pursuant to the terms and provisions of this Declaration or by law, unless separately assessed to Owners; provided, however, that it shall be the obligation of each Owner to pay his respective share of the tax assessment levied on the Project prior to separate assessments by the Tax Assessor pursuant to the California Revenue and Taxation Code Section 2188.6;

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

(g) Repair and maintain that certain Private Limited Emergency Vehicle Easement Area in a safe and

unobstructed condition at all times;

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

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

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

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

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

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

(C) A statement of changes in financial

position for the fiscal year;

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

An external audit by an independent public accountant shall be required for fiscal year financial statements (other than budgets) for any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00);

(i) Assume and pay out of the assessments provided for hereinbelow all costs and expenses incurred by the Association in connection with the performance and execution of all of the aforesaid powers and duties, and any other powers and duties which the Association may assume as provided for in Section 4 hereinbelow; and

(j) Formulate rules and regulations for the operation of the Common Area and enforce all applicable provisions of this Declaration, the Articles of Incorporation, By-Laws and such rules and regulations of the Association and of all other documents pertaining to the ownership, use, management and control of the Project.

Section 4. The Association, acting at its option and by and through its Board of Directors, may assume, perform and execute the following powers and duties:

(a) Retain the services of a manager for the

Project and provide such other personnel as the Association deems necessary and proper to assist in the operation of the Association and/or management of the Common Area regardless of whether such other personnel are employed directly by the Association or otherwise;

(b) Remove or replace any Improvement that extends into the Common Area under authority of an easement when access to a utility line underneath such Improvement is requested by any utility company; provided, however, that the cost shall be assessed against the Owner of the Condominium Unit involved as a Special Assessment if said Owner caused the Improvement to be so placed in the Common Area without legal right to do so;

(c) Incur any liability or pay any costs or expenses for a single Condominium Unit or Owner thereof; provided, however, that in the event the Association does incur any such liability or pay any such costs or expenses, the amount thereof shall be levied as a Special Assessment to the Owner of such Condominium Unit; provided further, however, that nothing herein shall permit the Association to assess the Owners for any new Improvements to the Common Area except as otherwise provided in this Declaration; and

(d) Subject to the limitations set forth in this Article, contract for any other material, supplies, furniture, labor, services, maintenance, repairs,

structural alterations or insurance, or pay any taxes or assessments which in the opinion of the Board of Directors shall be necessary or proper for the operation of the Common Area for the benefit of the Owners or for the enforcement of this Declaration.

Section 5. Notwithstanding the Association's duty to maintain the Common Area, in the event any maintenance, repairs or replacements of any elements of the Common Area becomes necessary due to the willful or negligent acts or omissions of any Owner, his family, guests or invitees, after prior notice and hearing, the Board shall assess the cost of such maintenance, repairs or replacement as a Special Assessment against the Condominium owned by such Owner.

Section 6. Subject to the provisions set forth in Section 10 hereof, no contract entered into by the Association or the Board of Directors acting for and on behalf of the Association may run for a term longer than one (1) year, except with the vote or written assent of a majority of the voting power of the Association residing in Members other than the Declarant.

Section 7. In the event that the Association shall delegate any or all of its duties, powers or functions to any person, corporation or firm to act as Manager, neither the Association nor the members of its Board of Directors shall be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

Section 8. The Association, any person authorized by the Association, or any Owner may enter any Condominium Unit or

Restricted Common Area 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 Owner as is practicable, and in the event that any damage shall be proximately caused by or result from said entry, the Association shall repair the same at its expense.

Section 9. The Association, or any person authorized by the Association, shall have the right to enter, upon reasonable notice, any Condominium Unit to effect necessary repairs which the Owner has failed to perform or which are necessary in connection with the repairs to the Common Area or an adjoining Condominium Unit.

Section 10. The Board of Directors of the Association shall be prohibited from taking any of the following actions except with the vote or written assent of a majority of the voting power of the Association residing in Members other than the Declarant:

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

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

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

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

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

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

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

Section 11. The Association is authorized and empowered to grant such licenses, easements and rights-of-way for sewer lines, water lines, underground conduits, storm drains and other public utility purposes over those portions of the Common Area upon which no Improvement has been erected as may be necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Area or for the preservation of the

health, safety, convenience and welfare of the Owners. Such licenses, easements and rights-of-way may be granted at any time prior to twenty-one (21) years after the death of the individuals who have signed this Declaration and their issue who are in being as of the date hereof, and the right to grant such licenses, easements and rights-of-way is hereby expressly reserved.

Section 12. Except as otherwise provided in this Declaration, the Association may construct new Improvements or additions to the Common Area of the Project or demolish existing Improvements, provided that in the case of any Improvement, addition or demolition involving a total expenditure in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, the written consent or vote of a majority of the Owners (other than the Declarant) in the Project as to the maximum total cost therefor shall first be obtained, and provided that no Condominium Unit shall be altered or damaged by any such demolition or construction without the consent of the Owner thereof. The Association shall levy a Special Assessment on all Owners in the Project for the cost of such work.

ARTICLE VIII

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessment. The Declarant, for each Condominium owned within the Project, hereby covenants, and each Owner of any Condominium by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to

the Association: (1) regular Annual Assessments or charges, and (2) Special Assessments for any action or undertaking on behalf of the Association, including but not limited to capital improvements, such assessments to be established and collected as hereinbelow provided. The Annual and Special Assessments, together with interest, costs and reasonable attorney's fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Condominium against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Condominium at the time when the assessment fell due. All delinquent assessments shall be collected by the Association in accordance with the provisions set forth in the Article herein entitled "Effect of Non-Payment of Assessments: Remedies of the Association." The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Annual Assessments: Levy and Collection. The Annual Assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents in the Project and to maintain and improve the Common Area. The Association, by and through its Board of Directors, shall levy and collect assessments from the Owner of each Condominium in the Project in an amount sufficient to cover all of the Common Expenses incurred by the Association in connection with the performance and execution of its powers and duties set forth in this Declaration, the By-Laws and the

Articles of Incorporation. Annual Assessments shall be collected on a monthly installment basis.

Section 3. Annual Assessments - Basis. Each Condominium shall share in the Common Expenses of the Common Area on an equal basis. The Annual Assessments shall be adjusted upon the annexation of additional property to the Project, as shown in the Declaration of Annexation to be recorded pursuant to the Article herein entitled "Annexation of Additional Property." Until January 1 of the year immediately following the conveyance of the first Condominium in the Project to an Owner, the maximum monthly assessment under this Article shall be that amount shown on the Association budget.

From and after January 1 of the year immediately following the conveyance of the first Condominium in the first Phase of the Project to an Owner, the maximum Annual Assessment may not be increased by more than twenty percent (20%) above the maximum assessment for the previous year without the vote or written assent of a majority of the voting power of the Association residing in Members other than Declarant.

Section 4. Special Assessments for Capital Improvements.

(a) In any fiscal year, the Board of Directors may not, without the vote or written assent of a majority of the voting power of the Association residing in Members other than the Declarant, levy Special Assessments to defray the costs of any action or undertaking on behalf of the Association which in

the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. Except as provided in subsections (b) and (c) below, every Special Assessment shall be levied upon the same basis as that prescribed for the levying of regular Annual Assessments.

(b) A Special Assessment against Owners to raise funds for the reconstruction or major repair of the Condominium Buildings in the Project shall be levied on the basis of the ratio of the square footage of the floor area of the Unit to be assessed to the square footage of floor area of all Units to be assessed.

(c) The provisions of this Section shall not be applicable in the case where the Special Assessment against an Owner is utilized by the Board of Directors to reimburse the Association for costs incurred in bringing the Owner and/or his Condominium into compliance with the Articles of Incorporation, By-Laws, Declaration of Restrictions or the rules and regulations of the Association.

Section 5. Date of Commencement of Annual Assessments:

Due Dates. The Annual Assessments provided for herein shall commence as to all Condominiums within the first Phase of the Project on the first day of the month following the first closing of escrow of a sale of a Condominium to a bona fide purchaser. The Assessments as to Condominiums in subsequent phases of the Project shall commence with respect to all Condominiums within a

particular phase on the first day of the month following the conveyance of the first Condominium in said phase to a bona fide purchaser. The first Annual Assessments shall be adjusted according to the number of months remaining in the fiscal year as set forth in the By-Laws. The Board of Directors shall fix the amount of the Annual Assessment against each Condominium at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto at least thirty (30) days in advance of each assessment period. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the assessments on a specified Condominium have been paid. If a certificate states that assessments have been paid, such certificate shall be conclusive evidence of such payment.

Section 6. Waiver Prohibited. No Owner may waive or otherwise avoid liability for the assessments provided for herein for any reason whatsoever, including, but not limited to, non-use of the Common Area or abandonment of his Condominium.

Section 7. Offsets. All assessments shall be payable in the amount specified in the assessment levied by the Association or the Declarant and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties of maintenance or enforcement.

Section 8. Exempt Property. The following property

subject to this Declaration shall be exempt from the assessments herein:

(a) All property dedicated to and accepted by a local public authority;

(b) All property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of California;

(c) All property owned by any public authority; and

(d) All Common Area.

Notwithstanding any provision in this Section, no land or Improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE IX

EFFECT OF NON-PAYMENT OF ASSESSMENTS:

REMEDIES OF THE ASSOCIATION

Section 1. Effect of Non-Payment of Assessments:

Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall be deemed delinquent and shall bear interest from the due date at ten percent (10%) per annum. The Association may commence legal action against the Owner personally obligated to pay the same, or foreclose the lien against his Condominium. The Association may also foreclose the lien described hereinbelow by a power of sale or other nonjudicial procedure provided for by the laws of the State of California.

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 less than 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 Condominium, and a copy thereof is recorded by the Association in the Office of the County Recorder of the County in which the Project is located. Said notice of claim must recite a good and sufficient legal description of any such Condominium, the record Owner or reputed Owner thereof, the amount claimed (which may, at the Association's option, include interest on the unpaid assessment at the highest rate allowed by law, plus reasonable attorneys' fees and expenses of collection incurred in connection with the debt secured by said lien), and the name and address of the claimant.

Section 3. Foreclosure Sale. Any foreclosure sale provided for above is to be conducted by the Board of Directors, its attorney or other persons authorized by the Board in accordance with the provisions of Sections 2924 et seq., of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on the Condominium at a foreclosure sale, and to acquire, hold, lease, mortgage and convey the same.

Section 4. Curing of Default. Upon the timely curing of any default for which a notice of claim or lien was filed by the Association, the officers thereof 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.

Section 5. Cumulative Remedies. The Association's remedies for non-payment of assessments, including, but not limited to, an action to recover a money judgment, late charges, assessment lien and right of foreclosure and sale, are cumulative and in addition to and not in substitution of any other rights and remedies which the Association and its assigns may have hereunder or at law.

ARTICLE X

ARCHITECTURAL CONTROL - APPROVAL

Section 1. Architectural Control. Except for the purposes of proper maintenance and repair and except as provided in Section 3 hereinbelow no person, persons, entity or entities shall install, erect, attach, apply, paste, hinge, screw, nail, build or construct any Improvement, including, without limitation, solar heating panels, lighting, shades, screens, awnings, balcony covers or other enclosures, decorations, fences, aerials, antennas, radio or television broadcasting or receiving devices, air conditioning units or changes or other alterations to the exterior of any Condominium Unit or the physical appearance thereof. For the purposes of this provision, the term "exterior" shall mean any outside wall, outside surface, roof, outside door, balcony or other outside structure of said Condominium Unit which

is visible to others in the Project and to the public.

Section 2. Present Construction Exempt. Notwithstanding the provisions of Section 1, Declarant need not seek approval for, and the Architectural Control Committee shall have no authority over, Declarant's development and construction activities until the close of escrow for the sale of the last Condominium (including Condominiums located on any Annexable Property) in the Project by Declarant pursuant to a Final Subdivision Public Report(s) as issued by the California Department of Real Estate.

Section 3. Architectural Approval. No action described in Section 1 above may be taken by an Owner or caused by an Owner to be taken until all requirements which may be imposed by the City have been satisfied and the plans and specifications showing the nature, kind, color, shape, dimensions, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and to topography by the Architectural Control Committee provided for in Section 4 hereinbelow. In the event said Committee or its designated representatives fails to approve or disapprove such design and location in writing within thirty (30) days after said plans and specifications have been submitted to it, approval by said Committee will not be required.

Section 4. Architectural Control Committee. The Architectural Control Committee is hereby authorized with the rights and powers set forth in this Article. Said Committee shall consist of three (3) members and each member shall serve

for a term of one (1) year. In the event of the failure or inability of any member of the Committee to act, the remaining members shall designate a successor who shall serve for the remainder of the term of the member he replaces. The Declarant shall appoint all of the original members of the Committee and all replacements thereto until the first anniversary of the issuance of the Final Public Report for the first Phase of the Project, and further, Declarant reserves the power to appoint a majority of the members of the Committee until ninety percent (90%) of all Condominiums (including those located on any Annexable Property) in the Project have been sold (and escrows closed) or until the fifth (5th) anniversary of the issuance of the Final Public Report for the first Phase of the Project, whichever first occurs. After one year from the date of the issuance of the original Final Public Report for the first Phase for the Project, the Board of Directors shall have the power to appoint one (1) member to the Architectural Control Committee until ninety percent (90%) of all Condominiums (including those located on any Annexable Property) in the Project have been sold or until the fifth (5th) anniversary date of the issuance of the Final Public Report for the first Phase of the Project, whichever first occurs. Thereafter the Board of Directors shall have the power to appoint all of the members of the Architectural Control Committee. All members appointed to the Architectural Control Committee by the Board of Directors shall be from the membership of the Association. Members appointed to the Committee by the Declarant, however, need not be members of the Association. No member of

the Committee shall be liable to any person for his decisions or failure to act in making decisions as a member of the Committee. Declarant may in its discretion and at any time assign to the Association by written assignment its powers of removal and appointment with respect to the Committee, subject to such terms and conditions regarding the exercise thereof as Declarant may impose.

ARTICLE XI

MORTGAGEE PROTECTION

Section 1. Notwithstanding any other provisions in this Declaration to the contrary, in order to induce FHLMC and FNMA/GNMA (and other lenders and investors) to participate in the financing of the sale of Condominiums in the Project, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions in this Declaration, these added provisions shall control). The Declaration, the Articles of Incorporation and By-Laws for the Association are hereinafter collectively referred to in this Article as the "constituent documents."

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

(b) Any first mortgagee who obtains title to a Condominium Unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or any

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

(c) Except as provided by statute in case of condemnation or substantial loss to the Condominium Units and/or Common Area of the Project, unless three-fourths (3/4) of the first mortgagees (based upon one vote for each mortgage owned), or Owners other than Declarant have given their prior written approval, the Association shall not be entitled to:

(1) By act or omission, seek to abandon or terminate the Condominium Project;

(2) Change the pro rata interest or obligations of any Condominium for purposes of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Condominium Unit in the Common Area;

(3) Partition or subdivide any Condominium except as provided in the Article herein entitled "Covenant Against Partition";

(4) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer any or all of the Common Area. (The granting of easements for public utilities or for other public purposes consistent with the intended uses of the Common Area by the Project shall not be deemed a transfer within the meaning of this clause.);

(5) Use hazard insurance proceeds for losses to the Project (whether to Condominium Units or to Common Area) for other than repair, replacement or reconstruction;

(6) Effect any decision of the Association to terminate professional management and assume self management of the Project.

(d) All taxes, assessments and charges which may become liens prior to the first mortgage under local

law shall relate only to individual Condominiums, and not to the Project as a whole.

(e) No provision of the constituent documents shall be interpreted to give the Owner of a Condominium, or any other party, priority over any rights of the first mortgagee of the Condominium pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Condominium Units and/or the Common Area.

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

(g) A first mortgagee, upon request, will be entitled to written notification from the Association of any default in the performance by an individual Owner of any obligation under the constituent documents which is not cured within sixty (60) days.

(h) Any agreement for professional management of the Project, or any other contract providing for services of the Declarant, may not exceed three (3) years, renewable by agreement of the parties for successive one (1) year periods. Any such agreement must provide for termination by either party without cause

and without payment of a termination fee on thirty (30) days' written notice.

(i) In the event of substantial damage to or destruction of any Condominium Unit or any part of the Common Area, the institutional holder of any first mortgage on a Unit will be entitled to timely written notice of any such damage or destruction.

(j) First mortgagees shall have the right to examine the books and records of the Association during normal business hours.

(k) Any institutional holder of a first mortgage on a Condominium in the Project will, upon request, be entitled to (i) receive an annual audited financial statement of the Project within ninety (90) days following the end of any fiscal year of the Project, if prepared by the Association in the regular course of business, and (ii) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

(l) If any Condominium Unit or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage on such Unit will be entitled to timely written notice of any such proceeding or proposed acquisition.

(m) In the event any portion of the Common Area encroaches upon any Condominium Unit or any Condominium Unit encroaches upon the Common Area, as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the Project, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

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

ARTICLE XII

OBLIGATION TO MAINTAIN AND REPAIR

Section 1. Maintenance by Owner. Subject to the various provisions of this Declaration regarding maintenance of the Common Area by the Association and Architectural Control Committee approval, each Owner shall, at his sole cost and expense, maintain and repair his Condominium Unit, keeping the same in neat, safe, attractive, sanitary and orderly condition and making all structural repairs as they may be required. Each Unit Owner shall also maintain his respective Restricted Common Area in a neat, safe, attractive, sanitary and orderly condition, at his sole cost and expense. In the event any Owner shall fail to so maintain his Condominium Unit and Restricted Common Area, the Association shall have the right, but not the duty, to do so, and if the Association, after satisfying the minimum requirements for notice and hearing to said Owner in accordance with Section 7341 of the Corporations Code, and acting at the discretion of the Board of Directors, does cause such maintenance work to be performed, the cost thereof shall be assessed against said Condominium as a Special Assessment.

ARTICLE XIII

INSURANCE

Section 1. Required Insurance Coverage. The Association, acting by and through the Board of Directors, shall obtain for the Association the following insurance coverages:

- (a) A policy or policies of casualty and fire

ance, fidelity bonds naming all persons signing checks or otherwise possessing fiscal responsibilities on behalf of the Association, officers' and Directors' errors and omissions insurance, and plate glass insurance. In the event the Board should decide to obtain the aforesaid fidelity bond coverage, such bonds should name the Association as obligee and be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating expenses of the Project, including reserves.

Section 3. Review of Coverage. The Board of Directors shall annually determine whether the amounts and types of insurance coverage that it has obtained pursuant to this Article shall provide adequate coverage for the Project, based upon the then current construction costs, insurance practices in the area in which the Project is located, and all other factors which may indicate that either additional insurance coverage or increased coverage under existing policies is necessary or desirable to protect the interests of the Association, the Owners and their respective mortgagees. If the Board of Directors determines that increased coverage or additional insurance is appropriate, it shall obtain same.

Section 4. Waiver By Owners. As to all policies of insurance maintained by the Association which will not be voided or impaired thereby, the Owners hereby waive and release all claims against the Association, the Board of Directors, the Declarant, and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by the negligence of, or breach of any agreement by

insurance with extended coverage endorsement for the full replacement value of the entire Project (without deduction for depreciation), including, without limitation, the Common Area and the Condominium Units, but excluding the Owner's personal property. Said policies shall be maintained for the benefit of the Association, the Owners, and their respective mortgagees as their interests may appear.

(b) A policy or policies of full coverage public liability insurance (with cross-liability endorsement, if obtainable) insuring the Association, the Board of Directors, the Declarant, and the agents and employees of each of the foregoing against any liability to the public or to any Owner, his family, invitees and/or tenants, arising from or incident to the ownership, occupation, use, maintenance and/or repair of the Common Area and Condominium Units. The limits of liability under this Section shall be set by the Board of Directors and shall be reviewed at least annually by the Board of Directors and increased or decreased at the discretion of the Board.

(c) Workmen's compensation insurance to the extent necessary to comply with any applicable laws.

Section 2. Optional Insurance Coverage. The Association, acting at its option and by and through the Board of Directors, may purchase such other insurance as it may deem necessary or appropriate, including, but not limited to, earthquake insur-

said persons, but only to the extent of the insurance proceeds received in compensation for such loss.

Section 5. Premiums, Proceeds and Settlement. Insurance premiums for all blanket insurance coverage and any other insurance coverage which the Board has determined is necessary to protect the interests of the Association, the Owners and their respective mortgagees, shall be a Common Expense to be included in the regular Annual Assessments levied by the Association. All insurance proceeds paid to the Association shall be disbursed as follows: (1) In the event of any damage or destruction to the Common Area, such proceeds shall be disbursed in accordance with the provisions of the Article entitled "Damage or Destruction to Common Area"; and (2) In the event of any other loss, the proceeds shall be disbursed as the Board shall deem appropriate subject to the limitations set forth in the Article entitled "Mortgagee Protection." The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. A majority of the Board of Directors must 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 its Members.

Section 6. Rights and Duties of Owner to Insure. Each Owner may obtain insurance on his personal property and on all other property and improvements within his Unit. Nothing herein shall preclude any Owner from carrying any public liability insurance as he may deem desirable to cover his individual liability for damage to person or property occurring inside his

individual Unit or elsewhere upon the Project. If obtainable, such liability insurance coverage carried by an Owner shall contain a waiver of subrogation of claims against the Declarant, the Association, the Board of Directors, their agents and employees and all other Owners. Such other policies shall not adversely affect or diminish any liability coverage under the insurance policies obtained by the Association. If any loss intended to be covered by insurance carried by the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association to the extent of such reduction, for application by the Board of Directors to the same purposes as the reduced proceeds are to be applied.

Section 7. Notice of Expiration. All policies of insurance maintained by the Association shall contain a provision that said policies shall not be cancelled or terminated or allowed to expire by their own terms without sixty (60) days' prior written notice to the Board of Directors, the Declarant, and to such Owners and such first mortgagees who have filed written requests with the carrier for such notice.

Section 8. Trustee for Policies. The Association is hereby appointed and shall be deemed trustee for the interests of all insureds under the policies of insurance maintained by the Association. All insurance proceeds under such policies shall be paid to the Board of Directors as trustees and the Board shall have full power to receive such funds on behalf of the Associa-

tion, the Owners, and their respective mortgagees and to deal therewith as provided for herein.

ARTICLE XIV

DAMAGE OR DESTRUCTION TO COMMON AREA

AND CONDOMINIUM UNITS

Section 1. Damage to or destruction of all or any portion of the Common Area shall be handled in the following manner:

(a) In the event of damage or destruction to the Common Area and the insurance proceeds are sufficient to effect total restoration, the Association shall, as promptly as is practical, cause the Common Area to be repaired and reconstructed in a good workmanlike manner to its condition prior to such damage or destruction.

(b) In the event of damage or destruction to the Common Area and the insurance proceeds available are at least ninety percent (90%) of the estimated cost of total restoration and repair to the Common Area, the Association shall, as promptly as practical, cause such Common Area to be repaired and reconstructed in a good workmanlike manner to its condition prior to the destruction or damage, and the difference between the insurance proceeds and the actual cost shall be levied by the Association as a Special Assessment against each of the Owners based upon the ratio of the square foot-

age of the floor area of the Condominium to be assessed to the total square footage of the floor area of all Condominiums to be assessed.

(c) In the event of damage or destruction to the Common Area and the insurance proceeds available are less than ninety percent (90%) of the estimated cost of total restoration and repair to the Common Area, the Owners shall, by the written consent or vote of a majority of the Owners, determine whether (i) to rebuild and restore the Common Area as promptly as practical to its condition prior to the damage or destruction, and to raise the necessary funds over and above the insurance proceeds available by levying Special Assessments against all Condominiums based upon the ratio of the square footage of the floor area of the Condominium to be assessed to the total square footage of floor area of all Condominiums to be assessed; (ii) to rebuild and restore the Common Area in a way which utilizes all available proceeds and an additional amount not in excess of ten percent (10%) of the estimated cost of total restoration and repair to the Common Area, and which is assessable against all Condominiums as provided in subsection (i) above, but which is less expensive than rebuilding and restoring the Common Area to its condition prior to the damage or destruction; or (iii) to not rebuild and to distribute the available insurance proceeds to the Owners and

their respective mortgagees as their interests may appear, based upon the respective fair market values of each Condominium at the time of destruction as determined by an independent qualified real estate appraiser, subject to the limitations set forth in the Article herein entitled "Mortgagee Protection"; provided, however, that unless the City shall agree to the contrary, it shall be the obligation of the Association and each of the Owners to rebuild the private streets, utilities and open spaces, at least to the extent said streets, utilities and spaces were accepted initially by the City in lieu of payment of fees pursuant to the conditions for approval of the Project.

(d) In the event the Association shall determine not to rebuild the Common Area damaged or destroyed, such Common Area shall be cleared and landscaped and the cost thereof shall be paid for with the available insurance proceeds.

Section 2. In the event any excess insurance proceeds remain after any reconstruction or clearance of the damaged or destroyed Common Area by the Association pursuant to this Article, the Board of Directors, in its sole discretion, may retain such sums in the General Fund of the Association or distribute such excess insurance proceeds to all Owners based upon the appraised fair market value of each Condominium, subject to the prior rights of mortgagees whose interests may be protected by the insurance policies carried by the Association. In the

absence of any such rights, the rights of an Owner and the mortgagee of his Unit as to each such distribution shall be governed by the provisions of the mortgage encumbering said Unit.

Section 3. Restoration and repair of any damage to the interior of any individual Condominium Unit including, without limitation, all fixtures, cabinets, furniture and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the Owner of the Unit so damaged. In the event of a determination to rebuild that portion of the Common Area so damaged or destroyed, such interior repair and restoration shall be completed as promptly as practicable in a lawful and workmanlike manner, and in accordance with the plans approved by the Board or its designated Architectural Control Committee, as provided for in this Declaration.

Section 4. In connection with the restoration and repair of any damage to the interior of any individual Condominium Unit, the Owner thereof may apply for approval to the Architectural Control Committee for reconstruction, rebuilding or repair of his Condominium Unit in a manner which will provide for an exterior appearance and design different from that which existed prior to the date of the casualty. Application for such approval shall be made in writing together with full and complete plans and specifications, working drawings and elevations showing the proposed reconstructions and the end result thereof. The Architectural Control Committee shall grant such approval only if the design proposed by the Owner would result in a finished

Condominium Unit in harmony of exterior design with the other Condominium Units in the Project. Failure of the Architectural Control Committee to act within thirty (30) days after receipt of such a request in writing coupled with the drawings and plot plans showing full and complete nature of the proposed change shall constitute approval thereof; provided, however, that no such approval described herein shall be granted without the prior written consent of all Owners of Condominium Units within the particular Condominium Building wherein the subject Condominium Unit is located.

Section 5. All amounts collected pursuant to Special Assessments as provided for herein shall only be used for the purposes set forth in this Article, and shall be deposited by the Board of Directors in a separate bank account to be held in trust for such purposes.

Section 6. If the Association shall decide to repair or restore any damaged or destroyed Common Area pursuant to this Article, and such repair or restoration operations have not actually commenced within one (1) year from the date of such damage, the covenant against partition provided for in this Declaration shall terminate and shall be of no further force and effect.

ARTICLE XV

COVENANT AGAINST PARTITION

Section 1. Except as otherwise provided in this Section, the Common Area shall remain undivided, and there shall be no judicial partitions thereof. Nothing herein shall be deemed to prevent partition of a co-tenancy in a Condominium.

Section 2. The Owner of a Condominium Unit in the Project may maintain a partition action as to the entire Project as if the Owners of all the Units in the Project were tenants in common in the entire Project in the same proportion as their interests in the Common Area. The court shall order partition in accordance with California Civil Code Section 1354 only by sale of the entire Project and only upon the showing of one of the following:

(a) More than three (3) years before the filing of the action, the Project was damaged or destroyed so that a material part was rendered unfit for its prior use, and the Project has not been rebuilt or repaired substantially to its state prior to the damage or destruction;

(b) Three-fourths (3/4) or more of the Project is destroyed or substantially damaged and at least two-thirds (2/3) of the first mortgagees (based upon one (1) vote for each first mortgage owned) or Owners (other than the Declarant) oppose repair or restoration of the Project.

(c) The Project has been in existence more than

fifty (50) years, is obsolete and uneconomic, and at least two-thirds (2/3) of the first mortgagees (based upon one (1) vote for each first mortgage owned) or Owners (other than the Declarant) oppose repair or restoration of the Project.

Section 3. Declarant, for itself and on behalf of each and every present and subsequent Owner of one or more Condominium Units within the Project, hereby appoints the Association as its and their attorney in fact to sell the entire Project for the benefit of all of the Owners thereof when partition of the Project may be had pursuant to this Declaration, which power shall (i) be binding upon all of the Owners, whether they assume the obligations of their restrictions or not; (ii) be exercisable by a vote of at least seventy-five percent (75%) of the voting power of the Board of Directors; (iii) be exercisable only after recordation of a Certificate by the Board of Directors that said power is properly exercisable hereunder, which Certificate shall be conclusive evidence thereof in favor of any person relying thereon in good faith.

ARTICLE XVI

ANNEXATION OF ADDITIONAL PROPERTY

Additional property may be annexed to and become subject to this Declaration by any of the methods hereinbelow.

Section 1. Annexation pursuant to Approval. Upon obtaining the approval in writing of the Association pursuant to the vote or written assent of two-thirds (2/3) of the Members

other than the Declarant, the Owner of any property who desires to annex said property to the scheme of this Declaration and to subject it to the jurisdiction of the Association may file or record a Declaration of Annexation, as described in Section 3 of this Article.

Section 2. Annexation Pursuant to General Plan. All or any part of the real property described as Lots 1 and 4 of Tract 10732 as described more fully in the Recitals hereof, may be annexed to the Project from time to time and added to the scheme of this Declaration and subjected to the jurisdiction of the Association without the assent of the Association or its Members, provided and on condition that:

(a) Any annexation pursuant to this Section shall be made prior to three (3) years from the date of the original issuance by the California Department of Real Estate of the most recently issued Final Subdivision Public Report for a Phase of the Project;

(b) The development of the annexed property shall be in accordance with a general plan of development for the Project originally submitted to the City, with the processing papers for the Project; and

(c) A Declaration of Annexation, as described in Section 3 of this Article, shall be recorded covering the property described.

Section 3. Declaration of Annexation. The annexation of additional property authorized under this Article shall be made by filing of record a Declaration of Annexation, or similar

instrument, covering said additional property, and the Declaration of Annexation shall expressly provide that the scheme of this Declaration shall extend to such additional property. The Declaration of Annexation may contain such complementary additions to and modifications of the covenants set forth in this Declaration which are necessary to reflect the different character, if any, of the annexed property and which are not inconsistent with the general scheme of this Declaration. Except as set forth in this Section, no Declaration of Annexation shall add, delete, revoke, modify or otherwise alter the covenants set forth in this Declaration.

Section 4. Right of De-Annexation. Declarant hereby reserves the right to de-annex any property which may be annexed to the Project pursuant to this Declaration and to delete said property from the scheme of this Declaration and from the jurisdiction of the Association, provided and on condition that the de-annexation shall be made prior to the closing of the sale of the first Condominium in the property to be de-annexed.

ARTICLE XVII

CONDEMNATION

Subject to the limitations set forth in the Article herein entitled "Mortgagee Protection," a condemnation award affecting all or a part of the Common Area of the Project which is not apportioned among the Owners by court judgment or by agreement between the condemning authority and each of the affected Owners in the Project, shall be distributed among the

affected Owners and their respective mortgagees according to the relative values of the Condominium Units based upon the appraised fair market value of each affected Condominium prior to the taking as determined by a qualified real estate appraiser.

ARTICLE XVIII

GENERAL PROVISIONS

Section 1. Enforcement.

(a) The City, the Association or the Owner of any Condominium in the Project, including the Declarant, shall have the right to enforce by proceedings at law or in equity all of the covenants and provisions now or hereafter imposed by this Declaration and the By-Laws, respectively, including without limitation, the right to prosecute a proceeding at law or in equity against the person or persons who have violated or are attempting to violate any of said covenants, to enjoin or prevent them from doing so, to cause said violation to be remedied, and/or to recover damages for said violation.

(b) The result of every act or omission whereby any of the covenants contained in this Declaration or the provisions of the By-Laws are 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 exer-

cised by any Owner, by the Association, or by its successors in interest.

(c) The remedies herein provided for breach of the covenants contained in this Declaration or the provisions of the By-Laws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(d) The failure of the Association or any Owner to enforce any of the covenants contained in this Declaration or the provisions of the By-Laws shall not constitute a waiver of the right to enforce the same thereafter.

(e) A breach of the covenants contained in this Declaration or of the provisions of the By-Laws shall not affect or impair the lien or charge of any bona fide first mortgage or first deed of trust made in good faith and for value on any Condominium or the improvements thereon; provided, however, that any subsequent Owner of such property shall be bound by said covenants, whether or not such Owner's title was acquired by foreclosure, a trustee's sale, or otherwise.

(f) Assess monetary penalties against an Owner, and/or suspend said Owner's voting rights and right to use the recreational facilities, if any, for the period during which any assessment against said Owner's Condominium remains unpaid; provided, however, the due process requirements set forth in Section 7341 of the California Corporations Code shall be followed with

respect to the accused Owner before a decision to impose discipline is reached (namely, the accused Owner shall be given fifteen (15) days prior notice sent by first class or registered mail, and the notice shall specify the reasons for the proposed penalty or suspension and shall provide an opportunity for the Owner to be heard, orally or in writing, not less than five (5) days before such penalty or suspension is imposed by the Board of Directors).

(g) Suspend an Owner's voting rights and right to use the recreational facilities, if any, for a period not to exceed thirty (30) days for any infraction of the Association's published rules and regulations; provided, however, the due process requirements set forth in Section 7341 of the California Corporations Code shall be followed with respect to the accused Owner before a decision to impose discipline is reached.

(h) The City shall have the right, through its agents and employees, to enter upon any part of the Project for the purpose of enforcing the California Vehicle Code and its local ordinances, and is hereby granted an easement over the Project for that purpose.

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

Section 3. Term. The covenants set forth in this

Declaration shall run with and bind the Project, and shall inure to the benefit of and be enforceable by the Association or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of fifty (50) years from the date this Declaration is recorded after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument, signed by a majority of the then Owners, has been recorded within six (6) months prior to the termination of the fifty (50) year term or within the termination of any ten (10) year period, agreeing to change said covenants and restrictions in whole or in part.

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

Section 5. Singular Includes Plural. Whenever the context of this Declaration may so require, the singular shall include the plural, and the masculine shall include the feminine and neuter.

Section 6. Amendments. This Declaration of Restrictions may be amended only by an affirmative vote of not less than seventy-five percent (75%) of each class of Members, and further, this amendment provision shall not be amended to allow amendments

by vote of less than seventy-five percent (75%) of each class of Members. At such time when the Class B membership shall cease and be converted to Class A membership, any and all amendments to this Declaration shall be enacted by requiring the vote or written assent of members representing both: (1) seventy-five percent (75%) of the total voting power of the Association; and (2) seventy-five percent (75%) of the votes of Members other than the Declarant; provided, however, that the percentage of the voting power necessary to amend a specific provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under said provision. Provided further, however, the provisions of this Declaration shall not be amended without the written consent of the City, acting through its Director of Planning, to the extent such provisions relate to the original conditions placed on the Project by the City, or to the extent such provisions affect the City's rights herein. Provided further, however, the provisions of this Declaration shall not be amended without the prior approval of the Foundation, which approval shall not be unreasonably withheld. In the event that the Foundation shall fail to give written notice to the Association of its approval or disapproval of any such amendment within fifteen (15) days after receipt thereof, the amendment shall be deemed to be approved by the Foundation and shall be recorded in the Office of the County Recorder for Orange County.

Section 7. Encroachments. None of the rights and obligations of the Owners created herein or by the deed shall be altered in any way by encroachments due to settlement or shifting

of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful conduct of said Owner.

Section 8. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by

registered or certified mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the Condominium Unit of such person if no address has been given to the Association. If such notice is not sent by regular mail, it shall be deemed to have been delivered when received. Such address may be changed from time to time by notice in writing to the Association.

Section 9. Attorneys' Fees. If any Owner defaults in making a payment of assessments or in the performance or observance of any provision of this Declaration, and the Association has obtained the services of an attorney in connection therewith, the Owner covenants and agrees to pay to the Association any costs or fees incurred, including reasonable attorneys' fees, regardless of whether legal proceedings are instituted. In case a suit is instituted, the prevailing party shall recover the cost of the suit, in addition to the aforesaid costs and fees.

Section 10. Property Exemption. All public property within the Project shall be exempt from the provisions of this Declaration.

Section 11. Enforcement of Bonded Obligations. In the event that the improvements to the Common Area have not been completed prior to the issuance of a Final Subdivision Public Report covering the Project by the Department of Real Estate of the State of California, and the Association is obligee under a

bond or other arrangement (hereinafter the "Bond") to secure a performance of the commitment of Declarant to complete such improvements, the following provisions shall apply:

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

(b) In the event that the Board determines not to initiate action to enforce the obligations under the Bond, or in the event the Board fails to consider and vote on such question as provided above, the Board shall call a special meeting of the Members for the purpose of voting to override such decision or such failure to act by the Board. Such meeting shall be called according to the provisions of the By-Laws dealing with meetings of the Members, but in any event such meeting shall be held not less than fifteen (15) days nor more than thirty (30) days after receipt by the Board of a petition for such meeting signed by

Members representing ten percent (10%) of the total voting power of the Association.

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

IN WITNESS WHEREOF, the undersigned, being the Declarant, has hereunto set its hand and seal this 3rd day of Sept, 1980.

PRESLEY OF SOUTHERN CALIFORNIA,
a California corporation

BY:

Its:

James L. Conley
Vice President

BY:

Its:

El Scudato
Secretary

Approved as to form
and content:

GOLDEN RAIN FOUNDATION,
a California corporation

BY:

Its:

Joe O'Shea
President

STATE OF CALIFORNIA

COUNTY OF

Orange

) ss.

BK 13770 PG 598

On September 3, 19 80, before me, the undersigned, a Notary Public in and for said State, personally appeared James L. Conkey, known to me to be the Vice - President of the corporation that executed the within instrument, and known to me to be the person 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 By-Laws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

Carole Anne Lesiak
Signature of Notary Public



(SEAL)

STATE OF CALIFORNIA)
COUNTY OF Orange) ss.

On September 3, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared R. J. Spedda, known to me to be the Secretary of the corporation that executed the within instrument, and known to me to be the person 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 By-Laws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

Carole Anne Lesiak
Signature of Notary Public



(SEAL)